IPAA PRESENTS

IPAA Speeches 2017

A YEAR OF SPEECHES FROM PUBLIC SERVICE LEADERS

Institute of Public Administration Australia
ACT Division

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OUR BOOK

'IPAA Speeches 2017'

Institute of Public Administration Australia (IPAA) ACT Division.

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All speaker roles are as at the time of the address.

OUR MISSION

To promote excellence and professionalism in public administration.

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OUR ORGANISATION

IPAA is an organisation that works in partnership with the public sector, the private sector, academia and other institutions, to provide a platform for debate and discussion about improving and striving for excellence in public administration in Australia.

IPAA is a not-for-profit organisation that was founded in 1952. We are governed by an elected Council under the leadership of the President, Frances Adamson. Our funding comes from membership fees, events and sponsorship.

CONTACT US

Drew Baker
Chief Executive Officer
IPAA ACT

Unit 4, National Press Club
16 National Circuit, Barton ACT 2600

02 6154 9800 · www.act.ipaa.org.au

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Foreword

The Institute of Public Administration of Australia's purpose is to promote excellence and professionalism in public administration. We do this by providing a platform for the discussion and debate of issues of relevance. We are privileged to enjoy the strong support and active engagement of leaders across the public sector.

Each year, we deliver a program of events to the public sector in Canberra. IPAA Speeches 2017 enables us to share with you the thoughts of leaders who addressed our audiences during the year, presented in chronological order:

- Our year included speeches by prominent agency heads, starting with Andrew Colvin APM OAM, Commissioner of the Australian Federal Police. We also welcomed Gavin Slater, CEO of the Digital Transformation Agency, for his inaugural address.
- Diversity and inclusion was a focus when Senator the Hon Michaelia Cash spoke for International Women's Day and when Professor Ian Anderson AO marked the 50th anniversary of the referendum on indigenous affairs.
- We were honoured to host Secretary Valedictory addresses by Dr Gordon de Brouwer PSM and Martin Bowles PSM, as they reflected on their significant contributions to the Australian Public Service.
- Our annual conference 'Thinking Differently: Building Trust' in November hosted a further three Secretaries. It also included the Garran Oration, which was delivered by The Hon Sir John Key GNZM AC, former Prime Minister of New Zealand.
- We closed the year with the 2017 Address to the APS by Dr Martin Parkinson AC PSM.

I am pleased to share the collective thoughts and wisdom of this distinguished group of speakers

We thank you for your support of IPAA and look forward to sharing more great speeches with you.

Frances Adamson
President IPAA ACT

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NATIONAL PORTRAIT GALLERY
THURSDAY 9 FEBRUARY 2017

Diversity in the Australian Federal Police

ANDREW COLVIN APM OAM

COMMISSIONER OF THE AUSTRALIAN FEDERAL POLICE

'The AFP is an organisation that is central to our national security. We're central to the confidence that the Australian community has in government, and the confidence they have in their own safety.'

First, I echo the comments of Carmel McGregor about acknowledging the traditional owners of the land on which we gather – the Ngunawal people, their Elders past, present, as well as their future Elders who are emerging. I also say thank you very much to the ACT Division of the IPAA. I don't know whether a Police Commissioner has spoken in IPAA forums before; if we haven't, we should because I think it's a very relevant forum for law enforcement broadly, and particularly for the Australian Federal Police to have a voice and to be heard. Thank you very much for thinking of me. Thank you to everybody that decided to come out this morning, I hope I don't disappoint. I am pleased to see so many of my colleagues, both from the AFP, and from across the Commonwealth.

There were many things that I wanted to say when Carmel approached me and Drew said 'Why don't you come and talk about culture and change?'. There are a million things going through my head and a million things that I could talk about. What I'd like to do today is say a few prepared words, and probably debunk a few myths, and address a few issues head-on. Then what I really look forward to is a little bit of question and answer.

Before I do, of course, thank you Carmel, for your comments about our member in Melbourne. Of course, the AFP family is still in mourning for the loss of a dear and very long-serving colleague in Melbourne, and I guess it says a lot about the pressures of policing in many ways. Without wanting to talk too much about the circumstances of that one out of respect for the family, there is something in that for all of us to think about and reflect on.

Let me be clear up-front, the AFP is a great organisation. In fact, we are so much more than that. We are an organisation that is central to our national security. We're central to the confidence that the Australian community has in government, and the confidence they have in their own safety. We are a national institution that should, and I would like to think does, show leadership on issues of national importance.

The reforms and changes I want to talk to you about today are not about fixing the AFP. We're not broken. It's about making us the very best organisation that we can be. It's about making sure we're as good as we can be. We're also an organisation that I'm immensely proud of. We're an organisation that I will defend against criticism. We're an organisation whose members deserve my support, the leadership support, and government support. I think our members know they get that.

That's why August 22, 2016 was a really good day for the AFP. It was the day, of course, that along with Elizabeth Broderick who is very well known to you all, I announced the results of the culture and inclusiveness review into the AFP.[1] It was the day that we decided not to take the easy path any more, but to show genuine leadership as an organisation, and as individuals and to say that as good as we felt that we were, we can be better. And better starts with being prepared to look deep into yourselves and ask the really difficult questions.

Now it's not that the AFP's culture was terrible. In fact, Elizabeth found that we had an organisation that was engaged. We had members who were motivated, passionate about our role and, importantly for me, they were ready for change. Our attrition rate is low, it's almost unhealthily low. People don't want to leave the organisation. We know that our members enjoy the work they do. They enjoy coming to work every day. After all it, is really important work that we do.

In 2016, we were again voted the top public sector employer and ninth overall out of all employers in Australia for LGBTI inclusion. We're clearly getting some things right, but as I said earlier, this was about making things better. Equally, I think over time what we found is that we'd become complacent. We'd allowed bad behaviours to become normalised and not to be

1 Elizabeth Broderick and Co (2016), Cultural change: gender diversity and inclusion in the Australian Federal Police: https://www.afp.gov.au/culturalchange

Commissioner Colvin APM OAM addresses the audience at the National Portrait Gallery

questioned. I don't think the AFP is alone in the space. I think the challenge that I'd like to put out to all government sector leaders is to ask honest questions of your own organisations. Make sure that we're not just normalising behaviour that we shouldn't be accepting.

