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Future Vision Office

The economic climate and government service delivery in Australia An international point of view

The convergence of several factors in the current market presents an interesting environment for the Australian Government to consider: The Review into the Australian Government's use of information, and communications technology (ICT), the current economic climate, narrowing of the skills market, and the ageing population including a retiring workforce. How will these factors impact government service delivery moving forward? In the first of a series of interviews on this topic, Nicole Cameron, Principal of EDS, an HP company's Future Vision Office seeks an international perspective in a one on one interview with Maryantonett Flumian during her recent visit to Australia.

Maryantonett Flumian has extensive experience in government service delivery in Canada, and is currently the Executive in Residence, Jarislowsky Chair - Public Sector Management, School of Management - Faculty of Social Sciences, University of Ottawa in Canada.

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Introduction

There are many factors coming together that will impact the delivery of government services in Australia. We are in uncertain economic times; the Government is considering its response to the Sir Peter Gershon Review of the Australian Government's use of ICT and there is a shortage of skilled ICT labour that will be compounded by the ageing population and retirement of a large portion of the public sector workforce.

In this environment citizens will continue to demand more from services providers - to transact business anywhere, anytime and via the most convenient service channel. This includes government services, and has more recently lead to the core government service delivery agencies developing significant online capabilities in response. But how does the current economic climate potentially impact service delivery, and what is behind the imperative to focus on better service delivery for citizens?

In Canada extensive research found that citizens pleased with their service delivery experience and interaction with their governments had a higher level of trust in government than those that were dissatisfied. Having driven a whole-of-government service delivery transformation in her homeland of Canada, Maryantonett Flumian reflects on the importance of services for citizens around the world in the current economic climate.

"There is no question that given the nature of falling revenues in Australia and across the globe, this economic crisis is having an impact everywhere. [The fallout] will continue to put huge pressure on all of us, governments included, to be as efficient and effective as we can" Ms Flumian said, adding that the upside for government in the current environment is the opportunity to consider how citizens can be serviced with less dependency on public funding.

Economic pressure driving efficiency and effectiveness

Having recently received the results of a review conducted by Sir Peter Gershon of the Australian Government's use of ICT, with a focus on efficiency and effectiveness, our policy makers are well placed to consider options to improve service delivery.

According to Ms Flumian, areas that can have a positive impact on efficiency, effectiveness and result in savings include back-office functions and shared services. This is particularly important as skilled resources are impacted by the economic environment.

“There are very few countries in the G8¹ or across the OECD² that are currently operating budget surpluses because they are still dealing with structural deficits left over from the past. The pressures are coming immediately as countries either continue to go into deficit or are watching their surpluses evaporate rather quickly”. Ms Flumian said, adding that government service delivery had previously been a lower priority; the current economic environment should see a renewed focus on service delivery.

Having spent several years driving Services Canada³, a significant transformation in the delivery of citizen services, Ms Flumian notes that Canada’s strong investments over previous years in service infrastructure has placed the federal and provincial Canadian governments in a strong position to weather the economic downturn.

A sound service infrastructure approach can mitigate the impact of capacity issues

Internationally, the economic pressure will be compounded by a rapidly changing population demographic. With the population aging globally, Ms Flumian comments that governments will be impacted by the retirement of an entire generation of public servants, and Australia is no different.

Across the Canadian government, workforce retirements were managed with various strategies. This included utilising service and technology advances to eradicate roles that were no longer necessary, and investment in skills and training for the workforce moving from back office functions to front office positions where a highly desirable career structure was established. This meant that there was no need to instigate imposed workforce reductions,

rather a metamorphosis of the workforce was achieved understanding the natural attrition.

Ms Flumian says that by not instigating a one for one replacement of roles as people retired combined with investment in service infrastructure has enabled the Canadian government to be agile and able to adapt to the current economic climate. “All countries are going to be faced with the prospect of fairly significant retirements in the next little while without the base to replace them. If they haven’t started to think about this there will have to be some serious thinking going on again along this effectiveness and efficiency argument”.

According to Ms Flumian, there are several ways in which workforce capacity can be addressed, including distribution of the workforce location. “The beauty of the technology we keep talking about... is that not everything has to be done here - whether that is Canberra or Ottawa or Washington D.C. or London, England, it doesn’t actually have to be done here - and we have to get more sophisticated in our understanding of those concepts”.

