

towards agile government



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This report is a joint publication produced by Simon Parker, Head of Public Services, and Jamie Bartlett, Researcher, Demos, together with the State Services Authority.

About Demos

Demos fosters political participation by focusing on the way that personal experiences interact with impersonal, national and global forces. Working with both formal and informal institutions, small and large organisations, our aim is to help citizens and politicians interact in effective, creative and meaningful ways in order to create progressive social change. By consistently highlighting emerging sites of power and politics, we turn complex issues into intelligible and practical choices and make proposals that are imaginative, just and empowering.

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About the State Services Authority

The State Government of Victoria has vested the State Services Authority with functions designed to foster the development of an efficient, integrated and responsive public sector which is highly ethical, accountable and professional in the ways it delivers services to the Victorian community.

The key functions of the Authority are to:

- identify opportunities to improve the delivery and integration of government services and report on service delivery outcomes and standards;
- promote high standards of integrity and conduct in the public sector;
- strengthen the professionalism and adaptability of the public sector; and
- promote high standards of governance, accountability and performance for public entities.

The Authority seeks to achieve its charter by working closely and collaboratively with Victorian public sector departments and agencies.

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about this report

In 2006, the State Services Authority released a report on *The Future of the Public Sector in 2025*. The report identified seven future issues and challenges for the public sector. One of these was fostering agility to support a high performing public sector. The uncertainty that the future holds means that the public sector cannot predict many of the challenges that it will confront. As such, the public sector requires agility in its systems and structures to respond to future issues.

This report is the culmination of a collaboration between Demos and the State Services Authority which set out to explore the idea of agile government in more depth. The project was launched at a seminar in June 2007 held in Demos' offices in London. The purpose of the seminar was to test early thinking about what agile government might mean. In September 2007, Demos and the State Services Authority then released a provocation paper to generate ideas and provoke debate about what agility means and how it could be applied to government. The paper outlined a preliminary definition of agility and explored its capabilities and challenges for government.

In October 2007, Demos researchers spent two weeks in Victoria, Australia to conduct seminars, workshops, and case study interviews. The purpose of the research visit was to:

- test the ideas outlined in the agile government provocation paper
- develop a deeper understanding of agility and ground the project in current public sector practice.

The field research involved a wide cross-section of participants. Participants came from all Victorian government departments as well as academia, think tanks, and public sector agencies from other Australian jurisdictions. They held diverse roles encompassing policy, strategy, service delivery, regulation, and executive management. Participants brought a depth of public sector experience to the project including industry policy, infrastructure, environmental sustainability, policing, economic policy, health, and early childhood development. Project participants are listed at Appendix A.

1. introduction

When in 1980 Ricardo Semler took the helm of the family firm, Semco, he inherited a wealth of problems, including near bankruptcy, inefficiencies, low productivity and poor employee morale. A flurry of expansion and product line extension did not boost the flagging spirit of the company, largely because of the organisation's bureaucratic structure.

So Semler called a general meeting of employees and gave birth to a more democratic system of management. Out went organisational charts, slogans and mission statements. In came new systems in which subordinates choose their managers, decide how much they are paid and when they work. Meetings are voluntary, and two seats at board meetings are open to the first employees who turn up. Salaries are made public, and so is all the company's financial information. Ten years after that first general meeting, Semco had grown by over 900 per cent.

Underpinning Semco's world famous workplace democracy is an extremely agile organisation, able to shift its resources quickly into new areas when opportunities arise. Since the late 1980s, Semco has employed a special work group called the Nucleus of Technological Innovation which is dedicated to inventing new products, improving old ones, improving marketing and reducing inefficiencies. The group has no boss, but reports twice a year to senior management, who then decide whether to keep nucleus employees on for another six months. It has helped drive Semco beyond its roots in shipbuilding and into fields as diverse as environmental consultancy and cooling towers.

As Semler himself says: 'Our people have a lot of instruments at their disposal to change directions very quickly, to close things and open new things.' Flexibility is the key, he says. 'If we said there's only one way to do things around here and tried to indoctrinate people, would we be growing this steadily? I don't think so' (Fisher, 2006).

This is just one example of the way that corporations across the world are responding to an increasingly uncertain global environment. Governments also need to respond to a changing and uncertain environment. However governments and corporations have distinct differences. Governments are accountable to citizens rather than shareholders, undertake activity that would be deemed unprofitable in private markets, and have the power to impose obligations and penalties. Nevertheless, the public sector is not immune to the factors that are driving the corporate sector to become more agile.

In government, agility means understanding and meeting the needs of citizens in the short term, adapting structures and services to address medium term trends, and shaping needs in the long term. In practice, an agile government needs to develop its capacity in the following areas:

- **short term responsiveness** – responding to the public's day to day needs through choice, voice and personalisation
- **strategic adaptation** – learning from and scaling up innovation to improve public service systems over the long run
- **outcomes focus** – focussing on end results to address cross-cutting issues
- **long term shaping** – positively intervening in society to affect long term trends, creating new opportunities and preventing or reducing problems before they arise.

Agility holds out the tantalising prospect of an open and imaginative system of government that is constantly scanning for new information, making sense of that information and using it to develop more effective responses to challenges and opportunities. At a more practical level, the evidence suggests that the advantages of becoming more agile will include more satisfied citizens and public sector employees (AT Kearney, 2003).

From a political perspective, agility offers an appealing way for ministers to engage with cutting edge thinking about public sector reform. As politicians seek improvement in public services in the face of an increasingly complex world, the concept of agility can provide a useful and

coherent way to discuss new approaches such as personalising public services to the needs of individual citizens, or encouraging government departments to join up policy, services and budgets to solve complex problems.

Agility also has implications for citizens. Far from being bystanders to the business of government, they should be engaged, particularly when the state wants to shape long term operating environments. Few of the benefits that governments seek to secure for their citizens can be delivered to people exclusively by specialised public services and their employees. For example, a good education is produced by the efforts of both teachers and pupils, as well as families and local communities. Public goods like a clean environment require contributions from people choosing to make small changes to their daily routines. Similarly citizens' daily choices about their personal nutrition and exercise affect their healthcare needs.

Both public servants and politicians will face challenges in developing a more agile set of public institutions. Policy makers at the heart of government will need to become much more comfortable with the idea of innovation being driven by frontline workers – central agencies need to become talent spotters for new ideas and initiatives or risk becoming bottlenecks. Joining up government around outcomes will require a significant investment of political and managerial leadership to break down entrenched barriers. Effective shaping of the future environment will often require public sector leaders to take an unfashionably long view of policy problems.

In this report, we set out what agility in government means and why it is a potentially useful concept for public managers. We begin by examining the changing context in which governments are operating, and set out the reasons why developing greater agility can help public services respond to new challenges. We then propose an agility cycle to demonstrate the dimensions of agility. Case studies are featured as examples of how Victorian public sector agencies are pursuing agile approaches to address emerging challenges. Finally we propose five broad principles to guide governments towards agility.

2. new reform imperatives

Successive waves of public management reform have centred on developing new approaches to emerging challenges for governments and their institutions. From the Weberian bureaucracies of the early 20th century and their emphasis on hierarchy, authority and standardisation of services to the efficiency and accountability drives of new public management in the 1980s, each wave of reform has changed the way in which public goods are developed and delivered.

Companies thriving at the end of the 20th century were often organisations that were quickly reconfiguring their products to meet changing customer demand, developing flexibility in organisational form, and creating long term strategies that could prepare them for future changes. The paragon of the business sector became Toyota, where in the 1990s only five layers of managers separated the factory floor supervisor and the chairman. At the once mighty Ford, there were fifteen.

By the 1990s, management commentators such as Peter Senge were pursuing learning organisations, systems thinking and dynamic business as the new orthodoxy in organisational studies (Senge, 1990). General Motors, for example tried to become a 'boundaryless organisation', characterised by fluid boundaries between hierarchies and units, between inside and outside, and across different geographic locations.

These new kinds of organisation stood in contrast to the relatively rigid hierarchies of the past, which struggled to reconfigure quickly enough to meet the changing opportunities and threats of a globalised post-cold war world. These changes were summed up by Italian writer Italo Calvino, who famously contrasted the heavily regulated and bureaucratised world of the mid 20th century with the values of lightness, quickness and multiplicity that he believed would characterise the next millennium (Calvino, 1988).

During the 1980s and 1990s, governments sought to absorb the best lessons from the private sector. Public sector agencies developed a stronger market orientation, developing greater efficiency in service delivery, accountability for results and transparency in decision making. This approach, known as new public management, delivered significant reform. Services were delivered in new ways, including outsourcing to the private and non-government sectors. Public managers were given greater freedom to do their jobs and rewarded for achieving clearly defined performance targets.

