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Corporate Governance ARC Project



CORPORATE GOVERNANCE IN THE PUBLIC SECTOR FROM THEORY TO PRACTICE

Old Parliament House, Canberra

8-10 March 2006



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Corporate Governance ARC Project

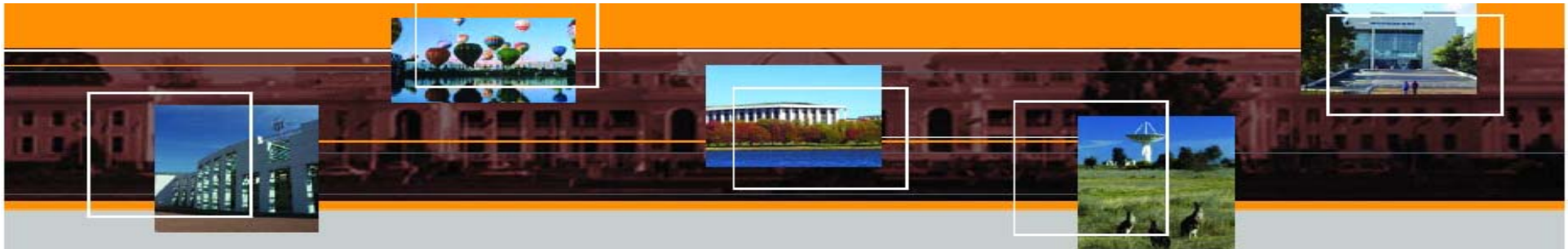


Session 5

Corporate Governance in Public Sector: Lessons from the Research

“Overview & Issues”

Professor John Halligan
Corporate Governance ARC Project
University of Canberra

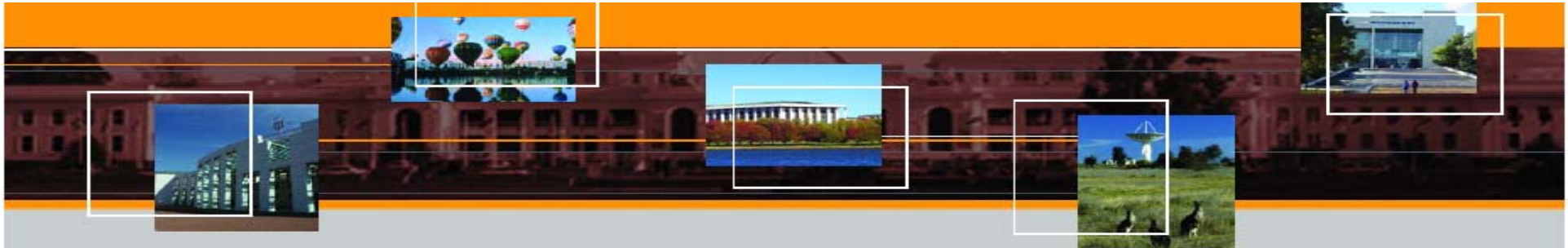


PROJECT SCOPE

Structures & processes of governance:

- **Bodies under *CAC Act 1997*** **105**
 - **Authorities** **76**
 - **Companies** **29**

- **Departments & agencies under *FMA Act 1997*** **89**
 - **Departments of state** **18**
 - **Statutory agencies** **43**
 - **Other agencies/departments** **29**



FIELDS OF INQUIRY

- **Different types of governance arrangements within public sector**
- **Comparisons of governance of public & private sector organisations**
- **Operation of public sector boards**



PROJECT UPDATE: Empirical Research & Outputs

- **Interviews & case studies**
- **Mapping basic corporate governance features**
- **Issue papers**
- **Books in preparation**