Partnerships and governance are important for the delivery of modernised services

In the Review of the Australian Government’s use of ICT, Sir Peter Gershon has highlighted the need for strong governance that includes partnership with the private sector. Ms Flumian supports Sir Peter’s view on this recommendation. “That is how we were able to structure the modelling around Service Canada and give it traction so quickly. We worked extensively with private sector partnership. We

Notes

- 1 The G8 is an unofficial forum which brings together the heads of the richest industrialized countries: France, Germany, Italy, Japan, the United Kingdom, the United States, Canada (since 1976), Russia (since 1998), the President of the European Commission (since 1981). The G8 summits during the twenty-first century have also involved widespread parallel debates and protests by citizens.
- 2 Organisation for Economic Co-operation and Development
- 3 <http://www.servicecanada.gc.ca/> Service Canada is about improving the delivery of government services. It helps Canadians access a wide range of the government services and benefits via a single window across 595 points of services across the country, call centres and the Internet.

brought global leadership to the table. We brought best practice from around the globe from public and private sectors. We wouldn't have had access to that ourselves."

The predominant issue is that government has business as usual environments to contend with in addition to any transformational activity. "The chances of us reinventing all of it, or being able to understand it and incorporate it quickly and being able to coordinate agencies so it all actually had traction. We didn't have one of those skill sets because we were busy running a very large business for government on a day to day basis".

In Ms Flumian's experience there were several other benefits with the private sector having a role in assisting government focus on policy and business outcomes. "The other dimension was that we had people who we used to call inside-outside teams which - depending on the expertise - could have been chaired by a public servant as easily as they could have been chaired by one of our external resources. Because it is where the expertise is that is important, and the quality of the advice we were getting that is important. We wanted the teams to work together as we wanted the transference of knowledge and information to go both ways, as we were better off understanding what had worked in other environments. Our consulting advice and implementation advice was better because now what worked in other environments, could be optimised in our environment. The outside world needs to understand more about the constraints of government, and government who has to understand more about the possibilities that the outside world offers".

For example, governments and the private sector often struggle with workforce capacity. Ms Flumian says that her experience in Canada, combined with her knowledge of international governments, leads her to believe that the public and private sectors working together and obtaining a joint understanding on issues such as workforce capacity is important. "There are many things that a sound partnership between public and private sectors will do to actually drive modernisation improvements and synergies".

Ms Flumian believes Sir Peter Gershon's comments on the challenges of the ICT workforce are timely. This highlights the challenge to government - as a large user of skilled ICT labour - of attracting and retaining resources. "Partnerships

are going to be key to moving forward especially in the regions where resources are scarce".

Further, Ms Flumian says the current environment in which the resource base is shrinking due to a retiring workforce should encourage governments to move away from areas that are not core to their business. Ms Flumian says it is important for governments to understand the use and deployment of technology in the context of service delivery, "Do we need to own it? No. Because once we own it, we own it for a lifetime".

With the rapid advancement of ICT, Ms Flumian says it is difficult to remain current on all ICT developments for all parties, including governments. Governments should therefore focus on understanding the best way to procure, and look for expertise in this area. "We need to understand the best way to forge these partnerships to drive the best outcomes for all sectors. It is important to understand which areas are core to government and which should be key ones in which we have to build capacity". While this may require rebalancing the existing environment, Ms Flumian says "it is clear what is core to government and it is clear what is core to the management of what government has to achieve, but doing all of it isn't the key to what government does." Synergistic partnerships produce the best outcomes in terms of thought-leadership and technology if governed and managed effectively, according to Ms Flumian.

Benefit realisation is important in the current environment

Ms Flumian says the governments often make significant investments without realising the full extent of the benefits, but in the current environment the focus should be on achieving the best possible outcomes. "Perhaps one of the benefits of the current economic reality we face is that governments will have to get far more serious about maximising benefits of the investments that they have made - using them to their full potential. Understanding how they can support a multi-channel strategy and how that leverages a rethink and review of many of the things we do today and how we do them".

While government agencies in Australia have had a history of autonomy, Ms Flumian says this can sometimes be good and lead to innovation. "It is probably also fair to say given

[Sir Peter's] observations and my experience there is a rebalancing that is required. You can probably evolve to models that have some coordination where necessary and some autonomy where necessary as well, so that there is a better understanding of what can be achieved on behalf of the whole and what can only be achieved for specific segments. But the notion you should invest and reuse as much as possible is a great one".