We can't pretend these aren't issues more broadly across society and therefore across organisations. The report launched on the 22nd of August created some terrible headlines and it contained many facts and statistics that I'm not proud of and I'm sure my colleagues in the AFP aren't proud of.

The real benefit of the report lies deep down beneath those headlines when you start to look at what were the causes that were identified. The real substance of the report pointed to elements of our culture that had been allowed to slip to a point where members no longer were prepared to question bad practice, sloppy process, biased systems and bad behaviour that was accepted as normal. That for me, as Commissioner, is the terminal part of this report.

Essentially this report was about how we treat each other though, both as individuals but also as an organisation. It was about respect, the respect that we have for ourselves, and the respect that we have, and should have for each other. Left unaddressed, these normalised behaviours would eventually be the undoing of what is otherwise a fantastic and outstanding organisation.

Organisation is my key theme that I keep thinking about. The AFP is a structured and disciplined organisation. We need to be to do the work, but an over-reliance by leadership on structure and discipline to change culture will always fail. What we have to do is focus on the role of integrity, the role of identity, and the role of organisational health if we want to build and change culture. Now fundamental to this is identifying and accepting that driving the role that diversity plays in culture and organisations in society is critically important.

At its very best and as a core principle of policing, we are and we should be a reflection

of the community that we serve. We should actually mirror society. We are often the earliest indicators of societal change and we often see things before the community has even realised that it's impacting them. That's how adaptable crime has become in the modern era.

Now I could give you many reasons why working on gender parity or diversity and inclusiveness as an example is imperative for an organisation, not just policing. For a start the law says that we need to address this. There's ample law that says we need to address these issues. Company bottom lines say that we need to address these issues. Talent management objectives, leadership objectives, tell us that we need to address these issues. For me, importantly in the AFP, capability goals – to be the most capable organisation we can – tell me that we need to address some of these issues.

The truth is, of course, our own moral compass should tell us that we need to address these issues. For the AFP, each and every one of these issues is relevant. Each and every one of them in isolation should be enough to motivate me to want to make the reforms across the organisation. I can tell you that they all played a really strong role in my own personal motivation, but they're also very practical reasons for change in the AFP.

Diversity of thought is one that I want to talk about. Crime has become increasingly complex and the traditional law enforcement solutions and responses are beginning to show their limitations. We can't keep doing things the way we always have. We need new thinking: thinking that reflects the community's views and the community's expectations, thinking that reflects the diversity of the community.

Now while gender is the focus of much of the work that we're currently doing, the truth is this is simply a starting point. It's only the first step. If I cannot achieve greater parity in the AFP for a group that represents over 50% of the community, how can I possibly hope to build a culture that encourages diversity of thought? Diversity of language? Diversity of education? Diversity of skill? Diversity of culture? The list, of course, can go on. An inclusive culture that more appropriately reflects the community that we serve and the challenges we face – that's what we have to strive for.

Now we haven't been sitting on our hands these last few years and many of the changes that we need to make, and are making, were evident to us before Elizabeth did her review. What we needed was a unity of purpose and we needed fresh ideas if we were going to make this work and were going to make it stick. Elizabeth's report did just that. It galvanised the organisation into action.

We've already instituted many changes and many others will follow. Core amongst these reforms are principles designed to improve leadership at all levels of the organisation, not just in the senior levels; to remove notions of nepotism and cronyism from our system; to reform our promotion system and our performance evaluation models; to strengthen transparent and, importantly, consistent decision-making across the organisation particularly if it relates to an individual's deployments or individual mobility; to introduce an all-roles flex model, something that seems odd in a policing organisation, and to ensure that we have the best mechanisms possible to attract and retain the best talent that we can get our hands on.

Now many of these reforms, you would say, are common sense. Of course they are. Why wouldn't we want to make sure that we maintain regular contact with members who are on long-term leave? Members who have taken time off to raise a family? Members who have taken time off to pursue other vocations? Members who have taken time off to learn new skills? Why wouldn't we want to ensure that a member's journey through the AFP sees them with the very best opportunity to excel, to progress, to achieve their own objectives, their own goals? Why wouldn't I want to ensure that we are treating the symptoms of bigger problems in an organisation – unexplained absences for one – early and comprehensively rather than just on the surface.

'What we have to do is focus on the role of integrity, the role of identity, and the role of organisational health if we want to build and change culture.'

The immediate change that we made after the release of the report was the introduction of the AFP Safe Place Concept. Now we weren't unique in this, we modelled what we're doing on successful concepts seen elsewhere. The Safe Place is just that – it's a safe place. It's victim-focused and it provides holistic support and advice to members who are experiencing, have experienced, or even if they're aware of sexual harassment, sexual assault, serious bullying, serious harassment that is within the AFP, or even connected to the AFP. The Safe Place provides an opportunity for members to be heard, to be provided with various options, to be given a voice, and to be listened to. It gives them a way forward. The irony to me of the Safe Place Concept is that it actually mirrors so much of how modern policing, ourselves included, treats victims outside of the AFP, or outside of our organisations. We hadn't developed our own internal practices to match what we had been doing for many, many years for victims outside of the organisation.

The report told us that the lived experience for too many of our members was that they were victimised, time and time again, by the processes that we were asking them to step through in order to have their cases heard. Now in the five short months since the Safe Place commenced operation, we have seen many members reach out to report bad behaviour, but also to seek advice on how to avoid bad situations, how best to manage poor performance, how to manage workplace conflict appropriately, which is the cause of so many of these issues. In that time, the Safe Place has received 167 referrals and over 120 phone calls for advice. Of those 167 referrals, 40 have already been resolved to the satisfaction of the victim, or of the complainant.

Now some of them are historical, some of them are contemporary, but they're all relevant. What I'm pleased about is we're vastly improving our responsiveness, because that's the basic principle of natural justice. The Safe Place has also facilitated many storytelling sessions, designed to give members the opportunity to share their stories safely and to give AFP members, and particularly AFP Executive members, a true sense of the corrosive impact that bad behaviour has within an organisation.

