Living up to the Standards

Corruption Prevention Network Conference

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Exactly a week ago, the Sydney Morning Herald ran this front page headline:

*A sleazy minister, a corrupt official, a greedy bureaucrat. Welcome to New South Wales.*

Why should there be an expectation that we as public servants should live up to certain Standards?

What do we mean by Standards? How should they be applied and how can they be monitored and enforced?

In 1995 in the United Kingdom, the chair of the first Commission for Standards in Public Life, Lord Michael Nolan, outlined seven key principles for public life. These were:

- Selflessness
- Integrity
- Objectivity
- Accountability
- Openness
- Honesty, and
- Leadership.

While these were drafted for those holding public office, Nolan stated that they have broader application to “all who serve the public in any way”. ¹

Closer to home, Queensland’s Public Sector Ethics Act begins with a number of ethics principles which it states are ‘fundamental to good public administration’:

- Respect for the law and the system of government
- Respect for persons
- Integrity
- Diligence
- Economy and efficiency.²

In NSW, the model code of conduct focuses on five principles:

- Responsibility to the Government of the day
- Respect for people
- Integrity and public interest
- Responsive service, and
- Economy and efficiency

In my own office, we aspire to standards of:

- service that are of the same high quality that we encourage other organisations to offer
- fairness, impartiality and independence, and acting with integrity and consistency
- being accessible and responsive to all who approach us, and seek solutions and improvements that will benefit the broader NSW community, and
- being a catalyst for change and a promoter of individuals’ rights.

Why are such standards and principles needed? Why are they important?

As public servants, we have a unique relationship with the community. We provide them with most of the essential services they need to go about their lives. We get them to and from work, we treat them when they are sick, we protect them from crime, we educate their kids, we provide some with housing, and so on. Our actions and decisions have a real impact on people’s everyday lives.

These relationships have in common the fact that they are built around trust. If that trust is eroded, it leads to cynicism, and suspicion.

The outgoing Federal Finance Minister Lindsay Tanner once noted:

At the heart of a decent society lies strong social and economic trust. For human beings to truly function as social animals, trust is essential. The absence of trust cripples any relationship, personal or communal.¹

In the public sector context, once trust is lost, we can no longer perform our jobs effectively, and nothing erodes trust faster than unethical conduct.

There is possibly no better example of this in Australia at the moment than right here in NSW. Our government appears to have lost the confidence of many in the community. Once people enter into this mindset, they view everything done with mistrust, and this is very difficult to overcome and to re-establish a positive relationship, despite whatever good intentions the government might have.

But if standards of ethical conduct are so clear and well established – why do we need to continually raise and discuss them? Surely once they are set down that is enough? Well no, it is not enough. If they are not modelled by those in authority, not regularly discussed, if they are not re-enforced, if they are not made part of the day to day operational landscape, they can and will slip from the public sector consciousness.

This was one of the issues I focussed on when we released our last annual report.

In that report there were far too many examples of public servants acting unethically or contrary to the public interest. Some of these were particularly concerning as they occurred in areas where the importance of ethical conduct is directly built into practice and procedures, yet some staff still failed to act in an ethical manner.

Some were in areas where the community had vested them with considerable power and discretion, such as policing, and yet they failed to live up to the standards expected of them.

We saw a council knowingly, and against its own legal advice, misapply retrospective development charges in order to bring in additional revenue.

We saw police officers lying, and getting their colleagues to lie, in order to avoid speeding fines and being disqualified from driving.

We saw the Board of Studies fight both an initial FOI application and then my office’s involvement, over what quite clearly should been publicly accessible information. They refused us access to 60 documents over which they claimed privilege. After a lengthy investigation and Ministerial intervention, they eventually provided the applicant with the information he had sought.

We found the RTA had a long standing practice in place where “contentious” FOI applications (in other words – applications from journalists and MPs) were being forwarded to the Minister’s office for approval before release. When we became involved, the RTA created a privilege relationship by recruiting an external legal consultant as an investigator, and then having them retained by a major law firm. This seemed to be a device intentionally created to limit access to information and frustrate our investigation. Again, they eventually provided us and the applicant with the information we were after, but only after we conducted a number of royal commission hearings.