Economic reality may enable greater collaboration and partnerships to avoid time wasted in identifying priorities for scarce resources. "We may be forced because of the nature of the economic reality to finally shed some of the things that we should have shed many years ago".

This may also move governments to adopt some of the practices of the private sector. "In government we were insulated enough to be concerned about whether this was proven for the long term or whether it was the flavour of the week or whether it was seminal change. I think in many cases it has been demonstrated that these things are here to stay". Ms Flumian says that "the rest of the world is talking about having web 2.0 or how to implement web 2.0 and in governments it is still a hard conversation to have because the benefits of web 1.0 haven't been realised yet".

Legacy environments impede governments already challenged with limited resources. "There is still too much being done in mainframes and in technologies where the engineers have died off almost a generation ago, and we are still lumbering along trying to deal with legacy".

The evolving needs of citizens require a change in the delivery of services

With the private sector environment aggressively pursuing agile environments and deploying resources in a more effective way, achieving better outcomes for citizens and implementing multi-channel strategies to maximise investment, Ms Flumian believes governments need to modernise to remain relevant to the citizens in today's world.

If governments do not actively address how they deliver services to the citizens, Ms Flumian warns they are on the verge of being disintermediated from the citizens in terms of providing services. "If governments don't react quickly enough in a meaningful way they will be replaced in some of these areas. And I am not sure that this is a good or bad

thing because there are areas government should form better and more robust partnerships with people who are already on the leading edge of some of these things, but there are some areas in which only government can play that role, so we've got to be mindful of that, too".

Understanding the demographics of the citizens is important for a successful channel strategy for government and to avoid disintermediation. "[Government] will have to start with understanding different elements of the population and their needs and references for how they want to be dealt with. One of the things we did with great success with Service Canada is learn from the best outside of government as to how you actually segment that market place. That is not language that is common to government, but some of these strategies are applied by market research professionals offering great methodologies and tools enabling governments to be able to look at who it is we are trying to reach and for what purpose and how they want to be reached."

Ms Flumian says, "if you are smart at having pursued [citizens], you actually dramatically effect the responses in terms of your ability to reach people with information and which government has to do a lot of and information as a service and your ability to service the people now when they are in need."

Ms Flumian says that in Canada, for example, the aged population adapts easily to on-line channels. "Once older Canadians begin to use the internet within a very short period of time you can't distinguish them in terms of usage from anybody else in the population, so it is almost that once people are hooked they are hooked, and you can't distinguish them in terms of their behaviours". That said, Ms Flumian says governments should be mindful that a single approach will not work for all citizen segments. There are other parts of the community, such as assisted living and senior citizen residences where a face to face channel may be more appropriate.

Adopting a targeted strategy to the various population segments is critical for governments to remain relevant, according to Ms Flumian. "Certainly across all the western world - and beyond - we are seeing more and more young people thinking that Government is less and less relevant to their lives". It is about the communication of relevance. "If we don't put more effort into effective communication and then supporting it with the kind of services that are

required, we'll lose relevance, and relevance is an important thing as it builds trust in government".

In addition to focusing on relevance, a targeted channel strategy for delivery of government services drives efficiency and effectiveness, which is critical in the current economic environment. Though Ms Flumian adds "you can be very efficient and very effective and still be delivering something that people don't need don't want or don't care about as it is not relevant to them".

In Canada, ten years of market research and polling data demonstrates a direct correlation between how citizens feel about their services and their service transactions to their level of trust and confidence in government.

"I think it is a very powerful linkage, and we have to understand that".

Australia is well placed to realise the benefits of modernisation

If Australia sits back and does not move forward with a modernisation plan that will ultimately drive better delivery of Government services, Ms Flumian believes the outcome will be disintermediation. "There will be other suppliers that will come along. The Google is a great example of how people saw a space, filled it and now they have changed the way the world operates as a result"

Given the economic circumstances, the findings in Sir Peter Gershon's report become more relevant than when they were penned. "The report, along with the economic circumstances, form an even more compelling call to action for government to start behaving in a way that leverages the investments it has already made. They can now start to determine what the priorities are for the go forward, and do as much as possible - investing in infrastructure and capacity that is actually whole of government. So what is invested can be scaled and used by as many players in government as possible".