These stories haven't necessarily been the worst of the worst, sometimes they can be simple behaviours that otherwise go unnoticed that have such an enormous impact on the individual concerned. Having been through this myself and sat down and spoken with many members in the organisation about their stories, it's compelling. If it doesn't galvanise you to action, there's something wrong.

It's still early. It is very early; we're five months into something that is years, if not decades, in the making. The feedback has been positive. I've received comments from members about feeling empowered to call out bad behaviours. I've received comments and feedback about people feeling valued and that people are feeling supported. These are small steps, but they're important confidence-building steps. I never thought the change would occur overnight and I never thought that it would be easy.

Now of course, the other major reform that we've already instituted prior to the report was the introduction of gender targets. Controversial, I get that. Yes, it is, but it's necessary in my mind for one very simple reason. If we don't change something, then nothing is going to change. We have to make change if we expect something to change. We haven't been doing that.

We've previously tried to address, in my time in the AFP, gender inequity and inequality across the organisation many times, especially in terms of trying to balance the numbers. But despite best efforts, and best intentions as well, nothing ever changed. We're forcing that change. We have introduced or we are introducing gender targets and gender-based policies across all of the AFP's business. In our recruitment, our course opportunities, our promotion opportunities, everything that we can do. We want balance in our teams, our investigational teams. We need to get proper balance across all the AFP.

Now I know I can hear the quiet gasps that say this isn't fair. It's not meritorious and I know that there are women in the AFP and women more broadly – possibly some of you sitting out there now – saying that you don't want to be seen as being successful just because you are female. I understand all of that.

But let me say this, it is fair. What's not fair about trying to correct 200-plus years of systemic bias that's been built into our systems that have created a patently unlevel playing field? Let everyone get to the start line at the same time and the same place with the same opportunity and then just let competition thrive. We all joke that women need to be twice as good to prove themselves twice as much, but the truth is, it's not a joke. It's actually reality in so many ways and we should be ashamed of that. There is nothing contradictory about being a merit-based organisation and having gender targets. We've claimed to be a merit-based organisation since our inception, but if we are honest, it has not served our diversity very well at all.

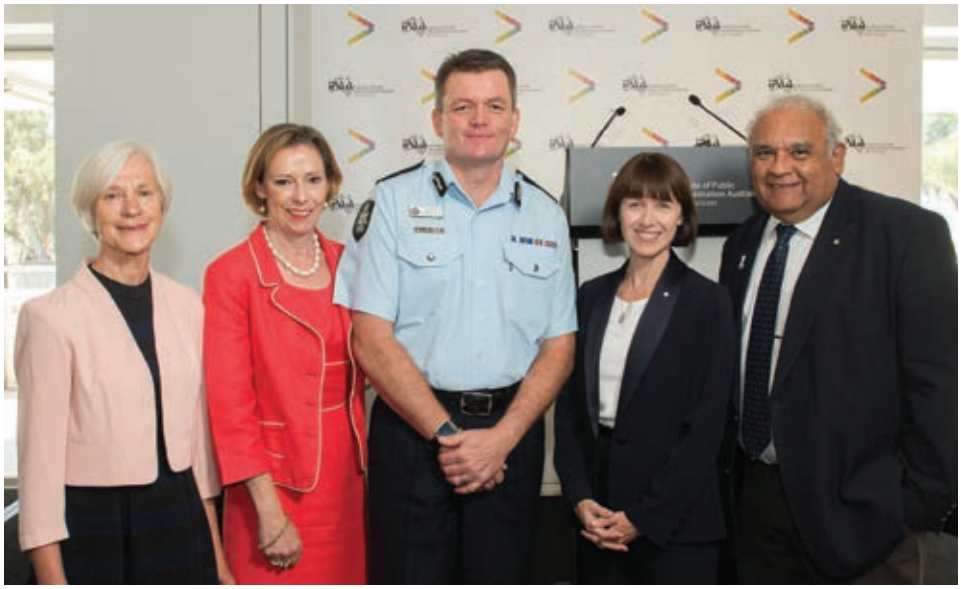
If that is true, we need to redefine what we mean by merit. It's not about looking in the mirror each day as you get up to go into some process and going, 'I want to take two more of that, thanks very much'. It's not about that at all. It's about making sure the best person gets the job regardless of the conscious and unconscious biases that sit in our systems. Regardless of whether they followed the same path that you did, whether they did the same things in the job that you did, or that they have been through the same furnace that you did. It's got nothing to do with that.

That's not merit, that's replication. In the AFP, and I suspect in many organisations, merit has just effectively sustained the status quo. We've used it to just repeat what we've already got, because we all think that what we've got is the best. For merit to exist, we must ensure that everyone gets an equal chance to compete and that we're being open-minded and inclusive about what the outcome might be.

Now I'm not naïve to the concerns of the many women across the AFP who feel uncomfortable with some of these changes. I get that; however the truth is I need courageous women, and courageous men for that matter, to stand up with the organisation and take this journey with us. I have to say, in the five months since we've put this report out there and a little bit longer since we've been making some of the significant changes, the early signs are that women are coming forward in greater numbers than previously and putting their hands up. If that's any indication of their willingness to participate, then we are going to be in good shape.

Gender targets and gender policies are not designed to discriminate. The path for promotion, the path for opportunity in organisations still exists, but now competition is going to be on a level playing field. What's not fair about that?

We need to rethink what has got us into the position that we are in, and that this is about changing our personal attitudes and the organisational systems to ensure that the best talent moves through the organisation, not just the traditional talent, because those two things are very often different. At the end of the day it's about ensuring that we genuinely do have the right person in the right job, at the right time.



Left to right - Glenys Roper, Carmel McGregor PSM, Andrew Colvin APM OAM, Renée Leon PSM and Professor Tom Calma AO

To the sceptics of some of this and some of the change that we're going through, I ask two things and I make no apologies. One, that you take a moment to consider the very real position of prejudice that your opposition likely comes from and think about that. The other one is don't wait me out because we're not just going to give up on this one. We're going to see this through and we will drive these reforms through the organisation. If you think you can wait it out, don't. This change will continue and we will see it through.