It was these types of matters that led me to draft a rather strongly worded press release. In it, I observed that:

Too many public servants think integrity is an old fashioned, optional concept. Integrity is essential to good public administration and is something the public demands – it isn’t out of style and it certainly isn’t optional.

We have recently been preparing our latest annual report, sadly, similar issues will be highlighted. Just one example:

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¹ Lindsay Tanner, Trust at the Core of Labor project The Australian 11/12/09, p.12.
A police superintendent was detected by highway patrol officers driving at 176 in a 100 zone. When stopped, he claimed he was in pursuit of another driver for a traffic offence. The officers who stopped him joined this pursuit, in two more cars. Eventually the penny dropped, and they realised the phantom driver did not exist. Following an internal investigation, the superintendent was fined, had his licence suspended for six months, and banned from driving a police vehicle for the same period. At the end of that time, he had to recertify to drive a police vehicle.

Why do I choose to make matters such as this public?

I do not set out to attack the public service. My office’s work has shown me time and again the dedication and integrity of the majority of public servants across the state. Australia can rightly be proud of some of the best and strongest public services anywhere in the world, populated by committed, passionate, skilful and hardworking people. But we cannot afford to sit back and rely on this reputation thinking all is well and good. People will slip from time to time and when they do they must be held accountable. And we must be transparent about such slips.

They say that sunlight is the best disinfectant and I think that is a wise observation. That is why we have to continually demand and support the mechanisms of transparency – open access to government information, a vigorous, ethical and free press, strong oversight bodies and strong whistleblower laws and processes.

It is not just in the work that comes before my office where we see this problem. We are still seeing too many examples of a lack of integrity and ethical conduct right across the board. Let me go back again to last Thursday’s Herald, in the first six pages alone, we had:

- A minister and member of Parliament misusing his Parliamentary computer. The paper suggested he was not alone.
- Alleged shady dealing between a senior public servant and a prominent business family, including trips to the United Arab Emirates and a job after leaving the public service.
- A former minister appointing a member of the same prominent family as an honorary trade consul for NSW without cabinet approval.
- Defence department staffers allegedly passing sensitive information to a company tendering for and winning a lucrative defence contact.
- A teacher fined for entering into a sexual relationship with a student in her care, and
- A senior government lawyer forging documents, cheating on her tax and repeatedly lying about a private business she ran out of her government office.

These sorts of things happen when there is a lack of transparency. These sorts of things happen when lip service is paid to integrity and ethics.

We must be vigilant about standards of integrity and ethical conduct. They are critical to ensuring that we retain a strong public service, and we have to make sure they remain front and centre if we are serious about promoting a culture of improvement and best practice in service delivery.

Ethics and integrity are especially important in the current climate. Many Government agencies are being asked to do more with less. Across the board, cuts in budget, many ironically in the name of efficiency, are being applied while the workload continues to increase. I speak from the direct knowledge of the challenges faced by my own office.

This climate presents a real risk. When pressure is placed on agencies, it is not only felt by senior managers and CEOs. It passes down the line, and staff feel pressured to achieve quick and cheap results. When we are focussed only on the outcome, there is often less concern about the process. People find short cuts, and the ends are too often considered to justify the means.

This of course is not the only reason for ethical breaches. There are those in public service who, when given the opportunity, will choose to act unethically. Unfortunately, human nature means we will never be completely rid of all unethical conduct.
So how do we get rid of as much as possible? How do we move the issue of ethics front and centre, and how do we keep it there?

Firstly, there needs to be genuine and strong leadership. A clear and consistent message from the top. Prime Ministers, Premiers, Ministers, Chief Executive Officers, Directors General and senior managers need to commit to core principles. This involves not only saying the right thing – which is easy to do – but also doing the right thing, and leading by example.

This commitment is key, yet as several of the examples I gave earlier show it is not always present, indeed the initial source of resistance when my office has dealt with agencies has sometimes been at the Chief Executive or senior manager level. Once staff see this response, this example being set, it sets the tone for all our dealings with that organisation.

I do not expect agencies and their staff to always be pleased to see us, but I certainly do not expect them to throw down road blocks or try to be untruthful or misleading in their dealings with us. This not only adds time and expense to both our work, but it significantly and negatively effects the reputation of the agency concerned. As the American poet Henry Longfellow once commented: “It takes less time to do a thing right than to explain why you did it wrong."

