

Relationships within the Public Sector:
An exploratory study of the roles of trust and performance

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The paper explores trust and performance approaches as bases for strengthening the role and legitimacy of the public sector. It first addresses different ways of looking at the question of public sector legitimacy within a comparative perspective, and the considerable variations in how problems are perceived in different contexts. Two countries provide a basis for comparing a trust and performance position. The Netherlands comes from a continental Europe tradition and has been reengaging with trust. Australia reflects an Anglo-Saxon tradition and continues to be preoccupied with a performance frame of reference.ⁱ

The prevalent approach in the literature focuses on public attitudes towards institutions like the civil service, whereas this paper starts with core relationships within the public sector. These relationships can be examined according to whether and how they are organised in terms of trust and performance. The paper addresses two relationships to explore the contrasting approaches adopted in the two countries. The broader connections between relationships are considered taking into account perceptions of institutions and performance in high and lower trust societies. This leads to questions about the implications of this approach.

Relationships in the public sector and legitimacy

The legitimacy of the state has several elements (Bouckaert 1996), one of which is problematic – the implementation and exercise of state power – because it is related to the efficiency and effectiveness of public performance. Increased pressures from citizen expectations and decreased belief in public potential have weakened the legitimacy of the state. However, the related demand for deregulation and privatisation to increase efficiency and effectiveness has affected the system's legitimacy as well. The new public management argument was that the state and its institutions could only re-establish their legitimacy if they realise more efficiency and effectiveness.

There are also indications that the bases of legitimacy have been changing. It has been argued 'with some exaggeration' that while legitimacy was once 'derived from the public and legal nature of the public administration, legitimacy is currently to an increasing extent contingent on the bureaucracy's ability to deliver customer-attuned services swiftly and accurately' (Peters and Pierre 2007: 3). Further the reaffirmation of legitimacy could only occur by the public sector delivering services in a manner that is comparable to private organisations. The 'future legitimacy of public sector institutions should rest less on traditional values like universality, equality and legal security but more on performance and service delivery' (Peters and Pierre 2007: 4). In this context research on the connection between public officials and citizens, and the flow on effects for trust in institutions, is relevant (Bouckaert, Lægheid and van de Walle 2005; Heintzman and Marson 2005).

Turning to relationships, it is apparent that much of the literature addresses the macro or societal level, whereas this paper focuses on the meso level (Van de Walle, Roosbroek and Bouckaert 2008). Approaches to trust in the public sector usually address public attitudes to institutions. Rather than follow an external (or outside-in) approach, this paper starts with core relationships within the public sector as a basis for working outwards.

The public sector consists of a series of relationships differentiated by specialised functions and organisational boundaries. At the core is the ministry or department of state; the central agency (treasury or finance, prime minister's department or cabinet office); and other agencies, some executive subsidiaries of ministries, others at arms

length. Within the national administrative machinery, local and state governments feature prominently, either as delivery agencies of the centre or as part of interdependent machinery for providing services. Closely associated with core administration are elected officials either as ministers with departmental responsibilities or as parliamentarians with oversight roles. With the erosion of tradition public service boundaries and the greater reliance on third parties for services, the private and no-for-profit sectors play significant roles.

The paper takes trust and performance as two points of departure for organising relationships within and around the public sector and examines their relative importance and potential across relationships and countries.ⁱⁱ For each core relationship there is analysis of the dominant trend in how it is being constituted, whether this is characterised by trust/distrust and/or performance, and the conditions under which the relationship is operating.

Trust was once regarded as underpinning relationships between senior civil servants, ministers and the departments and agencies for which they had responsibilities, but this was before the reform era of the last three decades and the mounting complexities of modern government. The international prominence of performance as a basis for focusing activity and relationships in the public sector accelerated during the last two decades, but in a number of significant respects is failing to deliver.