I make no apologies for the fact that it will upset some people. Real change hurts. Real change is not easy. There will be people who will be detractors. I also understand why that opposition exists. Human nature will always view change and the impacts of change through their own individual lens. I do it. Everyone does it. It's human nature. Sometimes this might seem unfair. It might seem that a rightful passage has been made harder, or an opportunity that I thought I had has now been made more difficult, or maybe even a door has been closed. I get that, but if we're to improve as an organisation and show that leadership nationally that I talked about before, then we're going to have to lift ourselves beyond that. These reforms are designed to lift everyone to compete equally and be the very best they can be. Male, female, from linguistically or culturally diverse backgrounds or not.

Real change, genuine change, is not easy. The hardest part about these reforms and about accepting our own limitations and acknowledging where our culture is letting us down, is implicit acknowledgement that we've all been part of it in some way. Now I've been part of the AFP for over 27 years. Many in the AFP have been around a long time. I'm as much a part of the culture that we are leaving behind and that we want to jettison, as I am a part of the culture that I want us to get to. That's difficult for us to accept. It's confronting when we look into our own personal histories.

'Culture is not created simply by structure and discipline. I believe it's created by integrity, identity, and organisational health.'

Let me turn quickly to a slightly broader change discussion and leave you with a few thoughts about some other aspects of the AFP Transformation Agenda. As I said earlier, culture is not created simply by structure and discipline. I believe it's created by integrity, identity, and organisational health. Our integrity is strong. We are, of course, a policing organisation whose foundation is built on open, transparent and accountable practices and operations. This is where our legitimacy comes from with the public.

The nature of the AFP's business means that we will often attract criticism because what we do is controversial, but our integrity is strong and today is not the day for me to unpack that further. In this, the 100th year of Commonwealth policing, I seek to reimagine the AFP of the future. A look back at 100 years shows that policing at the Commonwealth level has changed many, many times. Different agencies have been created in that time, they've been merged, they've been folded, all while the Commonwealth remit and expectations have changed.

In the nearly 40 years alone since formation of the AFP, it has evolved from a smaller agency with a very sharp remit to a business that is now well over $1 billion plus with a broad range of responsibilities. Our place within the Australian psyche, within the Australian law enforcement construction is mature and it's secure. We've developed a strong history of success. We've risen to challenges and we've quickly responded to threats to Australians and Australia more broadly. It's a strong heritage of which I know AFP members and the community should rightfully be proud. I know that I am.

The pace of change in society is rapid and we can't hope to simply evolve in response to the way society is changing and the environment is evolving. We must be more pre-emptive in shaping the environment of the future and the organisation of the future. This will underpin our identity going forward. That's why we commissioned the AFP Futures paper.

The Futures paper is not about trying to predict the future of crime – we'd do our head in trying to do that. It's about making informed judgements of the skills, the capabilities and the focus areas for the AFP, or what they need to be, and what we need to prioritise as we move forward. Now this journey commenced with the release of a strategic context paper and a capability focus restructure of the AFP in mid-2015. Many of you, I'm sure, in this room have probably seen the strategic context paper.

Since then, the consultation work we've done surrounding that paper has informed elements of a much broader transformation. It's fair to say that many of our stakeholders were surprised by the true breadth and depth of the AFP's operations and of our responsibilities. These stretch across local, national, and international

policing. It makes the AFP unique within Australia and it makes the AFP unique within world policing.

But depending on who you ask about the AFP, you'll get a different response about what we do and who we are. That's one of our challenges. It's largely because the current operating environment the AFP works in is dynamic, it's complex, but it's also extremely broad. Now our scan of the agency's future operating environment makes it clear that it's just going to be more of the same, and it's going to be harder, it's going to be faster and it's going to have technology at its core. We need to adjust our focus to ensure that we're ready to meet these challenges, that we are driven by our capabilities, our technologies, our skills, our people, and our adaptability.

This glimpse into the future AFP, coupled with our own internal reforms to inclusiveness and organisational health, are just some of the many bodies of work we have underway. Work continues towards a foundational capability plan, and towards a technology roadmap, towards a future-orientated education strategy and a workforce plan, all based upon the work we've done to review, reform, and reshape ourselves.

Although I'm unable to talk about it publicly just yet, the AFP has also recently been subject to a functional and efficiency review by Carmel McGregor. It's a review that I welcomed and I embraced it. For me, the process of going through such an exercise, a process that saw our business and our operating model scrutinised by external reviewers was illuminating, but it was also encouraging. It's highlighted a number of issues that were not what I expected and it simply underscores the need for the AFP to continue on this transformation journey.