Secondly, there should be in place a public service Act and code of conduct. They should be clear, spelling out the expectations and obligations to which public sector employees will be held to account. Some may argue these are only documents, but they can be a strong foundation for providing clarity on the values and standards of conduct expected of all public servants. They also give the issue of ethical conduct an undisputable status and role, as well as making sure everyone is being held to at least the same minimum standard.

Sadly, it is here where NSW has for many years been dragging its feet, and quite literally has been left far behind.

For quite a few years now, I have been agitating government on the need for legislated standards of conduct and on public sector wide code of conduct. All other States, as well as the Commonwealth, have something in place.

Following on from the controversy surrounding Gordon Nuttall, the Queensland government has gone even further by beefing up its integrity framework with the introduction of the Integrity Act, as well as the recent Public Interest Disclosure and Ministerial and Other Office Holder Staff Bills.

Even before these changes, however, Queensland was streets ahead of NSW. They have had a Public Sector Ethics Act since 1994. It outlines the ethical obligations of public servants, as well as requiring them to comply with any relevant codes of conduct.

In South Australia, the Public Sector Act came into force in February this year. It requires public servants to comply with a code of conduct prepared by the Commissioner for Public Sector Employment.

In Victoria, the Public Administration Act requires the Public Sector Standards Commissioner to prepare a code of conduct for public servants. Again, the code is binding.

Overseas, the UK Civil Service operates under what I view as the high water mark in terms of codes of conduct and ethics. The Civil Service Code is clear, its simply worded, and its inclusive. It is built around four core values: integrity, honesty, objectivity, and impartiality. It states that these core values:

… support good government and ensure the achievement of the highest possible standards in all that the Civil Service does. This in turn helps the Civil Service to gain and retain the respect of Ministers, Parliament, the public and its customers.

The code ends with a number of clear and powerful statements.
Departments and agencies have a duty to make staff aware of the Code and its value. If a civil servant believes they are being required to act in a manner that is contrary to the Code, their agency or department must consider their concern and make sure they are not penalised for raising it. The public servant can also take the matter to the Civil Service Commissioner.

The code forms part of the contractual relationship between a public servant and their employer. This is very important, as a code of conduct will not be effective if it sits alone. There have to be consequences that flow from acting contrary to it.

I also like the UK’s code because it is the right length. In a couple of pages, it covers everything. Codes cannot be tomes, as this will mean they are forgotten or ignored. At the same time, they cannot be too brief. Former President of the Legislative Council in NSW, Meredith Burgmann, joked that the code for MPs prepared by Premier and Cabinet was the “credit card code”, because her Deputy Clerk was able to, and did, print it on a piece of card that size.4

As I said, NSW is sorely lacking in this area and there is no good reason why that should be the case. In NSW we have a model code of conduct which contains guidance on what agencies might include in their individual codes of conduct, but it is not binding, and it is not a legislative requirement. Agencies can choose to use material from the model code. They can also choose to make any amendments to it they feel are necessary.

I am pleased to say that the latest advice from the Department of Premier and Cabinet is that they are looking at developing some form of legislative code, but it is early days, and as you all know, these things often take a great deal of time.

The introduction of a clear, enforceable code of conduct for all public servants in NSW is in my view essential, but there is more that requires attention. One obvious area is around the roles and responsibilities of Ministerial staff and advisors. This is a vexing issue not only in NSW, but in most Westminster systems.

There is no question Ministerial staff serve an important and well-established role in our system. They are often the gatekeepers for their ministers; ensuring they receive the information they need to make a decision. They are also involved in the rough and tumble of party politics.

But it is not always clear what their role is, what it should be, and what will happen if and when they overstep the mark. Given their important relationship and contact with the public and the bureaucracy, and the power and influence they have, this is unacceptable.

In the final report following a Senate inquiry into the children overboard incident, the select committee found a “serious accountability vacuum at the level of minister’s offices”. They identified a change in the role of advisors, who no longer solely acted at the direction of their minister or with their Minister’s knowledge. This meant that:

… departmental staff can no longer be sure that an instruction or request from a ministerial adviser has the blessing of the minister, or is consistent with the minister’s view on how a matter is to be approached.