In his report Sir Peter Gershon lists a series of recommendations that he suggests should be applied across most agencies in the Australian Federal Government to achieve benefit. He does state that the option should be provided for agencies to opt-out on a case by case basis. While Ms Flumian says there will be circumstances that require an opt out provision, "let people go through the discipline of

making the case. That is one thing. [Sir Peter Gershon's] observations on governance are extremely relevant and no government can tackle the issues he addresses without sorting out the governance issues upfront".

Ms Flumian believes the Australian Government can unequivocally make rapid traction.

Given the magnitude of change required, Ms Flumian says political leadership is important. "The change in direction it requires is essential that it has support. Sir Peter does mention quite a few times in the report the importance of changing the culture [of the bureaucracy]. Well, culture isn't going to be changed without that leadership from the top demonstrating what they mean and setting the outcomes they expect the whole of government to achieve".

Transformation of the Canadian government services environment survived three changes of government. "The imperative needs to be there and the imperative is recognised by all stripes as it is fundamental to modernising the way government is conducted. And I think most people understand that."

Ms Flumian believes government cannot afford to be distracted in the quest to transform itself and its services in the face of the current economic crisis, but should in fact look at it as an opportunity to test its ability for efficiency and innovation in the most difficult circumstances. "In Canada we benefited a great deal from the leadership shown by the Australian Public Service in establishing Centrelink. We modelled many of the things we did in terms of services to citizens around how they were done [in Centrelink]. If I, in a Canadian context, had all the tools at my disposal and all the progress that has already been made in Australia - we could have moved much more quickly, because [Australia] has so many of the building blocks in place".

With the Canadian Government achieving efficiency and effectiveness, Ms Flumian believes Australia can achieve as much, if not more. "Absolutely - and greater access for citizens in a multi channel environment, so I say, take courage and get on with it!"

ABOUT THE AUTHORS

About Maryantonett Flumian

Ms Flumian is a renowned speaker and executive consultant to senior public officials, IT professionals and professional institutions. She has been a senior executive at the Deputy Minister level in the Canadian federal Public Service, and has large scale operational experience and is a recognised transformation leader with broad practical working knowledge across many complex areas of public policy and administration.

She has published numerous articles in trade magazines, public sector journals and has contributed to many newspaper articles on the transformation of public sector.

She is currently engaged at the University of Ottawa writing and teaching about her experiences as well as completing a PhD in History with a focus on accountability and governance.

Disclaimer. While Ms Flumian is now a Senior Fellow with the University of Ottawa and regular consultant to industry, she has worked as a consultant to EDS in the past.

About Nicole Cameron

Nicole Cameron has spent the past ten years in various strategic roles in the ICT & Telecommunications sectors, predominantly focussing on the Federal Government and the Health Industry.

With a background as a molecular biologist in the United States and Australia focussing on HIV Gene Therapy and cancer research, Nicole worked as a medical and science journalist then editor for television, trade and consumer publications.

She is passionate about driving change and reform, particularly in the areas of Government service delivery and delivering outcomes that will benefit Australia.

Nicole has a track record of mobilising large teams of virtual resources to deliver outcomes.

Contact us

EDS Headquarters

5400 Legacy Drive
Plano, Texas 75024
USA
1 800 566 9337

EDS Regional Headquarters

Asia

36F, Shanghai Information Tower
211 Century Avenue
Pudong
Shanghai, SHA
China 200120
86 21 2891 2888

Australia & New Zealand

Level 1, The Bond
30 Hickson Road
Millers Point
New South Wales 2000
Australia
612 8965 0500

Future Vision Office

Nicole Cameron
Principal
email: nicole.cameron@eds.com
Level 3, 2 Barry Drive
Canberra
Australian Capital Territory 2601
Australia
612 6248 4555

Europe, Middle East & Africa

2nd Floor
Lansdowne House
Berkeley Square
London W1J 6ER
44 20 7569 5100

Latin America

Estrada Samuel Aizemberg, 1707
Tower C - 4th Floor
São Bernardo do Campo, SP
Brazil 09851-550
55 11 4399 8875

HP Worldwide Corporate Headquarters

3000 Hanover Street
Palo Alto, California 94304-1185
USA
1 650 857 1501

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