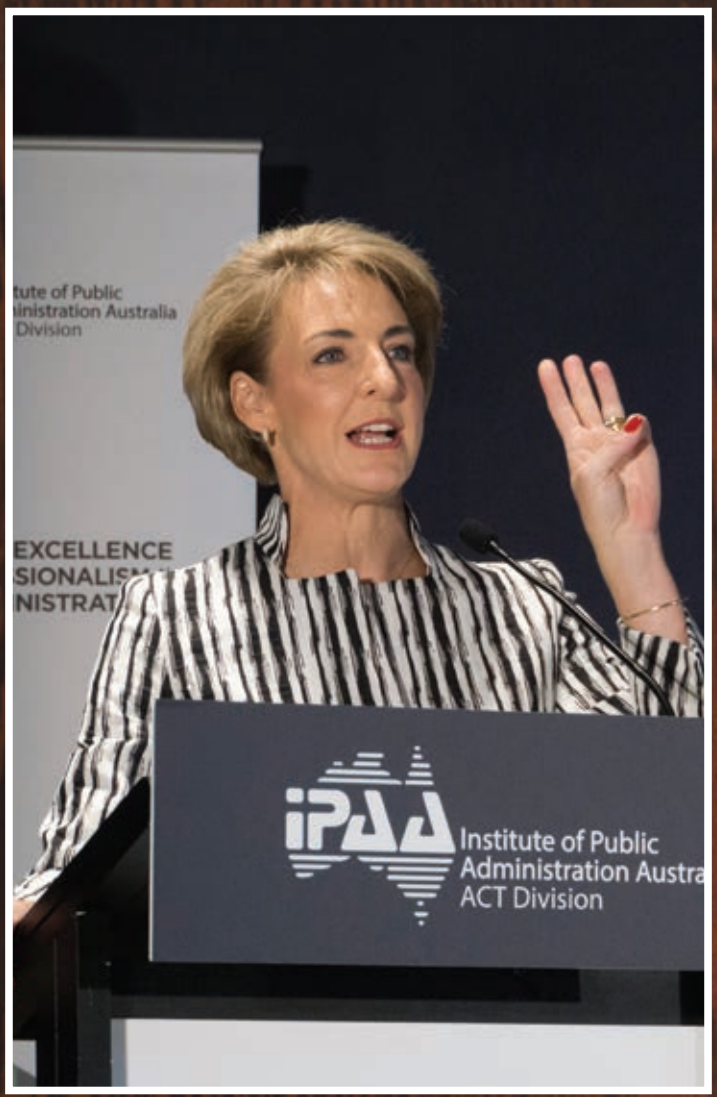
Everything that I've just spoken about today is within our power as an organisation to shift or adjust. This is about us. We just need to make sure that we have a plan and that we have a vision, that we understand that we want to do it differently to what we've done before. We need to refine our focus, understand the demands on the organisation, and make sure our investment is where it needs to be. Importantly, and this is important because it's not the way police normally do things, it may not always be at the visible end of the organisation where we place the investment. But my commitment is this: it will make us better at doing the important work that we do. Now I know all of this sounds like a lot of reviews, and it has been. The thing I'm proudest of is the fact that the AFP continues to perform and achieve incredible results to protect Australians, even while we're prepared to take a look deep down inside ourselves to see how we can do things better.

2016 was a tough year in many ways. We looked inside ourselves more than most organisations would ever be prepared to open themselves up, but it has set us up well as an organisation to take us forward in both the business and a culture sense. At the end of the day, though, we are a police force; we are and we should always be judged on our operational results, but in this respect complacency is our greatest enemy. We will achieve our best operational results when our culture, our identity, and our organisational health is where it should be.

This is where I want to finish, by coming full circle. When you strip away the horrible headlines, the really rightfully disappointing figures that came out of the work that Elizabeth and her team did, and you look beyond that, and you delve into those underlying causes of why our culture isn't what it should be, at its core, I believe, are signs of people under pressure, that people are stressed, and that people are tired. To be honest, this is what the functional efficiency review has told us also.

As Commissioner, as a CEO of any organisation, organisational health and culture has to be front of mind. A well-trained, well-equipped, diverse, inclusive, and skilled workforce is what we must strive for. If we do that, the operational results will take care of themselves.

Thanks very much for listening and I'm happy to take whatever questions you've got.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GANDEL HALL
NATIONAL GALLERY OF AUSTRALIA
FRIDAY 3 MARCH 2017

Women in Leadership: Championing the Change

SENATOR THE HON MICHAELIA CASH

MINISTER FOR EMPLOYMENT, MINISTER FOR WOMEN AND
MINISTER ASSISTING THE PRIME MINISTER FOR THE PUBLIC SERVICE

'… for too long now, we have not had adequate representation of incredibly talented women on government boards.'

Ladies and gentlemen, good morning. It is fantastic to be here to support the IPAA breakfast and to acknowledge everything that IPAA does to ensure that we continue down the path of ensuring gender equality in the public service. Last year when I arrived at the breakfast, I was advised, 'Michaelia, we have a full house.' My response was, 'That is absolutely sensational'. When I arrived this year, I was told, 'Michaelia, remember when we said we had a full house last year?'. I said, 'Yes, and there were people almost in the corridor'. I was then told, 'We have even more this year'. Congratulations to each and every one of you for coming along this morning and showing your commitment to gender equality in the workplace.

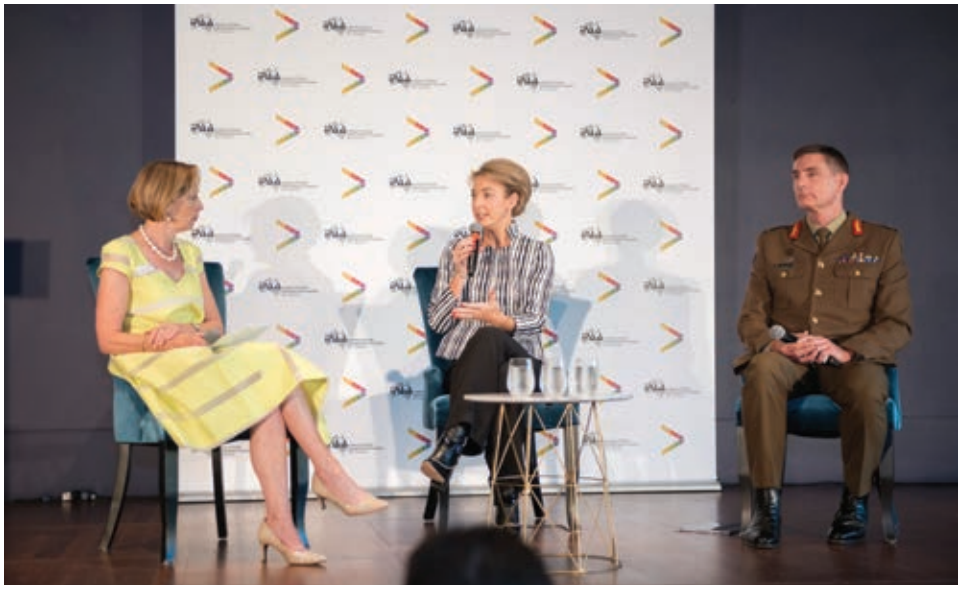
May I just acknowledge, even though he's not here, Dr Martin Parkinson, the Secretary of the Department of the Prime Minister and Cabinet represented today by Amanda McIntyre. As you know, Martin is a male champion of change. One of the very first conversations I ever had with Martin when I assumed my role was in relation to what we could do together to further gender equality. He is an outstanding advocate for the public service and I'm acknowledging him today.