The two approaches of performance and trust are underpinned by different theoretical positions. The main question is grounded in the historic debate between opposing positions on how to best extract responsiveness from public servants: by close oversight or delegated authority. Trust-based control systems rely on traditions, shared values, professions and standard operating procedures. Bureaucratic and management theories support the role of rules and shared objectives, which provide for ownership of responsibilities within hierarchies. Performance-based control systems rely on the use of measurement systems (OECD 2009). Theories from institutional economics and public choice, on the other hand, address issues about principals and agents and the need for performance information on public organisations.

Trust-based relationships and mechanisms have been affected by the opening up of the public sector in the reform era. The numbers of actors (new agencies and professionals, such as auditors), and relationships (e.g. partnerships) have multiplied. As well as hierarchy, market and network mechanisms operate within the public sector.

It is possible to distinguish high and low trust societies (Fukuyama 1995), which may carry over into the operations of the civil service. Norway is one case where the attributes of trust have been maintained, including the civil service (Christensen and Læg Reid 2005). A strong correlation is reported between trust in different institutions of government, ranging from parliament to the civil service: 'People with a high level of trust in one institution also tend to trust the other institutions, whereas distrust in one is related to distrust in others. In other words, trust in government shows a cumulative pattern, and trust relations are more supplementary than alternative [sic]' (Christensen and Læg Reid 2005: 504).ⁱⁱⁱ More specifically, relationships between politicians and public officials that were traditionally expressed in hierarchical terms 'have in reality been trust-based, with little external and formal steering devices ... This trust-based feature is a strong overall feature of the system, also covering the political-administrative leaderships' relations to different professional groups' (Christensen, Læg Reid and Stigen 2006: 116).

Of the two countries examined here, The Netherlands is normally regarded as a high trust society, despite hitting a bump since the early 2000s with political murders (Bovens and Wille 2008), and one that has approximated the rates recorded for the Scandinavian countries. Australia normally registers less trusting results, a feature associated with Anglo-Saxon countries.

The two relationships have been chosen because they have been relatively visible to the public and have produced often rancorous debate and divisions. The central-local/state relationship has been a source of ruptures between levels of government because of party politics and the failure to work through common problems.

The second relationship between political and public servants has been contentious because of the changing nature of their interaction, the loss of a cosy co-existence and the higher expectations of ministers for performance overall. An extensive comparative and country literature examines increasing ‘politicisation’ and the dynamic qualities to these relationships internationally, which has been apparent since ‘conviction politicians’ and activist political executives emerged during the last thirty years (Peters and Pierre 2004). However, there is a ‘political limit to politicization, particularly in Europe, [because] civil servants inspire more trust among citizens than politicians or governments...A government's legitimacy can thus be seriously threatened if the press can attest to an overly politicized civil service’ (Rouban 2007: 206)

Closely associated with this agenda has been major reform of public sector that have entailed attacks on the efficiency and effectiveness of public sector and less reliance on the expertise of public servants for policy advice and delivery. Such sustained critique ultimately affects the legitimacy of the public sector.

Australia and The Netherlands: converging on performance

The two countries have been chosen for their contrasting positions on trust and performance. Their generic handling of trust and performance is quite distinctive as revealed through an analysis of the official rhetoric, language of currency and the practice.

Australia has been more committed to performance management than most OECD countries (see OECD 1997). Australia has a fully-fledged model that fits within a Performance Management ideal type (see Bouckaert and Halligan 2008). This agenda has been pursued since the mid-1980s with increasing elaboration and refinements to a comprehensive approach. The official model is a developed system based on an outcomes and outputs framework that covers individual and organisational dimensions and their management interrelationships. This is of course a federal level conception, although increasing downwards pressures has extended federal performance management and control nationally.

A less developed case is the Managements of Performances category. This ideal type encompasses several of the features of Performance Management – e.g. depth of measurement, management emphasis – yet there are several key differences such as disconnected policy and management. Countries that fit this type include the Netherlands. Why does the Netherlands not qualify for Performance Management when it has a long and sustained commitment to a performance approach? Has it opted out rather than in because it sees the limits of performance management or because it is unable or willing to apply that level of formal discipline in its systems?