While new public management delivered significant improvements to public sector delivery and operations, it can no longer be considered cutting edge. New public management has its limitations. Today's challenges cannot be met solely via vertical lines of accountability for the delivery of clearly defined outputs within segmented portfolios and departments. There is increasing recognition that the complexity of challenges facing government requires more sophisticated solutions. Governments do not have an exclusive hold on all the levers to drive improvements across core areas of responsibility such as health, education, justice and environmental management. Rather, governments have to navigate common and conflicting interests across portfolios, the private sector, communities and individual citizens.

The University of Sydney's Geoff Gallop illustrates the complexity of the current operating environment and the many expectations imposed on public servants, both individually and collectively (2007a:2):

On the one hand, we ask them to be fully accountable and yet on the other hand we ask them to be creative and innovative. On the one hand, we ask them to be efficient and on the other hand we insist that they be effective and produce real change in the community. On the one hand, we ask them to be inspirational and purposeful in respect of their agency responsibilities and on the other, we expect them to join up, co-operate and compromise with others. And finally, we ask them to perform to particular targets and at the same time to be agile and flexible in the way they operate.

The torch for public sector reform has been passed on, although there is no consensus as to where. The United Nation's World Public Sector Report describes the next emerging paradigm as 'responsive government' (United Nations, 2005). This is a form of public administration that emphasises networks, greater openness and partnership. Patrick Dunleavy (2006) from the London School of Economics argues this will mean reintegration of different government agencies into larger business units, joining up work around people's needs, and digitisation. Other commentators have suggested 'the adaptive state', 'government by network' and 'joined up government' as the new phase of reform (Bentley and Wilsdon, 2004; Goldsmith and Eggers, 2004; National Audit Office, 2001).

Whatever this emerging era of reform is called, it is dominated by four key imperatives that are driving governments to become more agile:

- the shift from outputs to outcomes
- the shift from welfare to social investment
- the shift from command and control to innovation and collaboration
- the shift from standardisation to personalisation and customisation.

Each of these reform imperatives is outlined below.

The shift from outputs to outcomes

Effective delivery of measurable outputs is not sufficient to achieve the results that make a difference to people's lives. It is how multiple outputs aggregate and interrelate that determines tangible outcomes. For example, public safety is not merely a function of the number of police patrols or arrests in a given area. Rather it is a consequence of the actions of many players such as police, liquor licensing authorities, local businesses, urban planners, transport providers, and individual residents. Relationship management, network formation and alignment of objectives and actions all have a bearing on the outcome as to whether or not a particular location is safe. Governments are increasingly seeking to find new ways to focus on the end result, even when they do not control all the necessary resources to achieve that result.

The shift from welfare to social investment

The post war welfare state was built around providing a fully-employed public with help at critical points in their lives – a basic education, benefits to help people through short periods of unemployment, and pensions for retirees. Today, the policy emphasis is on building social inclusion through community strengthening and developing human capital. Governments are seeking to create opportunities and address disadvantage by fostering the capacity, skills and capabilities of individuals and communities to fully participate in society.

The shift from command and control to innovation and collaboration

Governments increasingly recognise that they cannot drive improvements in public services simply by specifying targets from the centre, investing more money and pushing for ever higher standards. Sustainable improvements will only come from enabling public sector agencies to innovate from within, developing their own new approaches in ways that meet the distinctive needs of a wide range of citizens.

The shift from standardisation to personalisation and customisation

The public increasingly demands services that are attuned and tailored to their own specific needs. Service personalisation has the potential to re-organise the way public goods are created and delivered. It can range from developing more customer friendly interfaces to a transformation in service design where providers and users are involved in co-designing services.

3. what is agile government?

Agile government has the capacity to understand and meet the public's needs in the short term, adapt to trends and issues in the medium term, and shape public needs over the long term. It recognises the imperatives for ongoing reform and adaptation to deliver government policy, regulation, enforcement, and services that continue to meet and anticipate societal needs.

Agility is important because it equips government to address complex problems in an uncertain environment. In 2006, the State Services Authority released a report on *The Future of the Public Sector in 2025*. This report found that the future is shaped by a multitude of internal and external drivers of change which are unpredictable. These drivers – from movements in the economic cycle to climate change to shifts in social values – can present unforeseen consequences. As such, short term responsiveness, medium term adaptation, and long term vision and foresight play a crucial role in enabling governments to operate in a changing and uncertain world.

Agile public sector organisations also benefit from higher levels of productivity, greater employee satisfaction and more favourable feedback from citizens. An AT Kearney study found that agile public sector agencies saw a 53 per cent rise in productivity, a 38 per cent rise in employee satisfaction and a 31 per cent increase in customer satisfaction (AT Kearney, 2003).

In practice, agility features the following four characteristics:

- short term frontline responsiveness
- strategic adaptation
- outcomes focus
- preventing or reducing problems before they arise.

Short term frontline responsiveness

Governments are generally not regarded as being particularly fast when it comes to decision making. At the political level, the need for legislative scrutiny and debate rightly constrains the speed of decision making. Major changes to legislation and policy require a deliberative process that can be time consuming. However, the operational level of government does not necessarily have the same constraints.

Frontline responsiveness extends beyond notions of organisational flexibility. It encompasses the empowerment of individual public servants to exercise judgement and take decisions that address individuals' immediate needs. In an environment where the needs of one member of the public can vary significantly from those of another, reliance on fixed rules and procedures can result in highly restrictive service delivery. This challenge of heterogeneity requires alignment between systems of authority and accountability that are supported by sound decision making frameworks.

Responsiveness is facilitated by engaging with the public. Agile public sector agencies require an ability to understand the needs and aspirations of the people they serve in order to develop solutions to emerging issues. This can include working with the public in co-producing services, with citizens contributing their own energy and knowledge to develop and adapt responses to challenges affecting them.

A trend towards increasing public service personalisation has emerged as one approach to improving frontline responsiveness. Personalised services aim to tailor their offering to people's individual and changing needs. Personalisation involves working with recipients to understand their needs. In the disability services sector, individual packages of care have enabled better tailoring of support to meet people's needs. The involvement of individuals with a disability or their carers in designing these packages of care is instrumental to ensuring that service solutions are responsive. The package is based on what the individual wants and needs rather than what a government agency allocates to eligible recipients. It might combine assistance provided by several organisations, such as goods and equipment, direct personal care and case management services.

Short term responsiveness means that governments are more effective at meeting public needs. According to the World Values Survey (2000), Australians have some of the highest levels of 'self expression values' in the world. These values give high priority to environmental protection, tolerance of diversity and rising demands for participation in decision making in economic and political life. It is therefore not surprising that Australians increasingly demand that their public services reflect the unique circumstances faced by different individuals.

This does not mean that the public is seeking the plethora of choice that has emerged in private consumer markets. Indeed, recent AustraliaSCAN surveys suggest that people are suffering from choice fatigue (Quantum Market Research, 2006). Rather, the challenge is to develop flexible, accessible, timely and convenient services instead of introducing ever increasing variety in the programs, services, and products available to the public.

Strategic adaptation

Governments operate in unpredictable and uncertain environments and therefore public sector agencies cannot rely on static modes of operating. The public sector needs to be able to adapt its structures and processes to medium term trends and challenges. Strategic adaptation means that public sector agencies can reconfigure their operations as the environment changes, from an economic downturn to the introduction of new technology.

Adaptive capacity requires the creation of space for experimentation and innovation. 'Loosening up' regulations and reporting mechanisms and allowing flexibility and risk taking, encourages wider perspectives and approaches to emerging challenges (Dyer and Shafer, 2003). This means that when the external environment changes, there is a greater likelihood that someone will have an appropriate response ready to be disseminated on a wider scale. As one recent study shows, employees and managers in the best performing companies are empowered to make many more independent decisions, and urged to seek out ways to improve company operations (Surowiecki, 2004).

New approaches to delivering services will not emerge in isolation. Policy makers in government need to provide a clear sense that innovation is valued and supported. Dedicated resources are required to support the development of new ideas and approaches to service delivery. Structures, incentives and accountability also need to be aligned – this is critical to focusing government capacity to implement policy, explore new opportunities and execute effective responses.

Strategic adaptation also requires policy makers to grasp the big picture and deal with increasingly complex policy issues such as social inclusion which have multiple and overlapping causes. New policy tools and approaches are needed alongside traditional ones. For example, futures foresight and scenario planning can provide a way to conceptualise future challenges and engage with the long term. Understanding the implications of behaviour change can also inform new approaches to policy design. Supporting citizens to manage their behaviour has the potential to realise better outcomes and empower citizens to behave in their own best interests and those of society.

Outcomes focus

Governments are increasingly seeking to deliver results in outcome terms. This represents a shift from 'input' and 'output' oriented approaches to a focus on the end results. While inputs are the resources dedicated to address an issue, outputs are the goods or services produced. In contrast, outcomes relate to the actual change in people's lives that occurs as a result of a policy, regulation or service. For example, in the family services sector the employment of a social worker constitutes an input, the delivery of a program to a target number of families represents an output, and the outcome would be an increase in health status, wellbeing or safety. Outcomes reflect the impact that goods and services make on the lives of those who receive them.