Can I also acknowledge someone I'm a long-time admirer of. I had the honour and privilege of working with him when I was the Assistant Minister for Immigration and Border Protection. That is, of course, another male champion of change, Lt. Gen. Angus Campbell. In fact, ladies and gentlemen, when I walked in, Angus said to me, 'So, Michaelia, you're going to wow them today?' I said, 'What do you mean, Angus? I'm only giving a speech. You're wowing them'. Not too much pressure, Angus. Also here today is the Australian Federal Police Commissioner, Andrew Colvin, who is himself an advocate for gender equality. Many of you will be aware that last year the AFP set a goal of having a 50% ratio of genders in the AFP within a decade. Andrew again, thank you for your leadership in that regard.

Someone whom I meet with on a regular basis and who is incredibly motivated when it comes to doing everything that he can to further gender equality in the public service is, of course, our Public Service Commissioner, John Lloyd. Ladies and gentlemen, from that short introduction, you can see that when we say leadership, in terms of gender equality begins at the top, you are served incredibly well in the Australian Public Service.

Next week, I am privileged to lead the Australian delegation to the 61st Commission on the Status of Women. This will be the fourth delegation I have led. I am proud because when it comes to gender equality in particular in the public service, Australia has a fantastic story to tell. When I'm having my meetings with varying people, when I'm undertaking the side events, I will be highlighting all the work that the public service is doing to ensure that it is a role model when it comes to gender equality

As we know, and in particular for the younger people in this room, it wasn't always the case that you would have this many women, this many high profile women, attend a breakfast as employees in the public service. We'll take a step back in time because it's always interesting to know where you've come from and where you're going to ensure that you are making progress. One of the biggest bars to the progression of females in the public service many, many years ago was the marriage bar. It forced women to resign from the service when they married. It also shows you what happens when you remove a barrier to women's workforce participation. In just three years after the marriage bar was lifted in 1966, the number of married women in permanent positions more than tripled. I love that story even though I'm still horrified that there was a marriage bar. I like the story because it says to each and every one of us in this room as policy makers is: identify the barriers. What are the barriers in your department that are inhibiting the progression of women through the department? Look at removing those barriers because clearly the evidence shows us as far as back as then – removing the marriage bar, and within three years the number of women had tripled.



Carmel McGregor PSM hosts a discussion with Senator Cash
and Lieutenant General Angus John Campbell DSC AM

In 1972 – progress wasn't fast – the Australian Public Service added its first woman to Senior Executive ranks. Progress unfortunately did remain slow. In 1974, of more than 1,000 Senior Executives, only four were women. Jump forward now to 2017 and look around the room today. Look at the absolutely sensational women, the amazing women, the incredibly well-qualified women that you have. In terms of the female Secretaries that we have here today, what amazing role models for women in this room who want to know they have a career path in the public service that ultimately means they can go all the way to the very top. Because that is exactly what you can do.

In terms of doing more though, we do have more to do. Whilst yes, we're making progress and progress is a great thing, we are not there yet. But we do have an acknowledgment – not just by policy makers, not just by the public service but by society – that we need to do more to ensure gender equality across the workplace. In fact, Amanda McIntyre today is doing her bit. She's bought her beautiful son, Joshua. Isn't it great that we have Joshua here today? A small child but surrounded by the most magnificent men and women, and for him that's just normal. He doesn't look at someone and see a man and a woman – he just sees a room full of high achieving people who are passionate about what they do.

It doesn't matter what your gender is. That is a sensational example to set for our next generation. In terms of there being more to do now, we really do have the evidence-base which shows us where we need to target our policies. It used to be the accepted view that if you change a few policies, it would be just a matter of time before more women, more talented women would fill the gaps. What we now know is that that attitude doesn't assist us in filling those gaps. It's not just about a matter of time. You need to have concerted policies put in place to ensure that the pipeline does not remain stagnant, to ensure that our pipeline is one that is just constantly flowing with women going in one end and coming out the other in more senior positions.

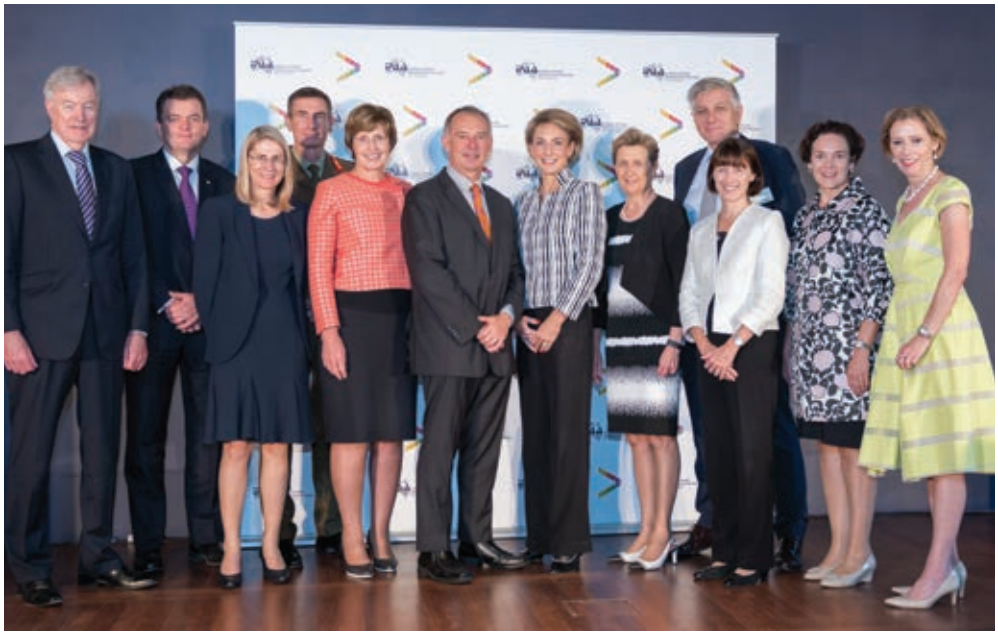
'Because whilst yes, we're making progress and progress is a great thing, we are not there yet. But what we do have is an acknowledgment – not just by policy makers, not just by the public service but by society – that we need to do more to ensure gender equality across the workplace.'