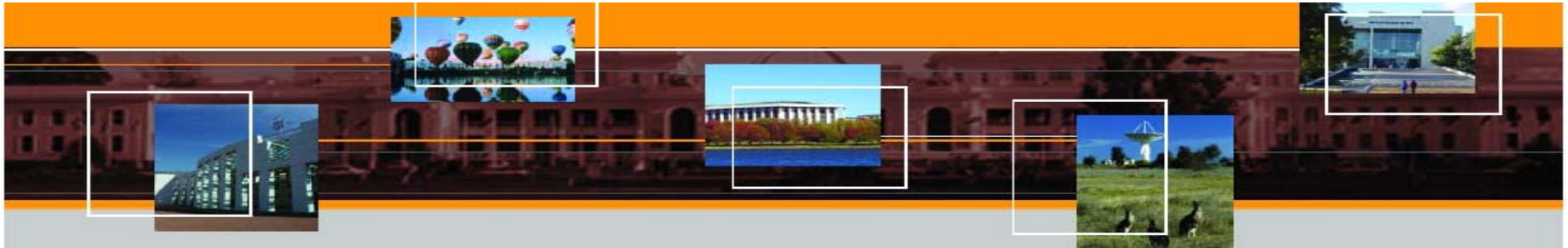
CORPORATE GOVERNANCE IN THE PUBLIC SECTOR?

- **Condition of corporate governance**
 - Better shape in departments that conducted recent reviews
 - More variable among agencies & bodies
 - Stronger on performance than other aspects
- **Perspectives affected by:**
 - Complexity of external governance environment (eg CAC bodies)
 - Uhrig implementation on status and governance of agencies
 - Post-Palmer reflection on integrity of department governance & culture



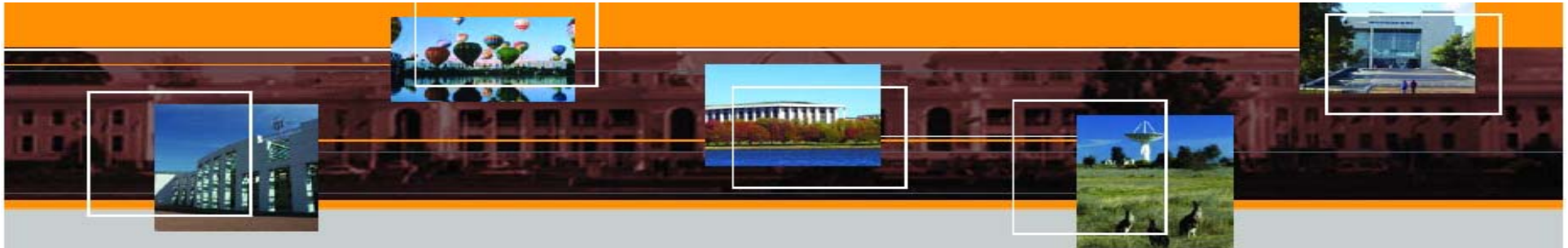
CORPORATE GOVERNANCE: Approaches and styles

- **Different starting points**
 - **Compliance**
 - **Responsiveness**
 - **Cultural**
- **Conformance meaning more salient than performance - eg CAC bodies**



PUBLIC & PRIVATE SECTORS?

- **Comparable at level of principles**
- **Major differences with accountability, scrutiny & political side**
- **Specific contrasts**
 - **Board appointment processes**
 - **Handling of risk**
- **Inherent tensions if assumed private sector practice can automatically be translated**



CONSTRAINTS

- **No or minor constraints with departments**
- **Lack of clarity & ambiguities roles & responsibilities:**
 - Minister & agency
 - Chair & board
 - Agency & department
- **Relationships & competence**
 - Stakeholders
 - Appointment processes
 - Skills of board



ISSUE AREAS

- **Whole of government**
- **Complexity in cultures**
- **Interface with stakeholders (multiple)**
- **Boards**
 - **Competence & quality of chairs**
 - **Composition & balance of skills**
- **Other**
 - **Security**
 - **Risk**
 - **Uhrig agenda (for appointees)**



FUNDAMENTAL QUESTIONS

- Is there a separate public service model of governance?
- How far can you adopt private sector governance within APS?
- How are CG elements e.g. accountability, conformance, performance, manifested across public sector?
- What determines success of public sector boards?
- Are there guiding principles of design & practice in public sector corporate governance?



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