Although The Netherlands has been using management for performance for many years, the approach has been more interested in policy assessment than management. There is a coherent policy management focus but it is disconnected from internal

performance management. This is reflected in the contrasting strategies of the Dutch Court of Audit, where policy evaluation predominates, and the UK's National Audit Office, where managerial issues are the priority (Put 2007, Bouckaert and Halligan 2008). In the Netherlands there has been a pragmatic approach towards performance: from accepting a coverage rate which applied to what is 'measurable' to 'comply or explain' where it is accepted not to provide performance information if this doesn't make sense or if the value added is limited or not offsetting the cost.

Diverging on trust and performance

The Netherlands

In The Netherlands there has been a sustained focus on performance, its measurement (following a regulation on mapping performance, RPE 2006), its incorporation (in the financial system with VBTB), and its use (Bouckaert and Halligan, 2008, see appendix on The Netherlands). Also, there was a major awareness that mechanisms such as creating new agencies (ZBOs, RWTs) were beneficial for a better performance. But also further decentralisation (even if this was a hidden savings operation), contracting out, some privatisation, and partnerships all were motivated and driven by a performance focus.

There was an implicit assumption that if only performance was right, it automatically contribute to the legitimacy of the system. There are at least two reasons why this assumption was not immediately or automatically valid. First, there were some tensions, accidents, and even catastrophes that shook the system. Second, there was a need to regain trust through rebuilding the basic premises of the governance of the system itself: 'government governance' became a necessity.

The Netherlands has made efforts since the end of the 1990s to establish good governance in government and arm's length organisations, to encourage implementing organisations to take their responsibility, and to establish meta-supervision arrangements based on careful risk assessments. All these measures had to enhance the trustworthiness of oversight and supervision. This focus on oversight has been growing since the 1980s with reports from a variety of commissions (Vonhoff, Tjeenk Willink, Wiegel), which advocated strong departments and implementation at a distance.

As a parallel debate within parliament, there was a shift from a focus on policy to implementation, and even to incidents as part of a broader issue. Within ministries a similar shift occurred. The amended Finance Law, and several reports from the Court of Audit since the mid 1990s resulted in a focus on government governance, and VBTB. According to Borghouts (2002) one could add to the above-mentioned developments the emancipation of citizens and customers, networking and the growing importance of horizontal arrangements in society, ICT developments and their cross boarder possibilities, internationalisation of private and public sector, and the revitalised primacy of politics. As a consequence oversight of the implementation of policy became a key element for all those involved 'to give trust to those organisations' (Borghouts 2002, 140; see also Holtslag 1998, 8).

Performance is important, but trust seems to be a more fundamental concept to conceive a sustainable administration. Research indicates that

citizens have a reasonable trust in the public sector (SCP, 1999). But in a democracy, trust of citizens is, of course, not obvious. This applies for all levels of government in this country. Keeping citizen trust is an eminent assignment and a challenge for politics and the public services under its authority. This trust granted by citizens should be handled with a great sense of responsibility, in

order to keep it at its level. Gaining and keeping trust puts demands to the public sector: government has to perform well and should keep its promises. Also, government should be open and honest in its accountability. At all times full accountability should be possible towards citizens and more specifically towards its representatives about government activities (Ministry of Interior 1999: 5, our translation).

One of the first signals that there were systemic problems came from the Court of Audit. Agencies were created to enhance (the responsibility for) performance:

In 1995, the Netherlands Court of Audit identified what had gone wrong in its report 'Autonomous administrative authorities and ministerial responsibility'. The report noted that there was an abundance of ways in which the various autonomous administrative authorities were designed and structured and that there were flaws in the set-up preventing ministers from properly bearing ministerial responsibility. From these incidents, a governance debate was triggered, also inspired by the corporate governance codes in the private sector (Ministry of Finance 2000: 6-7, our translation).

There also have been problems with malfunctioning services responsible for the oversight of a well performing public sector:

In the past years supervision responsibilities have frequently been in the press, and not always positively. E.g. in the airplane accident of Bijlmermeer, and the legionella affair, inspection services got bad news coverage.... The citizens should be able to trust that their interests are protected by government. The citizen should be able to trust that government substantiates its responsibility.... An increased attention for supervision may contribute significantly to restoring and increasing trust in a functioning supervision (Ministry of Interior 2002: 17-18, our translation).