A focus on outcomes is a critical component of agility because it often helps government to focus on the complex and cross-portfolio challenges facing society that can only be addressed through joined up approaches. This does not mean that every area of public sector activity will entail a joined up approach. Many programs and services that are well suited to traditional structures will continue to operate under vertical lines of delivery and accountability. Nevertheless, agile agencies are increasingly joining up to deliver outcomes and address cross cutting issues which could not be achieved by a single agency acting alone.

An outcomes focus helps governments to work out how programs are making a difference. Governments are generally very good at starting new programs, but less successful at stopping them. By focusing on outcomes, public servants are encouraged to take stock of the effects of public sector activity and ask the questions such as, 'is this program still achieving its original purpose or are we doing it simply because we always have?'; 'are others delivering similar programs in a more effective way?'; or 'has this program ceased to be valuable and relevant?'

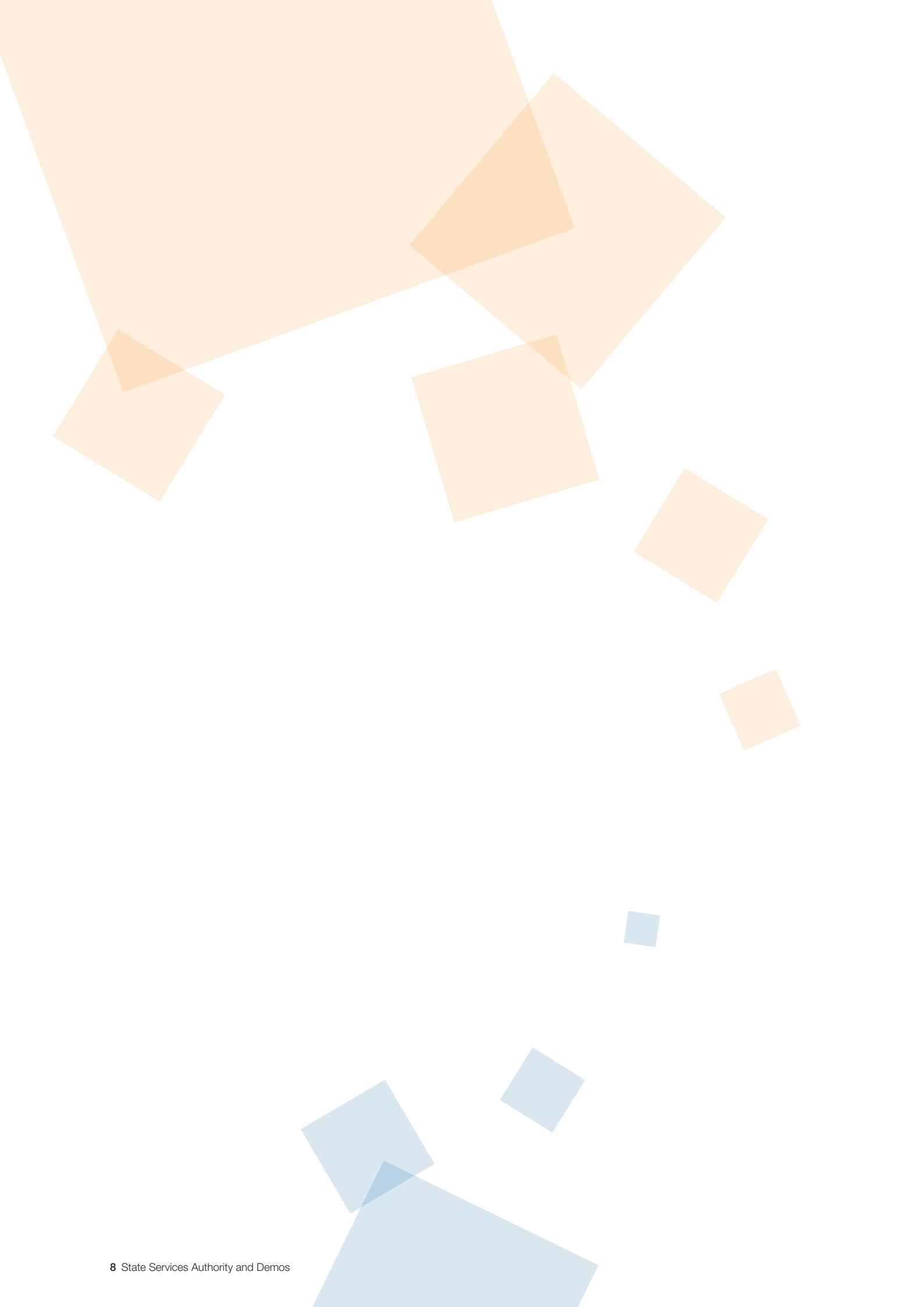
Preventing or reducing problems before they arise

The role of government is not simply to meet current needs, but also to shape society in the longer term for the public interest. Some commentators argue that such 'shaping' is becoming more important as we move into a 'post-consumer' age in which government needs to change people's behaviour as well as respond to their demands in the short term (Mulgan, 2007).

Governments do not control all the organisations and resources that they need to achieve outcomes. They need a broader sense of how their actions will interact with those of others. In addition, 'unlike business, solutions rely in part on the users themselves, and their capacity to take shared responsibility for positive outcomes' (Demos, 2003). This suggests the public sector needs to be more agile in the way it influences different kinds of behaviour, both internally and externally.

A strong culture of trust and reciprocity will be critical to shaping and preventing or reducing problems before they arise. If citizens trust government and its institutions, they are more likely to engage with new policies and more likely to accept attempts to shape their behaviour. Pechtold (2005) describes trust as 'capital' for governments to 'invest' in reform. Trust is particularly important when government actions involve short term costs to achieve only long term gains. In a low trust environment, influencing change can become far more difficult.

Trust is developed through reciprocal and mutually beneficial relationships that are built up over time. There are three key elements to building public trust in government. Firstly, governments must deliver on their promises and provide high levels of public sector performance. Some research suggests that perceptions of performance can be even more important than actual performance (Barnes and Gill, 2000). Secondly, they must ensure that the public views decision making processes as fair and robust. Finally, they must strive to ensure that the interpersonal relationships between citizen and state are empathetic and supportive (Parker, forthcoming).

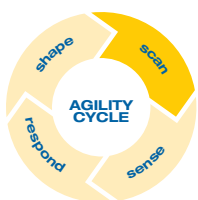
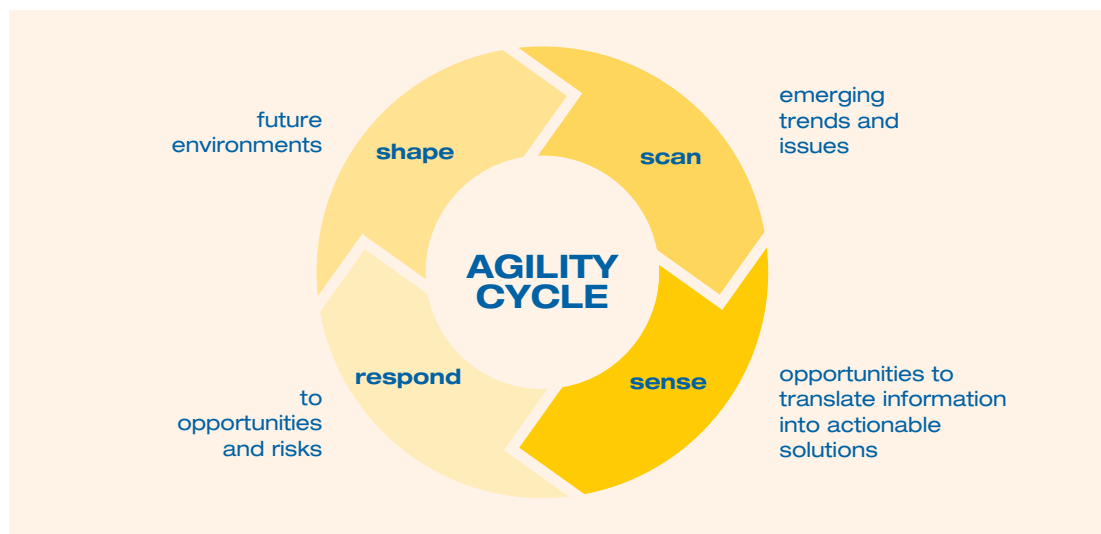


4. the agility cycle

Agile organisations are 'hyper strategic', tackling challenges wrought by turbulent external environments, while also preparing for future changes that are not yet apparent (Pollard, 2004). They move through an agility cycle, seeking out and interpreting information to inform short, medium and long term decision making and action. As shown in Figure 1 below, the agility cycle is a four-step process through which organisations:

- **scan** emerging trends and issues
- **sense** opportunities to translate information into actionable solutions
- **respond** to opportunities and risks
- **shape** future environments.