The Committee believed a code of conduct for Ministerial staff:

… will not only give clear guidance to both ministerial advisers and to ministers about what is proper practice, but by being enshrined in legislation will facilitate the establishment of mechanisms for redress should the code be breached.5

In 2007, the Federal Labor government came to power promising greater accountability and higher standards, including for ministerial staff. They ended up producing a one page code for ministerial staff. It begins by recognising their unique role, stating that:

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4 Meredith Burgmann, Constructing Legislative Codes of Conduct, presented as a paper at the Department of the Senate Occasional Lecture Series, Parliament House, 23 July 1999.

Their closeness to the most significant decisions of government is a privilege that carries with it an obligation to act at all times with integrity and awareness of the expectation of the Australian community that the highest standards of conduct will be observed.6

The code isn’t bad, but it falls a long way short of what the select committee was recommending.

I touched briefly on Queensland’s new integrity Bills earlier, which are currently before their Parliament. The Bill relating to ministerial staff ticks many of the necessary boxes. It makes it clear that public servants are not subject to the direction of a ministerial staff member. It also requires them to adhere to the ethics values in the Public Sector Ethics Act.

In Western Australia, the Public Sector management Act requires Ministers to make arrangements in writing that set out, and I quote, ‘the manner in which, and the circumstances in which, dealings are to be had, and communications are to be made, between ministerial officers assisting the Minister of the Crown and the employee in that department or organisation.’

Again, we have nothing similar in NSW and we should have.

Following our investigation into the RTA in 2008 and the first part of 2009, we recommended that a Ministerial Staff Code of Conduct be prepared. After completing our investigation, we were provided with a draft code. It was not bad, and we provided some recommendations for improvement. That was in March 2009, and since then we have heard nothing. The code seems to have disappeared into a black hole.

The impact of being effective

So let’s assume we secure a strong clear legislatively based code of conduct – and we have clear and committed leadership from the top – there is another important element in ensuring the public sector lives up to the standards expected of it: independent and strong watchdog and oversight bodies.

These bodies need to have:

- clear legislation outlining their independence, as well their powers
- clear roles and responsibilities
- the ability to report directly to the Parliament, and
- adequate and secure funding to perform their work.

The community expects robust, independent integrity organisations, and in NSW offices such as mine have become a defined and important part of the integrity landscape.

Not surprisingly, watchdog bodies are expected to live up to a particularly high standard. We must, of course, conduct ourselves ethically and act with integrity. We must also strive to maintain independence, both real and perceived, from the government of the day, as well as ensuring we are not a community advocate. We work in the public interest, and to do this effectively, we must always be impartial, acting as an “honest broker”.

What then is the impact on our and similar offices of living up to this standard? What happens when we do our job well?

My office has now been in business for 35 years – that experience together with my own as Ombudsman leads me to conclude that there are clear risks and consequences clearly when we fail to meet our obligations or standards, but I believe there are also risks and consequences that can arise from doing a good job. It is these risks and their impact that I want to focus on briefly today. These risks are demonstrated by a lack of communication from the executive, particularly around decisions that have a real and direct impact on watchdog bodies.

They are demonstrated by unexpected changes to jurisdiction. Watchdog bodies are sometimes left out of any discussion around changes to their roles and responsibilities. This means those with the most experience and understanding are not being heard or engaged.

They are demonstrated by the allocation of appropriate roles and responsibilities elsewhere. This is particularly an issue at the moment, and I will come back to it in more detail in a few minutes.

They are demonstrated in matters relating to budget. Watchdog bodies are typically small offices, utilising the majority of our budget to meet our staffing costs. Decisions that can have a small impact on big agencies, like the application of a 1% efficiency dividend across government, can have a disproportionately large impact on small agencies. Wielding this sort of financial blunt instrument benefits no one. I will come back to budget in a moment.

They are demonstrated by delays in the tabling of reports. I am disappointed when my office works hard to produce a report, only to see it languish on a Ministerial shelf gathering dust. In my view all reports by watchdog agencies should be made directly to the Parliament.

And finally, they are demonstrated by the blanket application of public sector policy. For example, the ICAC Commissioner and I recently wrote to the Premier expressing our concern at the decision to vest all government leases in the State Property Authority, including our respective leases. The Authority falls within both our offices’ jurisdiction, creating an obvious potential conflict if it were our landlord. Both our offices also collect and are provided with a great deal of sensitive information requiring the highest level of security. In the case of watchdog bodies this is an unacceptable decision of government and we have made our view clear. But it is a set of circumstances that could have been avoided if contact had been made beforehand or indeed our independence appropriately taken into account in the decision making process.