Two years earlier, the Ministry of Finance concluded that 'incidents in public administration have created a breeding ground for improvements in administration. As a consequence of all these incidents ... corporate governance in the private sector and in the public sector have become subjects that are widely discussed and written about' (Ministry of Finance 2000: 6, our translation).

It seemed that sustainability at the systemic level was neglected and crowded out by a shorter-term focus on performance. It is in this context that trust again became a crucial concept that re-guided the meta-system (i.e. the principles of government governance), and increasingly also the operational system itself.

Key elements of this meta-system were 'independence', 'responsibility', 'governance', and 'accountability'. Performance was necessary, but not sufficient to guide reform. The focus on performance had affected several relationships. Trust in the system seemed to be as important, and there was a conviction that to keep and regain the trust of the citizen, it was essential to rebuild and re-establish trust in the system. This resulted in a series of official documents from ministries and independent expert commissions which are being implemented in all their operational aspects.

Australia

Australia has been more committed to performance management than most OECD countries (see OECD 1997) pursuing this agenda since the mid-1980s with increasing elaboration and refinements to a comprehensive approach. The current official model has a fully-developed performance management system based on an outcomes and outputs framework covering individual and organisational dimensions and their

management interrelationships. Australia fits within the Performance Management Ideal Type. This is of course a federal level conception – which does not capture how the six states and two territories use performance management – although increasing downwards performance management in some sectors is nationalising federal control.

Since moving from inputs within traditional public administration, a sequence of two generations of performance management can be distinguished, the first centred on program management; the second on outcomes and outputs. In the first (1987-1997) the elements of performance management were initially developed through the Financial Management Improvement Program (FMIP), which dominated reforms in the 1980s. The Australian focus on results, outcomes and performance-oriented management dates from this time. The second stage (from 1997) was based on the outcomes/outputs framework, devolution to agencies, principles instead of formal requirements, and an emphasis on performance information. The framework introduced in 1999 changed financial management and reporting through budgeting on a full accrual basis; implementation of outputs and outcomes reporting; and extended agency devolution to inter alia budget estimates and financial management. Departments and agencies were now expected to identify explicit outcomes, outputs and performance measures. Agency heads were clearly assigned responsibility and accountability for performance. Reporting now occurred through budget plans (portfolio budget statements) and financial year results (annual reports).

The strengths of the second stage were systemic review by central agencies, the strong ownership by departments and the reliance on managing through. The weaknesses included insufficient information for parliamentary needs and for sound management, inconsistent departmental support for good evaluation, and the subjectivity of performance assessment. These limitations have produced continuing reassessment of some aspects of current performance management practices.

Australia acquired a fully operational performance model that worked reasonably well in incorporating and using performance information. The early program and results focus laid the foundation for evolving towards a more comprehensive system. Outputs were recognised in the early days, but were not measured until the Outcomes/Outputs framework, when they were introduced to measure service delivery for external stakeholders. The quality of financial information improved as a result of the Outcomes/Output framework in registering government preferences (intentions and results) and by allowing performance indicators to be explicitly identified. However, measurement of outcomes continued to provide difficulties despite its centrality to the resource management framework. Output information was considerably better, performance measures were generally more appropriate and measurement more reliable than those for outcomes measures (McPhee 2005; Halligan 2007).

As for how performance information was used, the picture was one of both evolution and continuing shortcomings, including considerable variation among agencies in how they engage performance. First, budget information became more comprehensive and provided improved alignment between portfolio budget statements and annual reports. The outcomes policy provides for agencies to use performance information in budget decision-making, but the potential has not been realised because of the variable influence of this information on decisions and resource allocation during the process. Secondly, with regards to reporting, outputs and outcomes were generally appropriately specified in annual reports and the quality of performance reporting improved substantially after the introduction of accrual-based budgeting. Nevertheless, improvements in annual reporting frameworks were

urged to enhance accountability and transparency to stakeholders, particularly parliamentarians, because of shortcomings in the presentation and analysis of performance information in annual reports. A review of the Application of the Outcomes and Outputs Framework (ANAO 2007), reported variability in descriptions of outcomes and outputs, outcomes and outputs structures, operational integration and use of this information in decision making (Bouckaert and Halligan 2008).