Figure 1: The agility cycle



Scan

Scanning is the process of gathering and analysing useful, timely, actionable information. According to management theorist Peter Drucker (1973) information about the outside world is the most important tool managers need to do their work. It is well established that successful organisations use data in quick and intelligent ways to improve performance.

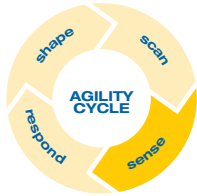
There are many different types of information, from routine data collections to case studies to longer term horizon scanning. Different arms of government will also prioritise different types of information. A finance department will scan price movements, revenue trends, investment returns and expenditure patterns. A health department will scan epidemiological trends, health status indicators, demographic change, emerging technologies and treatments, and health workforce capacity. An environmental agency will scan patterns of water and energy consumption, measures of pollutants, changes in weather patterns, trends in waste production and disposal, movements of pests and weeds, fire hazards, and indicators of air, water and soil quality.

In Victoria, the Office for Children and Early Childhood Development undertakes ongoing environmental scanning to produce a report on *The State of Victoria's Children*. This scanning exercise draws on data from multiple government departments, the Australian Bureau of Statistics, a school entrant health questionnaire and a survey of the health and wellbeing of Victorian children. It gathers information across an outcomes framework comprising 35 areas. It includes demographic information about population projections and trends in the composition of households with children; measures of physical and mental health status and risks;

incidence of injury, violence and abuse; experiences of poverty and homelessness; availability of community support; and up-take of early childhood education opportunities. The information gathered about children’s health, development, learning, safety and wellbeing provides a useful basis for the development of policies and programs to meet current and future needs.

Sense

Information on its own is of little use without analysis and interpretation. Sensing is the process of interpreting relevant information into the basis for decision making. It turns data into a narrative that gives a practical understanding of the issue or problem so that solutions can be generated (Weick and Stučliffe, 1993). For example, a sensing process might interpret data on poor sales to diagnose a problem with product quality, overpricing or marketing deficiencies. Once the raw data is interpreted and understood, the organisation can make decisions to address the issue.



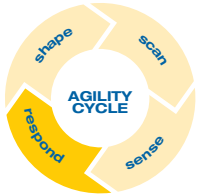
Information asymmetries and imperfections mean that public sector agencies need to make decisions based on the best available information rather than a complete set of known facts. It is not possible to wait for complete and comprehensive data before tackling a major challenge such as poverty, climate change, or workforce participation. Rather, politicians, public servants and advisers need to combine the available information with their sense of public opinion and judgement about viable options for action. Decisions are often made on the understanding that not everyone will agree. However, effective sensing means that at least the rationale and logic for a course of action is understandable and based on evidence.

Sensing is an important part of the agility cycle because it is here that politicians and officials determine the issues requiring action. It is also this step in the cycle that risks significant bottlenecks. Ministers and senior officials have multiple calls on their time and resources, yet they need the time to deliberate and examine priorities. Smooth passage through the sensing phase of the agility cycle requires a strategic and systematic approach to information consolidation and analysis.

Victoria Police takes a strategic approach to translating data into actionable intelligence. The Victoria Police Intelligence Model specifies standardised processes, products and guidelines to translate information into tactical responses. It provides the basis for informed decision making by ensuring that intelligence is an integral and routine part of policing at all levels of command and operations. Police draw on multiple sources of data, including the Law Enforcement Assistance Program, Crimtrac, the Traffic Incident System, and the DNA database. They also use a wide range of analytical techniques to make sense of the data gathered, including incident pattern analysis, results analysis, social trend analysis, criminal business profiling, risk analysis, and operational intelligence assessment. Standard intelligence products and defined tasking and coordination processes facilitate the translation of data into strategic and operational policing priorities.

Respond

Once governments have analysed new information and sensed a new challenge or opportunity, they need flexible and dynamic ways to produce a response at two levels. The first is strategic, where politicians and their public servants develop policy responses and allocate resources to new priorities. The second is at the operational level, where frontline workers respond to the day to day changing needs of the people they serve.



Governments constantly have to balance their desire for rapid policy and structural change with a stable environment in which frontline workers deliver services. Too much change at the same time is likely to lead to confusion and gridlock. During major reform periods, central agencies will respond to emerging challenges by leading major change at a state-wide level. At other times, frontline workers will experiment with new approaches to better meet customer needs.

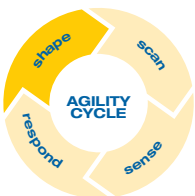
In practice, governments typically have four main ways of driving change in public service delivery systems:

- **incentive alignment** – government can catalyse change on the ground by creating incentives, such as money, recognition or autonomy, that influence organisations and their staff to behave in particular ways.
- **force** – in order to make agencies respond in certain ways, government can force the creation of new structures, budgeting and delivery arrangements to drive change.
- **augment** – governments can collaborate with service providers and the non-government and private sectors to augment, complement and supplement existing programs to encourage new ways of delivery.
- **focus** – government can set a small number of clear goals and focus the efforts of the whole public sector on meeting them.

Governments are well accustomed to using policy, legislation and budgeting instruments to create incentives or force change. However, significant innovation can be derived from approaches that use focusing and augmenting.

Focusing governments concentrate on delivering a handful of key, medium term outcome goals. Using leadership, moral pressure, budgets and targets, they concentrate whole of government efforts on meeting the goal. It is often said that governments systematically overestimate what they can achieve in the short term, while underestimating their long term impact (Mulgan, 2005). Focusing helps remedy this problem.

Augmenting governments would do their utmost to avoid setting up new programs and projects, instead looking for existing organisations such as the private sector and non-government organisations who could contribute to solving the problem. Public money might be used to help support networks between agencies to enable cross-sectoral efforts to respond to emerging challenges.



Shape

Shaping moves governments beyond simply responding to citizens' needs and the issues of the day. It requires government to influence and change the choices that citizens face. Agile governments will seek to become more responsive to changing needs in the short term, but over the long term they are likely to engage in shaping the future environment.

In the private sector, companies seek to shape their operating environment and their future chances of success through research and development to create new products, advertising to create new markets, or lobbying government for changes in regulation. Governments have a wide range of additional tools – from taxation to regulation to advocacy - with which they can shape the operating environment.

Deciding when and how to shape is a fundamentally political question that goes to the heart of the obligations that the state can place upon citizens. There are at least two rationales for shaping behaviour. The first rationale is to prevent or intervene early in the onset of future challenges. The second rationale is to create future opportunities that might not become available in the absence of deliberate shaping action.

Prevention and early intervention shaping activity is closely connected with securing better outcomes. This can be a difficult task because shaping shifts the emphasis to the demand management side of the public policy equation and the responsibility side of the rights and responsibility mix. While many of the challenges confronting governments require service solutions, these need to be balanced with prevention and early intervention strategies that require action from both services and from the public.

For example, growing demand for hospital services and consequent increases in wait times for surgery require additional resources and investment in tertiary health services which provide

a greater level of specialist care. However, preventive measures, such as improved nutrition, increased physical activity and smoking cessation, also have a critical role in reducing the risk that people will require specialist treatment. Similarly early intervention strategies, such as health screening and community-based disease management, contribute to alleviating pressure on tertiary services. Prevention and early intervention approaches can deliver better outcomes for individuals (eg reduced morbidity) and for public sector agencies (eg reduced demand and expense for tertiary treatment). By shaping the health of future populations, governments can better contain the consequences and costs of illness and injury.

Shaping is not only about containing future service demand through prevention and early intervention. It also extends to creating long term opportunities. Major infrastructure developments can lay the foundation for future economic prosperity. Environmental conservation can protect scarce resources for future generations. Cultural policies can shape the identities of nations, communities and individuals. Shaping requires governments that are willing to experiment and innovate, brokering partnerships with communities, citizens, businesses and other organisations to create collective opportunities.

5. agility in practice

In practice, agility can look different across the many and complex functions of government. The way in which agility manifests will depend on the nature of the environment, whether there are compelling drivers of change or a need for stability in the operating environment. The speed of responsiveness will depend on the nature of the task at hand. Nevertheless, all parts of the public sector require the capacity to understand and respond to short term stimuli, adapt to emerging issues in the medium term and maintain an eye on their role in shaping the long term.

The section below explores four areas of government activity to illustrate the forms that agility can take. These are:

- legislation and policy development
- service delivery
- environmental management
- enforcing laws and regulation.

Legislation and policy development

Public sector agility in legislation and policy making requires a willingness from the highest levels of government to pursue innovation. Significant legislative and policy reform is dependent on strong ministerial champions and the support of Cabinet. It entails determination to challenge the status quo, mine the evidence for decision making, engage widely with business and communities, and make difficult decisions that will not always satisfy all parties.