It may not be the conscious intention of government to damage watchdogs, but the matters I have touched on can have a significant ripple effect, with the end result being a threat to our independence.

Over the last 35 years, our jurisdiction, not surprisingly, has expanded to include a large number of organisations. In addition to government departments and agencies, we also now have extensive jurisdiction over the private sector. We deal with those providing community services, such as foster and out of home care. We also deal with a wide range of schools and education institutions through our role in relation to employment related child protection. This expansion appropriately reflects and responds to community changes – both in the delivery of services and expectations around accountability.

To understand and be able to hold multi-dimensional complex service delivery systems accountable, you need a flexible and expansive oversight jurisdiction. You can no longer look at things through single agency or single function glasses. This is simply not the way governments now deliver services and conduct their business.

Without doubt expanding our roles and responsibilities has improved the effectiveness and continuity of our work.

Yet in the last few years, I have been concerned to see appropriate roles and responsibilities that fit well with our existing functions and that could benefit from our other work go elsewhere, or additional, stand-alone bodies being created to do similar work. Often, such decisions are made without clear and persuasive reasons or full transparency.

Back in 2003, the former Premier Bob Carr told a budget estimates committee:

> My approach has been to try to rationalise the raft of watchdog agencies we have across the government sector.
He went on to comment on what he called the “balkanisation of accountability”, observing that:

Sometimes I have had the impression that we have half of the public sector set up to monitor the other half. You can go too far in having entangling watchdogs.⁷

“Entangling watchdogs” and the “balkanisation of accountability”.

I don’t think I could put it any better.

These risks identified in 2003 by Mr Carr are just as valid today. The creation of new oversight agencies to carry out work which could be done by existing bodies with a proven track record should in my view be resisted.

We have recently seen a massive restructure within the public service, apparently aimed at reducing cost and increasing efficiency. Agencies often complain of multiple oversight bodies and the attendant administrative burdens.

The government has also for many years targeted unnecessary red tape in an effort to cut costs and increase efficiency.

And yet, when it comes to oversight, we are not seeing the same clear focus. There continues to be unnecessary fragmentation and duplication. We are seeing more, rather than less, bodies. Bringing with them more red tape, more cost, more complexity.

In my experience there are very few single issue, simple matters. Administrative misconduct is typically like an octopus – with many arms reaching into many overlapping areas. The creation of multiple single issue watchdogs often creates unintended but not unpredictable consequences. It also increases the risk of matters falling between the cracks, as they do not sit comfortably with any single watchdog body.

I was interested to read an independent review, commissioner by the Scottish Government, of its regulation, audit, inspection and complaints handling systems. The Chair of the review, Professor Lorne Crerar, observed that:

The landscape appears to me to be unnecessarily complex. There are a significant number of external scrutiny organisations in Scotland, all with some responsibility for checking and assessing the work of those who provide services to the public.

Professor Crerar concluded that:

… many of the current external scrutiny arrangements are a result of assurance being required about particular public services at a particular point in time, and these arrangements have not subsequently been subjected to a rigorous assessment as to whether they are still required. Further, where new external scrutiny has been introduced, there has been no real prioritisation against existing requirements and how new scrutiny should fit in an already cluttered landscape.⁸

The findings of this review would be very useful in any discussion of the oversight and scrutiny structure in NSW.

Finally, it takes a long time for bodies, particularly those without determinative powers, to build up institutional clout and respect. After 35 years, we for example have a sound working relationship with most of the agencies we regularly deal with. They know we are fair and work to help them improve their processes and services. They also understand the importance of working cooperatively with my office. They know our primary focus is on fixing systems, not on collecting scalps.

⁷ Parliamentary Estimate Committee, Premier, the Arts and Citizenship, Monday 1 September 2003.
A 2007 review of ethics and standards in the UK identified a number of design principles to achieve the highest possible levels of watchdog independence. These were:

- secure legal foundations
- appointment by both Houses of Parliament
- removal only by both houses
- their own staffing, accommodation and access to the services and facilities they need
- operational autonomy, and
- secure funding arrangements, beyond the sole or direct control of the Executive.\(^9\)

This is a comprehensive list, and I would suggest that here in NSW we have most of these to varying degrees, all except the last – secure funding arrangements beyond the sole or direct control of the Executive. And it is arguably the most important.