In summary, the official Australian model readily fitted within the Performance Management Type. In practice, the implementation of the model was not fully realised and officials tended to work around the framework rather than through it.

A change of government produced an agenda to improve budget transparency (termed Operation Sunlight) (Tanner 2008). The diagnosis of the existing framework was savage:

The Budget is structured around outcomes and outputs. Money is spent on outcomes while outputs and programs sit under the outcomes. Ministers approve their own outcomes. Some outcomes are so broad and general as to be virtually meaningless for Budget accounting purposes leading taxpayers to only guess what billions of their dollars are being spent on....

There is also imprecise reporting of targets and little reporting back against key result areas. Loose outcome descriptions can also foster incentives for money to be shifted between outcomes for political purposes or for spending such as government advertising to be undertaken for overt political purposes without parliamentary approval....

The outcomes and outputs framework was intended to shift the focus of financial reporting from inputs (programs, expenses, and recipients) to outputs and outcomes i.e. actual results. While this is worthy in theory, it has not worked. Basic information on inputs was lost in the changeover, and reporting of outcomes is seriously inadequate (Tanner 2008: 4).

The Australia response then to the limitations of its performance management framework is to seek to improve it. Rather than discard outcomes as a focus, they remain with augmented features to several dimensions of the framework. Programs have been revived for portfolio budget statements, and along with outcomes form the basis for reporting. Performance has been reinforced and extended by this initiative. The focus is on attaining more effective performance management with no interruption in the directional path of thirty years.

Central-local/state relationships

The first comparison is between central and local government in one case and central and state government in the other. The responsibilities of local government in The Netherlands are located between those of the Australian states and localities.

Central-local change in The Netherlands

In The Netherlands, financial pressure has caused tensions between central government and local governments. This triggered a debate between the central cabinet on the one hand, and the union of municipalities (VNG) and the platform of provinces (IPO), which resulted in a code that was established and signed in 2005. This code is about rules for interaction; it is about the governance of central-local and local-central relationships. To re-establish good relationships between central government and local government, an evaluation framework has been developed to assess new measures on their impact on the relationships. This first framework was developed at the start of the Balkenende IV government (Ministry of Interior 2007a).

The starting point is that the relationship between citizens and their government is outdated: there are pro-active citizens that are totally different from the 1950s type of citizen; also, government is still too similar to a patronising type of state organisation.

This Code is a breakthrough type of document since it is the first time that different levels of government have put their relationships so explicitly on paper. The Code is based on three starting points (Ministry of Interior 2005, 6): problem-driven activities; a sharp distinction of responsibilities and tasks; and degrees of policy freedom for decentralised entities. According to the authors of the Code, this requires ‘audacity’ (ibid.,7) from two points of view: those in charge have to take responsibility, and others have to dare to say that others are responsible.

One of the documents that followed from this Code was ‘Samen aan de slag’ of 2007 (Working together) where ‘trust’ emerged as a key word:

Trust is the basis for a well functioning society: trust of citizens in one another, trust of the citizen in government, and trust between governments. It is the shared ambition of the cabinet and the Dutch municipalities to strengthen all these types of trust. A valuable democracy, a linking administration, and a serving public sector are conditions hereto. The citizen is always in the centre. (...)

Citizens do not address one of the levels, they recognise only *the* one public sector. Municipalities and cabinet will work together to bring administration and policy closer to citizens, (2007b, p.i, our translations).

According to the Council of State a consciousness of commonality provides the daily practice of public administration with internal coherence, which citizens expect from their administration. Increasingly, relationships between levels of government are not clear. The Council of State says that there seems to be a kind of ‘nostalgia’ for the nineteenth century three-tier system. A sharp division of tasks does not exist in modern societies. Policies are intertwined (Scharpf’s ‘Verflechtung’, or Kohler-Koch’s ‘marble cake’ in the European context). This implies consultation, governance, administrative networks, horizontal administration and administrative overload.