When I go around Australia and I talk to people, women in particular, about the type of policies they need their employer to put in place, whether in the public sector or the private sector, it's basically the same answer: flexibility. People say 'Michaelia, unless you can give us flexibility or the employer can give us flexibility in the workplace, we're still having to make choices that we have to make as opposed to choices that we want to make that suit our family's particular circumstances.' Again, statistics can actually tell a story. Currently, 60% of families with children have a full-time working dad and a part-time or stay-at-home mum. Reverse the situation and the statistic drops to just 3%. When you look at that 3%, what does it say to us? It says that for the majority of men, having children barely changes their patterns of work and their career trajectory, if at all.

What we need to do is ensure that when we think of flexible work arrangements, what we're not doing is just thinking about women, not just thinking about working mothers and what we can do for them. What we need to do is conjure up that image of dad getting the kids up in the morning, dad dropping the kids at school, dad requiring the flexible working arrangements, so we start to normalise flexibility in the workplace. It doesn't become about a particular gender. It becomes about the family unit, whatever that may be, and the circumstances which will suit that particular family. In terms of our expectations of women, we also need to continually challenge those expectations, the expectations or the thought processes around what is women's work and what is men's work.

I've spoken to you before about my beautiful niece. I don't have children. My niece is the reason I get up in the morning and she's just now turned 17. When I look at Alicia, I look at her in the same way I look at Joshua. A young person who has opportunity and can be whatever they want. Now, I think the joke I used last time was, 'But she will be a lawyer'. She can of course be whatever she wants! Again, that's what I see. That's why I'm so motivated in my role working with the amazing people here today and, in particular the Public Service Commissioner, to ensure that when women here think about what they want to do, there is nothing that they do not think they are capable of – but more than that, the system in which you work enables you to be absolutely anything you want to be.

In terms of flexibility in the workplace, just in relation to men in the public service, over the past 15 years, the proportion of men working part-time has gone from 1.7% to 4.3%. We are seeing progression. We have many of the policies in place. The fact that we're all here today shows that we have the willpower to make change. What we now need to do collectively is harness the momentum that we have, and continue to improve.



The Hon John Lloyd PSM, Andrew Colvin APM OAM, Dr Heather Smith PSM, Lieutenant General Angus John Campbell DSC AM, Glenys Beauchamp PSM, Dr Gordon de Brouwer PSM, Senator the Hon Michaelia Cash, Rosemary Huxtable PSM, Chris Moraitis PSM, Renée Leon PSM, Kathryn Campbell CSC and Carmel McGregor PSM

In terms of the Public Service Commissioner and in particular the balancing the potential report,[1] it's given us so many options to actually modernise the public service in a really exciting way but also to ensure that we have flexibility. I know many of the departments now are doing all-roles flex trials with the attitude of - If not, why not?

Blind recruitment processes: I talked to you last year about the example of the orchestra. Until they had a blind recruitment process whereby the only thing they were recruiting on was the person behind the screen and the music that was coming from behind that screen – it wasn't until then that they actually ensured they were recruiting on the basis of talent as opposed to gender.

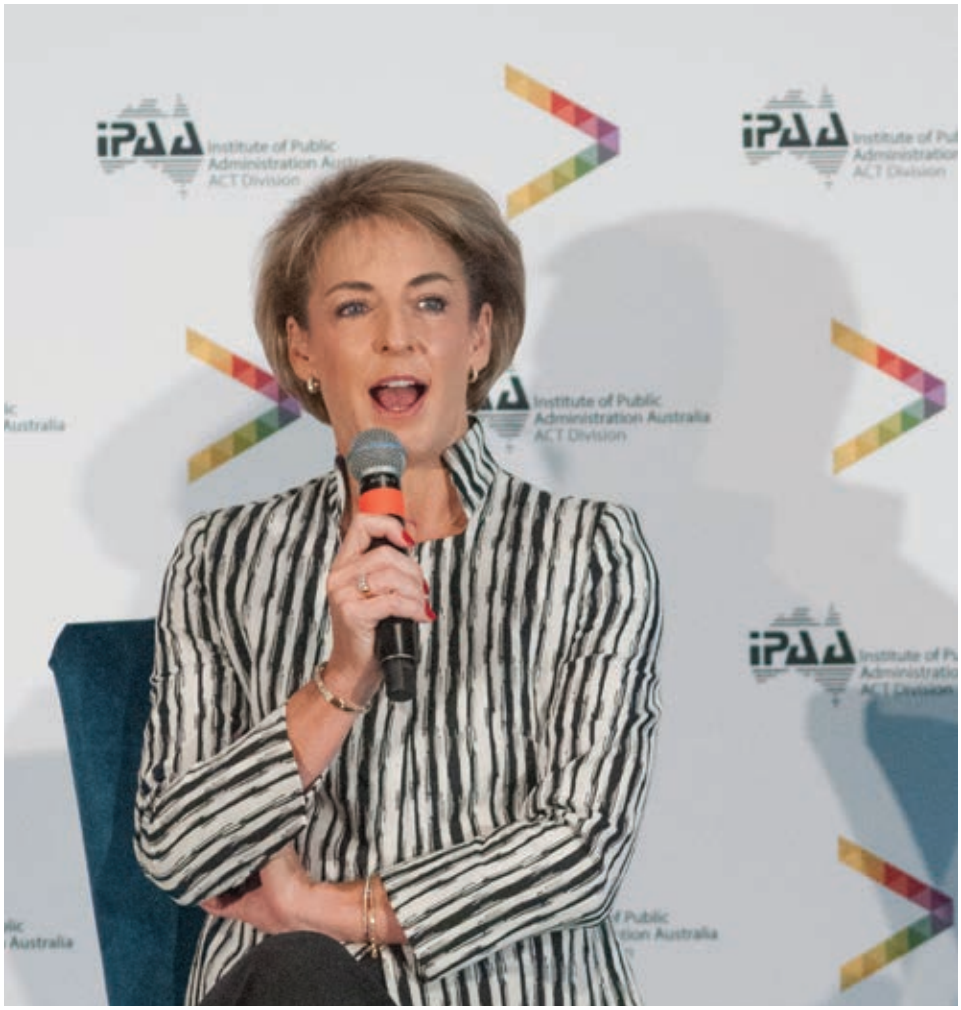
And of course, publication of gender disaggregated data for promotional rounds: transparency is a fantastic thing. Unless you know what's going on, you won't make a change.