Why? Because pointing out the weaknesses, shortcomings and failings of government, having investigations reported on the front page, shining a light on dark conduct can quite simply make you unpopular with government, and your position can become particularly tenuous when those you are criticising are also holding the purse strings.

To find other budgetary approaches, we need only look over the Tasman. In New Zealand, the Ombudsman submits her budget request to a Joint Parliamentary Committee. They then recommend an appropriate budget to the Parliament, and it is subject to a vote. This process is separate from the budget proper and happens before any other money is allocated in the budget. A similar system is in place for the Audit Office in the UK.

Let me be clear, these are not just NSW-based problems. The importance of independence and the risks involved in maintaining it goes well beyond my office, and well beyond NSW and can arise in many different forms. It might almost be considered an occupational hazard. A quick scan of the papers shows that watchdog bodies that do their jobs well but embarrass the government or vested interests risk getting attacked. In Victoria, the Office of Police Integrity is currently being hounded by certain media interests. The Victorian Ombudsman has made a few enemies by exposing a range of corrupt conduct and maladministration in government and local government bodies. He now finds himself having to defend his corner against the recommendations of the recent Proust review.

In Queensland, the Crime and Misconduct Commission has come in for criticism in recent years, as has the Crime and Corruption Commission in Western Australia.

Overseas, the Control Yuan in Taiwan was unable to operate for quite a number of years after the Taiwanese government nobbled their office by refusing to appoint any members.

In Canada, the Ontario Ombudsman Andre Marin has just finished going through a harrowing reappointment process, with the government effectively suggesting he was unfit for his position. Mr Marin has been a particularly outspoken and vocal Ombudsman, with his reports seeking and receiving maximum publicity and causing maximum embarrassment. While all may not agree with his methods, his treatment shows what can happen when an independent watchdog gets the government off-side. After significant public outcry and considerable media interest, he was eventually re-appointed.

I don’t want to suggest that our offices are hamstrung by these obstacles – we are very good at finding ways to get our work done and we will continue to do so. I am very proud of the contribution we make to improving integrity and monitoring standards – and that is why I feel we need to see this through to a better conclusion. We can’t just sit back and settle for less than the best possible system.

Conclusion

In conclusion – let me try to pull some of these things together.

Any discussion about living up to ethical standards needs to involve not just clear and effective legislation and codes of conduct and strong and committed leadership from the top, but also recognition of the importance of independent, secure and strong watchdog bodies. If they are not strong and stable, many ethical breaches will never see the light of day.

So why am I raising these issues now? Well it’s about timing, and about needs and expectations. More than any other time in my memory the people of NSW are concerned and worried about government accountability, decision making, openness and transparency – and of course integrity and standards. We see it day in day out in our work and in the concerns people bring to us.

What better time for us to have the discussion, the debate about issues such as public sector standards, and truly independent oversight bodies.

We are all used to the rhetoric surrounding ethics, and the stated support for robust and independent watchdog bodies. Isn’t it time to go beyond just rhetoric and for us to really get serious about integrity and oversight?

It is not all bad news. Things are not horribly off track and we have much that is positive in our systems, but they could so easily be substantially improved. Let’s commit to legislated ethics and standards in NSW. It is time for us to catch up with everyone else.

Let’s also have an open and genuine discussion about our integrity structure. Do we have the right bodies performing the right roles – do we need to make any changes? How can we better strengthen and maintain their independence?

In this respect, there is a particular need to look at the way watchdog bodies are funded. Are we the same as all other government agencies, should we be funded the same way, is it appropriate that we be viewed as part of the executive – the consequence being that we seen as are not truly independent?

Regrettably, it is no longer easy to see a vision or sense of direction around the integrity structure in NSW. There is no plan for stronger and improved ethics and accountability as a core component of all government planning and decision-making. It is clearly in the public interest that this change.

The people of NSW have faith in their public servants – but it is not blind faith. Their trust must be earned, and we have to make sure not to lose it, because when it is gone, we will struggle to get it back.