A second issue is the changing administrative culture. A third issue is the changing attitude of citizens towards public administration. (Raad van State 2006, 57).

Complex policy preparation, and complex layered decision making require a careful and often long preparation The advantage is a larger support (legitimacy). More than ever it is necessary to know each one’s task, responsibility and (public) interest (Raad van State 2006, 61).

It is about the willingness to make this interest explicit, taking the responsibility and effectively implementing this task. Therefore mutual trust between administrators is essential. If this trust exists, difficult and multiple administrative decisions may be guided in good directions and may be finalised on time If this trust is lacking and if the administrators implied cannot get along very well, the administrative process may be very frustrating for many years. Consultation and negotiations are indispensable for insights, quality and support (Raad van State 2006, 62).

Hierarchical thinking at the state level may damage intergovernmental relations, especially since mutual trust is replaced by mistrust vis-à-vis ‘lower’ tiers of government (Raad van State 2006, 63, our translations).

The Council of State continues to say that trust within the public sector becomes ultimately the condition for performance and effectiveness of public sector intervention.

Intergovernmental relations also demonstrate some weaknesses which cannot be explained by the structure of public administration. If there is little mutual trust between the many administrators and other stakeholders, it is easy to forget the commonality of implementation of tasks to perform (Raad van State 2006, 66).

§ 5.5. Rules for interacting. For any policy issue and for each intended proposal of law or decision, consultation, also on financial consequences, contributes to (a feeling of) equality of levels of government and to mutual trust. This trust strengthens collaboration between governments and enhances a shared approach of societal problems (Raad van State 2006, 74, our translations).

There is insufficient evidence of decentralisation in practice, and some central ministries have been slow to respond. Six-monthly reports on progress will enable close monitoring.

In conclusion, hiving off, decentralisation, devolution etc. have been used as techniques to improve performance. However, to the extent that this was a pure shift of competencies, sometimes with less money than required, to get delivery closer to citizens and customers, and therefore to improve performance, it became something which appeared to be necessary, but was insufficient. The indispensable accompanying concept is trust between levels of government. The embedding of performance in trust, as a systemic feature is crucial for a well performing public sector, across levels of government.

Australian Commonwealth–state relations

A centralising trend within the federal system has been apparent, which has stretched across policy sectors (Wiltshire 2005). At the same time the performance, more specifically the performance management aspects of the relationship have been strengthened.

Australian federalism has been combining fiscal, regulation, program and parallel dimensions (Parkin and Anderson 2007, 2008). Fiscal federalism has entailed a major change in financial arrangements with the inauguration of a new tax system in 2000 based on a goods and services tax (GST), which automatically flows to the states. Regulatory federalism covering rules and guidelines, has a long history, but was extended under regulatory regimes dominated by the Commonwealth, reducing state discretion. Under program federalism, programs are funded by the Commonwealth on a tied grant basis and delivered by the states, but have been subject to greater oversight under the Howard government since 1996. Parallel federalism involves unilateral initiatives by the Commonwealth that bypass or compete with established state responsibilities (Parkin and Anderson 2007).

The overall effect has been centralising and nationalising, even with the GST, which offered greater financial autonomy to sub-national jurisdictions. A Liberal Party once regarded as federalist instead displayed conservative nationalism in office (influenced in part by Labour domination of state governments) that even extended to ministers portraying the states as branch or divisional offices of Canberra, in effect implementation agents of the Commonwealth government. There was a sustained move towards tightening up program compliance and insisting on crediting the Commonwealth with program outcomes. In an area such as public schools, the responsibility of state government, there were requirements to produce performance targets and measures (Parkin and Anderson 2007).

The Council of Australian Governments (COAG) is the peak intergovernmental forum in Australia with the role of initiating, developing and monitoring the implementation of national significant policy reforms that need cooperative action of Australian federal, state and territory governments. A new era of Commonwealth-state relations has been apparent since the election of the Rudd in late 2007. The performance focus has been reinforced under the Rudd government, which has declared a more explicit emphasis on outputs and outcomes.