The public sector plays a critical role in keeping ministers informed, reviewing the evidence for change, advising on opportunities and risks, and seeking authorisation and direction at each key decision point. The role of the private adviser is increasingly featuring in the relationship between public servants and politicians. Relationships between public servants and private advisers can be the locus of considerable tension, but they can also be highly productive. When the relationship works well, public servants and private advisers can work together to present policy options to ministers that are both objectively and politically sound.

Ministerial, government and parliamentary champions for reform programs are particularly critical where change is sensitive and contentious. A strong evidence base for change will enable ministers to interrogate assumptions and build the case for public acceptance, even in the face of public opposition. For example, Victoria became the world's first jurisdiction to introduce compulsory seat belt wearing in 1970, following a report from a Parliamentary Committee on Road Safety. This raised significant questions about individuals' rights to choose their own levels of risk and protection behaviours. However, seat belt wearing has since become an ordinary part of road travel and is credited as a significant reason for a subsequent decline in road fatalities.

A more recent example of policy and legislative reform is the *every child every chance* strategy, where significant changes have been made to public support for vulnerable children, youth and families. Underpinned by legislative reform and supported by a program of investment in early intervention strategies, *every child every chance* represents a shift in the collective understanding in the role of the state and the community to protect children and young people.

The reforms are grounded in an improved understanding of the evidence of early childhood brain development and the effects of childhood trauma on future life chances. Supported at the highest levels of government, these reforms draw on an evidence base produced through pilot Innovation Projects in child protection services, recommendations from external expert advisory panels and consultation with the community. The creation of a new ministerial portfolio for children to champion the need for change, supported by a new Office for Children, ensured a strong commitment to policy and legislative reform.

CASE STUDY 1

Every Child, Every Chance

Recent reforms to the service system for vulnerable children, youth and families are re-shaping Victoria's child protection landscape. These reforms are strengthening the capacity of public and community sector service delivery to respond to incidents of harm to children and young people. Importantly, the reforms are also re-orienting the child protection system from a predominant focus on child safety to a more holistic service that incorporates safety, development and stability dimensions. This shift, rather than focusing principally on immediate safety, is turning attention to encompass prevention and remediation against harm affecting children's long term wellbeing and development.

The background to *every child every chance* reforms began in 2002 and resided in two converging bodies of evidence affecting child protection services. First, notifications to child protection services were projected to increase by approximately 20 per cent over the next ten years. Second, families coming to the attention of child protection services were facing increasingly complex social circumstances, including experiences of family violence, mental illness, drug and alcohol misuse, and long term disadvantage. These two trends were emerging within a broader policy context that included a more sophisticated evidence base and understanding of the long term impact of trauma experienced in childhood, both on individuals and communities.

The reforms are underpinned in new legislation which establishes common principles for both government delivered and funded services, and guides the operation of machinery of government relevant to the children's portfolio. The legislation also provides a unifying framework for child protection services, family and placement services, and decision making by the Children's Courts.

The reach of *every child every chance* reforms extends from senior levels at the centre of government and the public service to frontline workers, families and communities. More effective integration to build a continuum of child and family services has required an increasingly sophisticated dialogue between government and communities. Service integration is supported by Child and Family Information Referral and Support Teams which operate on a sub-regional basis to connect families to services.

Identifying actions that will make a difference to vulnerable children and families will be articulated in an outcomes framework. This is underpinned by information and analysis which ranges from collection and analysis of quantitative data about specific indicators for vulnerable children, to qualitative information gathered through efforts to strengthen cross-sector relationships such as the out-posting of child protection workers to community sector organisations.

The shift towards earlier intervention and more integrated service delivery has resulted in a stabilisation of child protection notifications, investigations and substantiations involving Victorian children during a period when these activities have continued to show significant growth in other Australian States and Territories. Integration efforts are continuing as the child protection system shifts away from a history of relative fragmentation and isolation towards data sharing, integration, and common referral tools and practices.

Service delivery

In many service areas, especially health, education and social care, services should be flexible enough to meet the needs of individual service users, but also able to spot changes in public needs and aspirations and reshape themselves around those needs. Increasingly, services need to be able to identify and prevent emerging problems before they escalate.

In frontline service delivery, agile processes depend on the freedom of frontline staff and the incentives to respond quickly to service users. Governments that want to be more agile need to minimise constraining rules and instead support frontline staff to take relatively autonomous case by case decisions grounded in professional judgement.

The Neighbourhood Justice Centre in inner Melbourne is piloting a new approach to more integrated service delivery to improve restorative justice and reduce the risk of criminal re-offending. The Centre has established a multi-disciplinary Screening, Assessment and Referral Team to identify the needs of defendants, victims, witnesses and local residents attending the Centre. The Team responds to individuals' needs, assessing the situation, facilitating service referral access, case monitoring, counselling, and brokering purchase of services that otherwise might not be readily available. Greater accessibility to on-site services and integration with off-site services is seeking to improve immediate responsiveness to community needs. It is also seeking to shape community capacity to collectively tackle the social problems associated with criminal offending and re-offending at the local level.

CASE STUDY 2

Neighbourhood Justice Centre

The Neighbourhood Justice Centre is a three-year pilot project focused on local solutions to local justice problems. Operating in the inner Melbourne municipality of the City of Yarra, the Centre aims to build a more integrated, responsive and accessible justice system. The Centre incorporates a wide range of justice and related services. These include court hearings, mediation and dispute settlement, legal aid, victims' support, housing and homelessness support, financial counselling, community corrections, juvenile justice, drug and alcohol counselling and support, and mental health services.

The Centre's services are designed to address the underlying causes of offending and prevent re-offending. The Centre pursues a restorative justice approach to dealing with crime and conflict. This approach actively involves the parties affected by crime or conflict to participate in a safe dialogue to resolve issues and address the impact of crime or conflict. It requires offenders to take accountability for their actions, provides for victims to have a voice and achieve redress, and supports community engagement to repair harm and prevent future offending and conflict.

The Centre's physical environment has been designed to be open, welcoming and informal. It includes meeting spaces for community groups, displays of local artwork and a play area for children. The court room, in which the magistrate hears civil and criminal cases, is designed to facilitate proceedings in a manner that is more informal and less intimidating than can be the case in other courts.

Community engagement has been central to the establishment, governance and operation of the Centre. Such engagement is supported by a community liaison committee comprising residents, traders, community organisations, service providers and state and local government. Community involvement in justice recognises that members of the local community are well placed to understand the impact and incidence of crime and conflict in their own neighbourhood. Community engagement is important for building local partnerships and generating solutions to justice challenges that meet community expectations.

Environmental management

In Victoria, public agencies and private landholders have been responding to environmental challenges and shaping landscape development through new partnerships. These partnerships recognise that neither the public sector nor the private sector alone holds the key to future agricultural productivity and sustainability. Initiatives such as Environmental Management and Action Planning Projects represent a new approach to facilitating private investment in sustainable land production. Primary producers benefit from professional advice and limited material support for improved land or water quality, which also represents an economic gain for the agricultural sector of the economy. Similarly, public value is generated from environmental works which also shape the future productive value of private land holdings.

Environmental Management and Action Planning Projects have been complemented by market-based mechanisms to shape future environmental sustainability on private landholdings. First trialled in 2001, a Bush Tender Program has seen private landholders nominate their own price in a competitive tender process to seek public investment to improve the quality of native vegetation on private land. These bids are assessed by government and those that represent the best value for service are accepted, receiving financial support in the form of an initial upfront payment followed by annual payments for meeting actions specified in an agreement. In this way, government and private landholders are sharing the financial and environmental responsibility for long term land stewardship.

CASE STUDY 3

Environmental Management and Action Planning Projects

Public sector agencies and primary producers in the Mallee region of northwest Victoria are working together to improve environmental and economic sustainability on private landholdings. While government and public sector agencies have a strong interest in protecting the natural environment, much of the land in this region comprises private landholdings used for primary production, such as wheat, oats and oilseeds.

These public and private interests come together in Environmental Management and Action Planning Projects. These projects are designed to tackle large scale complex environmental issues like salinity and nature conservation. The approach is based on building effective collaboration between multiple parties.

The projects bring together farmers with a range of partners to tackle environmental management issues. These partners include the local water Catchment Management Authority, Department of Sustainability and Environment, Department of Primary Industries, Landcare, Institutes of Technical and Further Education, and other bodies. The projects are addressing challenges such as salinity, water supply, eradicating pest animals and weeds, and land quality. There is a strong shared interest in these issues because they damage both the land's environmental value and its economic value.