A central element is major reform to Commonwealth-state funding arrangements that is designed to use Specific Purpose Payments (SPPs) more effectively with enhanced public accountability. The new financial framework has fewer SPPs. New National Partnership (NP) agreements are intended to sharpen the incentives for reform. Input controls are replaced with a focus on achieving objectives, outcomes and outputs (Moran 2008). Outputs, outcomes and performance measures have been developed by Council of Australian Government (COAG) Working Groups in areas such as health, schools and vocational education and training. The agreements focus on what services the states and territories are to deliver, but do not prescribe the means. In other words the objective is to improve the performance of service delivery, while according states and territories flexibility regarding the modes of service delivery appropriate for their circumstances.

According to the prime minister: 'on the question of public accountability and public reporting, the data that will flow from the outcomes measures in each of the specific purpose payments and for that matter, in the national partnership payments from my point of view should be there for all to see ... and this is designed to frankly improve the performance' (Rudd 2008).

The arrangements are intended to produce greater 'choice, competition, creativity and customisation' and to deliver better outcomes for people. These reforms are expected to clarify roles and responsibilities, reduce duplication and provide greater flexibility for states and territories to spend where the best outcomes can be achieved. 'In return for increased funding, the Commonwealth expects improved delivery of services and measurable outcomes and outputs' (Moran 2008).

In the Australian case therefore the approach since the mid-1990s has been to augment the oversight, control and intervention of the central government. Increasingly, performance management principles used within spheres of government have been applied more rigorously to relations between them. The language reflects this framework and that of collaboration but within a centrally directed agenda.

Politicians and public servants

Both countries have operated under traditional principles that have been significantly affected by the emergence of activist political executives. This has led to discordant relationships and public debate about the operation of the relationships and the value of traditional principles. Not only has the trust basis been weakened substantially, but distrust has been apparent in both systems. Performance assessments have been used with inducements to encourage responsiveness.

Netherlands

The Netherlands has operated under traditional norms and expectations that reflect Weberian principles. In the reform era, heightened political salience in conjunction with reduced opportunities for controlling implementation has produced constant friction between ministers and senior officials (Hart and Wille 2006, 130). Unlike

many other countries internationally, ministers are not supported by political advisers or cabinets.

We end up with an ambivalent picture. It is almost as if the Dutch core executive consists of two worlds: the world of norms and intentions, and the world of observed behaviour. The first world is one of collaboration, horizontalism and professionalism. ... In addition, mutual expectations are clear, mutual trust is self-evident. ... The second world is one of caution as well as (hidden) conflict and hierarchy The emergence of this world is definitely a break with tradition (Hart and Wille 2006, 139).

Since the mid-1990s, new governments have entered office with negative perceptions of the bureaucracy, and tended to engage in public exposure of officials who are out of favour. In turn this has produced 'a culture of distrust that is narrowly hidden behind a veil of managerial professionalism' (Hart and Wille 2006, 139). Further there has been a reinterpretation of the traditional doctrine of ministerial responsibility, and a greater reliance on inquiries for establishing blame. This shift in doctrine and practice has resulted in 'deep scars within the ministries. Experts argue this has led to an erosion of trust in political-bureaucratic relationships' (Hart and Wille 2006, 141)

The relationship now displays dysfunctional features with senior officials playing it safe in a climate of 'mutual caution' and even 'outright suspicion'. 'Under these conditions, reciprocity and mutual understanding give way to mutual risk avoidance and hence less productive collaboration' (Hart and Wille 2006, 144).

This pattern was confirmed in interviews conducted by the authors with senior officials in 2009. The pressure to perform had become higher than before with more emphasis on performance at the generic level (while less in the technical sense of measuring). Politicians take priorities with targets seriously with cabinet focused on achieving the 67 objectives agreed by the coalition government. The commitment to transparency is high. One cost is that the low toleration for failure in the public sector produces risk-avoiding behaviour: officials are inclined to adopt a safe role.