The projects draw together all major aspects of environmental management, acting as a one-stop-shop for farmers to access expertise and on the ground assistance. Each farmer participating in a project is provided with an aerial map of their property. Over three days of training, environmental issues are discussed, works on their farms are planned and drawn on the map. Completion of the program qualifies participating farmers for extra support, including grants and follow up sessions to ensure their planned environmental works are carried out. Environmental works might include native tree planting to facilitate salinity abatement, pest eradication, linking native vegetation corridors, and assistance with new farm management approaches.

The projects' systems-based evidence approach to address environmental threats and capacity for change in the Mallee region has been widely adopted. More than 60 per cent of farms in the area, covering 319,000 hectares of land, have completed the program. A significant percentage of land has been identified for redesign to meet both environmental and farm business needs. The projects, one of a number under the Department of Sustainability and Environment's *Multiple Outcome Projects* banner, demonstrate how innovative cross-sector partnerships can support primary producers to invest in, and undertake environmental works that benefit future environmental sustainability and the economic value of their private landholdings.

Enforcing laws and regulation

While laws and regulations have to be clearly and consistently enforced across the population, the way that they are enforced needs to be flexible and dynamic. Monitoring and enforcement needs to take account of the changing environment, such as the emergence of new technologies and intelligence about the drivers of crime.

In recent decades, significant advances have been made around the world in the types of technologies that can support surveillance, policing and court systems. Satellite technologies, mobile communications, DNA forensic evidence, data mobility, and electronic tagging have all played a role in changing the capability of enforcement agencies. Increasing technological sophistication in citizens' everyday lives means that there are similar expectations that enforcement agencies will capitalise on new tools and capabilities.

Agile monitoring and enforcement is not just about the latest technologies, but extends to the ways in which agencies work with each other and with the community. For example, policing crime is not simply about investigating reported offences, arresting suspects and laying charges. An agile police force will focus on the drivers of crime and tackle the cause of problems in the community. It needs to understand the complex social and economic circumstances that increase the risk of criminal behaviour, working with the community to address challenges such as drug and alcohol addiction and disengagement of marginalised groups from education and employment. Agility enables police to undertake intelligence-based enforcement, locally targeting resources to areas where concentrated effort will have the most significant effect.

The Victorian Government's *arrive alive* road safety strategy draws together monitoring and enforcement initiatives to improve road and roadside design, vehicle safety, and driver behaviour. Enforcement agencies such as the Department of Justice, Victoria Police and VicRoads have been at the centre of the strategy's design, drawing on their collective intelligence to identify issues to be addressed through specific action plans and mechanisms for their enforcement.

For example, *arrive alive 2008-10* action plans include enforcement provisions such as targeting high speed and crash risk locations with increased police patrols and camera technology; exploration of new speed management technologies; implementation of police vehicle video technology to record speeding behaviour and assist enforcement; boosted drug testing activity for heavy vehicle users during high risk times and on high risk routes; and application of intelligence based policing strategies to identify licensed venues associated with high risk drink driving behaviour. Strategic enforcement requires an assessment of risk so that agencies can anticipate and respond to potential or actual breaches of the law.

CASE STUDY 4

Arrive Alive

Arrive alive is the Victorian Government's road safety strategy directed at reducing deaths and serious injuries on Victoria's roads. The strategy is responding to immediate issues as well as shaping future physical and behavioural environments affecting road safety.

The strategy adopts a *safe system* approach which recognises that there is no single solution to injury and fatality on the roads. Rather, a systematic approach is required that provides safer, more forgiving roads, promotes safer vehicles and persuades road users to adopt safer travel speeds and on-road behaviours. Importantly, safety solutions must recognise the complex interactions that take place between road and roadside, vehicle and road user.

To simultaneously address multiple factors contributing to a *safe system*, the strategy operates as a partnership. This partnership is led by VicRoads in joint efforts with the Transport Accident Commission, the Department of Justice, and Victoria Police. While each agency is responsible for implementing their respective components of the strategy, there is shared accountability for outcomes and they work together to achieve collective goals. The strategy is integrated from the highest levels of government, via a ministerial council, to operational policing and engagement with individual and groups of road users.

Arrive alive relies on a strong information and evidence base to inform action plans across elements of the *safe system* approach. Much of the required data derives from agencies in the partnership. This includes traffic data from VicRoads, road crash information from Victoria Police reports and detailed injury data from the Transport Accident Commission. Ongoing analysis of such data helps to ensure that action plans remain relevant and applicable.

The Monash University Accident Research Centre is also commissioned to undertake a broad program of research, the results of which have informed initiatives in areas such as speed, drink driving and vehicle safety. In addition, *arrive alive* partnership agencies continuously scan materials from national and international research bodies for evidence that could be applied to Victorian road safety initiatives. This kind of intelligence gathering and research supports decision making in relation to new technologies for vehicles, safer road construction and other system design issues.

Community engagement and responsiveness, at both statewide and local levels, are important components of the strategy. At the operational level, police regions design their local strategies and actions around local community needs. At the state-wide level, responsible agencies support the adoption of new safety policy and pursue education campaigns to shape road users' behaviour in relation to issues such as alcohol, drugs, fatigue, speeding and mobile phone use.

The *arrive alive* strategy is continuing its role to improve road safety, reduce the incidence of deaths, and reduce the incidence and severity of serious injuries. While Victoria's population and traffic volumes have increased, road fatalities have declined. In 2001, prior to the strategy's release, 444 people died on Victorian roads. In 2007, 332 people lost their lives on the road. Government and agencies in the partnership plan to continue efforts to develop future initiatives that take advantage of emerging approaches to address road safety and reduce road trauma.

6. what constrains agility?

Participants in the agile government project identified a range of constraints on agility. Four of these constraints are considered below:

- limited information sharing
- risk aversion
- cultural constraints
- institutional structure.

Limited information sharing

Project participants noted that capacity to scan successfully can be impeded by a lack of shared information across the public sector. This slows down the process of scanning and sometimes forces policymakers to duplicate each other's work.

Data is sometimes not shared effectively between and within agencies. The problem is often not a lack of data, but difficulty in locating and accessing the right kind of critical and actionable information. Often this means that officials do not have enough access to post-program evaluations and lessons learnt. In turn this results in insufficient feedback mechanisms to enable learning. This speaks to the need for agile governments to find better ways of sharing information and learning across public sector departments and agencies.

Risk aversion

Agility requires a willingness to experiment and take risks to achieve long term gains. However, there is an overriding focus on short term delivery, which makes risky or innovative behaviour less desirable than meeting targets. This is coupled with intolerance for failure. Reward systems continue to discourage risk taking, rewarding performance that hits tight performance targets without flexibility and experimentation.

Appropriate risk taking is often an exception rather than the rule. This can particularly be the case for those in the frontline of service delivery who may not always understand the boundaries of the risks in the operating environment. Instead there can be a default to a position of 'doing things the way they have always been done' rather than taking sensible risks within known boundaries.

Externally, concerns about both media and political pressure also contribute to creating a risk averse culture that is the natural default position. In many countries there is an extremely low public tolerance of failure, particularly in an environment of close scrutiny by the media and parliamentary opposition. However, it has also been suggested that risk aversion can be caused by agencies making assumptions, often incorrectly, about what risks that they *think* ministers or senior officials would or wouldn't take.

Cultural constraints

Many governments have focused reforms in recent years on attempting to open up the public sector to greater innovation and flexibility. But efforts at 'loosening up' government have tended to focus on what the economist Eric Beinhocker (2006) characterises as 'hardware' changes. These are essentially structural reforms that include reducing hierarchy, increasing autonomy for staff and encouraging a diversity of approaches. Governments often pursue such hardware reconfigurations in an attempt to better align agencies for more agile operation in priority areas.

Most governments have been less effective at reforming the 'software' of the public sector, the cultural systems that underpin high performance. Typically these will include encouraging norms of cooperation, high performance and innovation. Agile agencies need to overcome cultural barriers to collaboration, encouraging trust and reciprocity between agencies. Similarly, agencies need to challenge the primacy of management control and give middle and frontline employees greater autonomy to drive their own high performance. Finally, barriers to innovation need to be overcome to drive policy and service improvements.

Institutional structure

Institutional structures can limit the extent to which change can take place. Many complex public policy issues are cross cutting in nature and do not fit neatly into departmental boundaries, portfolios or tiers of government. Delivering outcomes is often dependent on action and cooperation that crosses departments and jurisdictions. Working across departments and tiers of governments requires shared objectives, clear lines of accountability and strong relationships. Collaboration can be hindered by fragmentation, diffuse accountabilities and rigid systems geared towards vertical structures.

7. towards agile government

Moving towards greater agility requires agencies to overcome the constraints on responsiveness, adaptation and long term shaping capacity. The challenge requires recognition of government's critical role to deliver public value and pursue strategies that drive future reform and address complex societal challenges.

Outlined below are five broad principles for change that can help to accelerate agility. Each of these principles is illustrated with case studies from Victoria and abroad. The principles call on governments to:

- create accessible spaces for shared understanding
- innovate, learn and implement
- network and collaborate
- foster workforce flexibility and adaptability
- balance short and long term priorities
- engage citizens in decision making.

Create accessible spaces for shared understanding

Innovation and collaboration are far more likely to flourish when everyone has a shared understanding of both the problem at hand and the proposed solution. It might take time to develop a common understanding and approach, but the pay-off is likely to be much better coordination and more effective execution once a plan is agreed.

For example, the Caroline Springs Partnership links state government, local government, the private sector and the local community in one of Melbourne's newest suburbs. These partners have come together to collectively plan and develop the social infrastructure needs of an emerging community. This collaborative approach is beginning to show some positive results and early evaluation of the project has been favourable. The approach has been recognised by all the partners as delivering services and facilities relatively quickly and efficiently. Partners have acknowledged faster decisions, minimal duplication, and a better ability to drive solutions to make projects work.

Central to the effectiveness of the partnership, has been an independent broker to build a shared understanding between partners and the community. The broker is funded by all the partners and has maintained the partnership's momentum. The broker's independence has helped to build up and mediate relationships between the various partners and act as a conduit of information between them, resulting in smoother decision making. With a fairly open brief, he used his position to help working groups navigate state and local bureaucracy and identify funding opportunities that otherwise could have remained obscured.

CASE STUDY 5

Caroline Springs Partnership

The Caroline Springs Partnership is an example of how partnerships between the private sector, public sector and community groups can make a difference to social services and infrastructure. Caroline Springs is one of Melbourne's newest suburbs. It is located on the metropolitan fringe in the Shire of Melton, which is the fastest growing municipality in Victoria.

In 2005, a partnership was formed to develop a new approach to planning and social infrastructure. The partnership brought together state and local government as well as a private developer. The Department for Victorian Communities*, the Shire of Melton and Delfin Lend Lease sought to develop a new model to deliver better quality, timely and sequenced community infrastructure to Caroline Springs. The planning and social infrastructure needs of Caroline Springs incorporated schools, community bank, library, council offices, youth activity node, sport and recreation facilities, childcare, public and private health services, and child and family services.

Each of the partners had a significant interest in the project. Delfin Lend Lease was building the new suburb, the Shire of Melton was seeking to pursue community engagement strategies in local planning and service development, and the Department for Victorian Communities was seeking opportunities to pursue its community strengthening agenda and trial new forms of governance. Over time, the partnership extended to incorporate contributions from other departments, public sector agencies and community groups.

The partnership model involved a broker whose role was to build and mediate relationships between partners. The broker was also responsible for establishing and running working groups. These working groups focused on education, health, recreation and library services as well as community participation and development. These working groups helped to identify the communities' needs and plan infrastructure and services to meet these needs.

The partnership has delivered well planned, coordinated and timely community infrastructure to meet the need of local residents. Many facilities have been negotiated for joint use. For example the local council and schools share a library, auditorium and recreation facilities. This has reduced the costs for these organisations which have not had to build and pay to operate their own single use facilities.

Evaluation of the partnership has shown that compared with growth corridor averages, Caroline Springs residents feel that there are more opportunities to participate in community life. Satisfaction rates with the community are high, with 98 per cent of residents surveyed saying that they like living in their local community. Residents felt that they lived in a pleasant environment with nice streets and well planned open spaces. They felt that the community has a distinct character and is a special place where they felt safe on the street after dark.

**In 2007, machinery of government changes created the Department for Planning and Community Development, which replaced the Department for Victorian Communities.*

Innovate, learn and implement

Innovation is a key aspect of agility because it implies a willingness to explore a variety of different approaches to find out what works. It entails constantly developing the capacity of government to meet citizen needs. An innovative culture also increases the likelihood that the public sector will have the capacity to respond to changes in the external environment.

Victoria's Neighbourhood Justice Centre is an example of pursuing innovation, learning from experience and implementing a new approach to restorative justice. Based on similar projects in the USA and UK, the Neighbourhood Justice Centre draws on lessons learned in other jurisdictions. These lessons are applied within a local framework in the inner Melbourne municipality of the City of Yarra. While the model for a one-stop-shop local justice centre is based on international models, its implementation is unique to the local community and guided by a liaison committee comprising local residents, businesses and service providers.

The Neighbourhood Justice Centre represents a significant change from the ordinary mode of delivery for justice and related social services. Ordinarily, courts operate separately from mental health and counselling services, drug and alcohol treatment, housing support, mediation services, community arts programs, and local government identification of key issues affecting the community. In the Neighbourhood Justice Centre, these activities are brought closer together.

The Centre remains in the early stages of implementation. However, the willingness demonstrated to date to experiment with new forms of community engagement and service delivery could provide more widely applicable lessons for future public sector innovation. Such lessons might not necessarily apply only to local justice issues, but also more widely to broader issues of cross-portfolio collaboration, and service integration and responsiveness.

Network and collaborate

Reform to government structures, systems and processes can certainly contribute to greater agility, but this report has highlighted that structures are only one part of the story. Changes in culture and relationships are just as important. In other words, governments cannot become agile overnight – they need to learn new behaviours over time.

One way to help government do this is to create new forums and networks to work in a collaborative way alongside existing institutions. For example, when Finland's central government wanted to become more problem-focussed, it rejected structural change in favour of creating policy making networks of ministers and civil servants that work across departmental boundaries to deliver outcome goals. The network system operates in parallel with traditional methods of policy making, helping the Finnish to change their government culture without sacrificing their traditional strengths in delivery and accountability.

This is important partly because many of the organisations that provide public services are no longer under the direct control of government. For example, many of Victoria's children's social services are delivered through the community sector and infrastructure projects are delivered through contracts with private sector corporations. Governments can often foster agility through the way they fund, create incentives, and augment their external delivery partners.

Victoria's strategy for vulnerable children, youth and families – *every child every chance* – illustrates the importance of collaborative networks between policy makers, service providers and communities. By the early 2000s, it became clear that increasing volumes of notifications to child protection services would not necessarily be most effectively addressed simply by increasing the number of child protection workers. This was particularly apparent given a significant proportion of notifications were in fact *re*-notifications relating to children and families who had previously come to the attention of child protection services. A new approach was required to address the needs of vulnerable children.

The *every child every chance* strategy brings together the Department of Human Services and a wide range of community agencies to better equip families showing early risk factors to support children and young people. When parents and guardians struggle to provide a safe and nurturing environment for children and young people, this is not the sole responsibility of statutory child protection services. Rather than focus only on the rescue of children when cases of abuse or neglect are substantiated, community based services offer early intervention before risk factors escalate to actual harm. Multiple agencies, operating according to shared best interests principles, work together to support families with diverse community service needs. Facilitated by Child and Family Information Referral and Support Teams, families are connected to collaborative networks of support services. These reforms represent an increased level of sophistication in the dialogue between public sector agencies and the community sector to achieve common outcome goals.

Foster workforce flexibility and adaptability

Agility is dependent on the flexibility and adaptiveness of the public sector workforce. An adaptive workforce will thrive on innovation, inter-agency cooperation and inter-professional engagement. It will be capable of re-skilling and redeploying to meet new challenges and priorities. The willingness and aptitude of the workforce affects its capacity to respond to uncertainty and changes in the external workforce.

In the Victorian health sector, the need for workforce adaptability and innovation is central to meeting future patient needs. Challenges such as an ageing population, increasing service demand, rising costs, technological change and increasing incidence of chronic disease are part of a constantly changing environment. While boosting health workforce supply will contribute to addressing these challenges, workforce redesign projects are also playing a role. These redesign projects are challenging traditional professional boundaries and seeking to meet community health care needs through the most appropriate combination of skill sets (Department of Human Services, 2007a).

Leadership is central to building a flexible and adaptive workforce. Leaders in agile agencies need to be fast problem solvers who can mobilise others to diagnose problems, process data, generate effective solutions and marshal the resources and energy necessary to implement those solutions quickly (Mannix and Peterson 2003, Fulmer 2001). They also need to be capable of unifying people around organisational goals and connecting them to strategy. Leaders should also create an 'edge' within the organisation – one that stimulates and ensures the organisation is receptive to change. Therefore the leader's role is critical in encouraging staff to be open to new ideas and new ways, which can often mean making them 'work on the edge of their domain' (AT Kearney, 2003).

Balance short and long term priorities

Governments need to be able to focus on both executing day to day objectives and on longer term outcome goals. This is more challenging than it sounds. It is not always an easy task to identify when an agency should concentrate its energies on responding to public needs and when to try to re-shape what those needs are in the first place. Stanford James March (1991) examined this tension as a choice for agencies between being an *exploiter* of existing approaches or an *explorer* of new ones.

Organisations can struggle to both exploit and explore. This is because the logic of each activity is quite different. Exploration implies innovation, creativity, diversity, space to think and experiment. In contrast, exploitation implies efficient and consistent execution.