Australia

The concept of an apolitical public service has been maintained throughout the reform era by successive Australian governments. Even the leader of the government at times least sympathetic to the public service declared commitment to a 'non-partisan and professional public service' (Howard 1998). If the rhetoric was consistent, the parallel language and action provided the guide to changing government thinking about the bureaucracy. Yet, while requiring this highly responsive system, governments continued to assert the integrity and apolitical character of the public service, and the 1999 Public Service Act enshrined this central value.

Even though overt political appointments were not much used in Australia, practice suggests that the government's desire for greater control was realised. The combination of strong political direction and changes to the employment basis and insularity of the senior public service redistributed power between ministers and public servants and produced greater responsiveness. Careers were no longer guaranteed. Advice was sought from sources outside the public service suggesting the possibility of institutionalising distrust (Rudalevige 2009).

The promotion of a climate of insecurity for senior officials during the Howard government's first two terms extended well beyond 'new government' behaviour. In a broader sense that included other dimensions of politicisation, the system has been pronounced as being politicised (Mulgan 1998). Routine performance assessment of

departmental secretaries was augmented by performance pay, and practice that was contested on the basis that responsiveness rather than other values was emphasised (Podger 2007).

The nexus between the political executive and senior officials became frayed and there continued to be public debate about the character of the relationship. A particular focus was the impact of ministerial advisers on public servants, and their lack of accountability when involved in major public policy issues (Walter 2006). The Senate Finance and Public Administration References Committee (2003) inquiry into the conduct, management and accountability of ministerial staff reported evidence about difficulties in relationships between advisers and public servants, the need to clarify roles and responsibilities and the dangers of politicisation. The extensive contact that public servants had with the political executive (ministers and their staff) was recorded in the surveys by the Australia Public Service Commission during the 2000s, although the level of contact has fallen somewhat more recently (APSC 2008).

The new Rudd government has been responding to these concerns. The prime minister (2008) outlined seven elements of the vision for the future public service, which included reinvigorating the Westminster tradition and strengthening government integrity and accountability. Performance pay for departmental secretaries has been dispensed with. The accountability agenda has covered ministerial staff involved in decision-making being expected to have to account and ministers being subject to a new code of conduct. In contrast to years of distrust, the public service is being engaged more directly and with commitment to long-standing conventions including continuity for senior officials. The price is an intensification of the pressures to perform.

Conclusions

Governments in both countries demand performance in the sense of high expectations of results from the public sector, but diverge in terms of how they pursue this. One system (Australia) has maintained and renewed its high commitment to performance management, while the other (The Netherlands) has backed away from a heavy reliance on performance management. Both have been focusing on improving intergovernmental relationships, but one has been redefining it in terms of greater trust and less steering, the other a combination of directed collaboration and performance control.

Relationships between the political executive and the public service have fluctuated in both systems. The pattern over time has been one of relying less on the public service and more on third parties for advice and implementation. Intense pressure on the public service to perform exists in both systems, but distrust in The Netherlands has continued across coalition governments, whereas the Australian cycle of tension and reconciliation is tending to the positive.

It is also clear from this preliminary examination that trust is not necessarily cumulative across relationships. This is perhaps starker in The Netherlands where the variation is substantial. Outside a specific relationship such as central-local, where movement and commitment to trust exists, the picture is mixed. Moving away from the demands of high performance control may have reduced some of the tensions, but that does not necessarily translate into trust-based relationships. In contrast, Australia remains committed to working through a performance management approach in rhetoric and practice, and the gap between the two may be reducing.

This paper has focused on two relationships, but there are others in the public sector that can offer further insights about how the dynamics between trust and

performance are being worked through within different relationships, such as managers and professionals. This type of inquiry may also lead to a better understanding of how the character of public sector relationships is significant for questions of legitimacy.

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ⁱⁱ The paper is derived from a larger study that ranges over a broader number of relationships and countries.

ⁱⁱⁱ It may also be true of systems characterised more by distrust that the lack of trust applies across a range of institutions. The option of moving towards a greater reliance on trust may be difficult where adversarial government dominates and lower levels of trust are pervasive.