The difficulty in resolving the exploiter-explorer tension can stultify long term performance. In the corporate sector, one research study found that while many companies could sustain high performance in short bursts, few could maintain it over the long run. The study examined 6,722 companies over 23 years, and concluded that only one in 20 had managed to sustain high

performance for more than a decade. The authors explained these short bursts of success as the product of successful execution let down by poor adaptation to the changing business environment (Wiggins and Ruefli, 2002).

Victoria's *arrive alive* road safety strategy demonstrates how government can balance both short and long term time horizons. The current *arrive alive* 2008-2017 strategy, builds on the foundations of the earlier 2002-2007 strategy and sets the State's road safety objectives for the next ten years. Over this period, the strategy aims to reduce deaths and serious injuries on Victoria's roads by 30 per cent, saving an extra 100 lives a year, preventing over 2,000 serious injuries, and reducing the severity of serious injuries. In doing so, the strategy seeks to reduce the emotional, physical and financial impact of road trauma on individuals, families and communities.

The *arrive alive* strategy's ten year objectives are supported by three year action plans. Rapid changes in road system design, car technology and trends in driving behaviour mean that any plan implemented today could be significantly out of date by the end of the ten year strategy. Nevertheless, it is reasonable to expect that the objective of making road users safer will remain relevant. In the first three years of the current strategy, road safety agencies will continue with existing functions as well as place additional emphasis on major new initiatives in five areas: road improvements, safer vehicles, drug driving, young drivers, and strategic enforcement.

Engage citizens in decision making

Involving the public in decision making offers a way for governments to develop a better sense of what citizens want and to respond more effectively. By engaging citizens in locally relevant issues, the public sector will be better equipped to deliver policies and services that offer real public value and legitimate solutions.

Community engagement has been a common feature of the case studies highlighted in this report. The Neighbourhood Justice Centre operates with the assistance of a Community Liaison Committee. The Caroline Springs Partnership drew on the expertise of local community groups. Similarly, major strategies such as the *arrive alive* road safety strategy and the *every child every chance* strategy involved extensive community consultation. For example, the reform decision making process underpinning the *every child every chance* strategy encompassed release of a white paper, a legislative exposure draft and a range of community consultation events. The Environmental Management Action Planning projects put facilitated decision making firmly in the hands of individual land holders. Environmental and agricultural agencies recognise that farmers know their land best and that effective outcomes will emerge as a result of equipping farmers to make informed decisions about the future productivity and sustainability of their land.

Intelligence about the environment, solutions and alternative approaches comes from a variety of sources. Bringing in a wide variety of perspectives and distributed knowledge is crucial for those complex problems where experts and public servants do not have all the answers. In the *Wisdom of Crowds*, James Surowiecki (2004) argues that without bringing in varied and alternative perspectives, decision making groups become too much alike and each member brings less and less information up to the table. Homogenous groups are less able to investigate divergent and alternative approaches. In James March's words, they are good at *exploiting* existing processes but not at *exploring* new possibilities (March, 1991).

Key examples of engaging directly with citizens include:

- **Participatory budgeting in Porto Alegre:** In 1989, participatory budgeting was introduced in Porto Alegre, the capital of Brazil's southernmost state, Rio Grande do Sul. It is an approach which enables every citizen to take part in decisions about Porto Alegre's future and allocate resources accordingly. The process involves regional and neighbourhood assemblies, through which citizens set their own priorities and confront the associated trade-offs and dilemmas. Although participatory budgeting was initially part of a mayoral

candidate's election strategy, the mechanism has become an important part of the business of government – and has spread to 180 other municipalities, another Brazilian state, as well as other cities across South America.

- **Participative policy making in the UK:** In 2005, the Department of Health experimented with a new form of participative policy making to produce a new primary care white paper. At the heart of the process was a series of four deliberative workshops held around the UK with representation from groups including the homeless, teenagers and people with learning disabilities. The events were supplemented by an online survey. In total, the process involved 100,000 people. They could see how their views had influenced policy. The surveys were included in the final white paper showing, for instance, that people's top priority for primary care was not greater choice but regular health checks and a focus on mental health.
- **Citizens' Assembly on Electoral Reform in British Columbia:** In 2004, British Columbia decided to address the question of electoral reform, not by commissioning a panel of experts, but by handing the decision back to the people living there. A citizens' forum was established to address the issue, with its members selected randomly by a process of ballot. The assembly spent a year exploring the key issues and options available, before producing a report in December of that year, recommending a system based on the single transferable vote. The early signs are promising. Ontario has announced that it intends to use a similar process to address the question of electoral reform, while observers have argued that 'the widespread support for the Assembly suggests that citizens are willing and able to deliberate and decide on significant areas of public policy' (Citizens Assembly on Electoral Reform, 2004).
- **Community planning in Victoria's City of Port Phillip:** In 2007, the inner Melbourne municipality of Port Phillip released its ten year community plan. This plan plays a key role in influencing the Local Council's policy making, planning and allocation of resources. The plan was informed by a Community Summit, which brought together 750 people comprising those who live, work, run businesses and visit the municipality. Participants were invited to discuss and debate key topics identified as major issues in a 2006 community survey. The summit was followed by a series of neighborhood meetings to explore ideas for local projects at the neighborhood level. These ideas are being translated into local action plans.



8. conclusion

The complexity and uncertainty that the public sector faces is driving the need for governments to foster agility in its people, systems and outlook. Government and its institutions are increasingly pursuing more flexible, responsive, and innovative solutions to a wide range of challenges across policy, regulatory, enforcement and service delivery functions. At the heart of this, there is a stronger focus on achieving results that make a difference to the community.

Agile governments are striving for short term responsiveness to day to day needs, medium term adaptation to emerging opportunities and challenges, and long term influence over the shape of future operating environments. Agile public sector agencies move constantly through an agility cycle, scanning and making sense of information, responding to stimuli, and shaping change. They apply public management practices that have emerged subsequent to the new public management reforms of the 1980s and 1990s. These include personalising services to individuals' needs, creating incentives for behavioural change to influence policy outcomes, and joining up across portfolios, jurisdictions, and sectors to address cross-cutting issues. Agility is a useful concept to conceptualise these public sector trends and practices that are shaping contemporary approaches to public management.

In Victoria, examples of agility in practice are evident across a range of government functions. Case studies in this report focus on achieving short, medium and long term objectives for purposes ranging from improving road safety to environmental management and providing a more secure future for vulnerable children. The ministers, agencies and communities involved in these domains have recognised that real outcomes will come from collaborative efforts that traverse traditional boundaries. They recognise that there is no single solution to the challenges confronting them, but that results are dependent on multiple actions from many parties.

There is not yet any consensus on the nature of the next wave of public management reform. A new approach is emerging which emphasises collaboration, participation, innovation and a focus on outcomes. The concept of agility provides a useful framework for drawing together these emerging approaches and enabling the public sector to meet the challenges of today and the future.

appendix A project participants

The State Services Authority and Demos would like to acknowledge the individuals who contributed their ideas and time to the project. Participants are listed in alphabetical order together with their role and organisation at the time of the project.

Expert roundtable participants

Name	Role	Organisation
Jamie Bartlett	Researcher	Demos
Tom Bentley	Director of Applied Learning	Australia and New Zealand School of Government
Lynelle Briggs	Public Service Commissioner	Australian Public Service Commission
Gill Callister	Executive Director, Mental Health and Drugs	Department of Human Services
Karen Cleave	Chief Executive Officer	State Services Authority
Phil D'Adamo	Director, Strategic Directions	Department of Justice
Bruce Esplin	Emergency Services Commissioner	Department of Justice
Adam Fennessy	Director, Resources and Infrastructure	Department of Premier and Cabinet
Geoff Gallop	Professor and Director	Graduate School of Government, University of Sydney
David Hanna	Deputy Secretary, Economic Policy and Planning	Department of Innovation, Industry and Regional Development
Sue Jaquinot	Deputy Chief Executive	VicRoads
Maria Katsonis	Executive Director, Public Policy and Organisation Reviews	State Services Authority
Jane Frances Kelly		University of Melbourne
Kathy Laster	Executive Director	Institute of Public Administration Australia (Victoria)
Susan Pascoe	Commissioner	State Services Authority
Jenny Peachey	Director, Corporate Strategy and Performance	Victoria Police
Monica Pfeffer	Director, Social Policy	Department of Human Services
David Pollard	Chief Executive Officer	VicForests
John Roskam	Executive Director	Institute of Public Affairs
Mike Scrafton	General Manager, Corporate Services	Department of Sustainability and Environment
Tom Stubbs	Chief Executive	Government Reform Commission, South Australia
Meredith Sussex	Coordinator General for Infrastructure	Department of Infrastructure

Name	Role	Organisation
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Workshop participants

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