In terms of smaller scale changes, I was fascinated to sit down with some of the Secretaries and just talk about how many of you are making changes in terms of the feel of your workplace and how those small changes are actually making a material difference.

1 Australian Public Service Commission. *Unlocking potential* (2015): http://www.apsc.gov.au/__data/assets/pdf_file/0008/80000/Unlocking-potential-APS-workforce-management-review-Design_WEB.pdf

Balancing the future: The Australian Public Service gender equality strategy 2016-19: http://www.apsc.gov.au/publications-and-media/current-publications/gender-equality-strategy

‘ … unless you can give us flexibility or the employer can give us flexibility in the workplace, we’re still having to make choices that we have to make as opposed to choices that we want to make that suit our family’s particular circumstances.’



Minister Cash addressing the audience at the National Gallery of Australia

The example that was given to me was the leadership of PM&C who last year realised that their meeting rooms were all named after prominent male leaders or as Martin Parkinson so eloquently put it at the time, either after dead white guys or white guys not yet dead. There's the head of PM&C talking. What was the solution? Well, the solution was apparently a really, really easy one, and that is – you can actually rename meeting rooms. You can rename them after inspirational women. And a change as easy as that is something that can start to send a very clear message in the workplace that everybody is valued.

In relation to some of my own personal passions and the policies that we're introducing as the government. Government boards: for too long now, we have not had adequate representation of incredibly talented women on government boards. There's no point on going over the history because that's exactly what it is, it's history. We need to look at what we are doing to change it and to ensure that women have opportunities to get onto these government boards. What we've now instituted – with the Prime Minister, Malcolm Turnbull, who is absolutely committed to gender equality – is that instead of the 40/40 ratio we've said, 'No, we've got to go to 50/50; you have to have gender balance on government boards'.

But it's not just about saying it – it's about what you are doing to achieve it. What is the government to ensure that the government does achieve 50/50 in terms of gender balance on government boards? We have put in place a range of processes. If you are presenting us with a male candidate, we require justification of why they were not able to find a suitably qualified female candidate. I now provide my fellow cabinet ministers on a regular basis with a list of all upcoming vacancies in their boards and the gender balance, so they have the information at their fingertips. Sometimes when you provide people with information, it's just what they need.

We also have the government database BoardLinks.[2] This is a fantastic resource in particular for cabinet ministers to go to, to find suitably qualified women. On the 1st of July, for the first time, the data in relation to board appointments – and not just government appointments but also the external nominating bodies, whether an employer association or an employee association – will be published. We will all be able to know whether or not you're doing your bit to ensure gender equality. For too long we focused on the figures of government when often, for example in the employment portfolio, I had very limited discretion on my boards. The majority of my boards are nominated by external bodies and I have to accept their appointments.

We're going to shine the light on the whole process so people can actually then hold employer associations or employee associations to account should they see fit. At the end of the day, the women are out there. We just need to ensure we're doing what we can to give them a go in the process.

Ladies and gentlemen, I've probably spoken for a little longer than I should have but it is just so fantastic to be amongst a group of people who are so committed to doing what they can to further gender equality in the workplace. I am giving a talk at the Commission on the Status of Women in relation to what we're doing in the public service. We really are world leaders. When I get to New York next week, I look forward to sharing our success story and also setting out for other countries what we will continue to do to ensure that when we talk about gender equality, we're the shining-light example of someone who has actually achieved it. Happy International Women's Day. Thank you very much.

2 BoardLinks: https://www.boardlinks.gov.au/

IPAA EXECUTIVE ASSISTANT SERIES

DEPARTMENT OF THE PRIME MINISTER AND CABINET
THURSDAY 6 APRIL 2017

Recognising the Role

RHANA CRAGO PSM

EXECUTIVE ASSISTANT TO THE SECRETARY
OF THE DEPARTMENT OF FINANCE

'Find something that actually makes you happy, that does help you switch off, whether it's a sport, or a craft, or socialising. Find the thing that just puts a smile on your face.'

RECOGNISING THE EA ROLE: A CONVERSATION BETWEEN RHANA CRAGO PSM AND DREW BAKER

Rhana Crago PSM
Executive Assistant to the
Secretary of the Department of Finance

Drew Baker
Chief Executive Officer,
Institute of Public Administration Australia

Leonie McGregor: Today we're here to recognise the role of executive assistants, but in particular, we're going to recognise the role of one really super EA, Rhana Crago, who is now Rhana Crago PSM. Rhana has received a Public Service Medal for outstanding public service in the role of executive assistant in the health and finance portfolios, an honour very well deserved. I'm sure she'll have a lot of great insights and tips for all of you here today. Please welcome Rhana Crago and Drew Baker to the stage.

Drew Baker: Welcome, Rhana. Congratulations.

Rhana Crago: Thank you, Drew.

Drew Baker: I've got a series of questions here, a series of items for us to discuss, but I think I'll kick it off with the PSM. Congratulations, but what does it mean for the EA role?

Rhana Crago: Drew, I think sometimes as EAs we tend to forget that what we're actually doing is really critical. It's important, and maybe we don't think that the recognition is there. I see this purely as recognition of the role. That's the critical point for me. This is recognition of the role.

It is an absolute honour for me to become part of the group of four EAs who have been recognised in this way. I'm going to take a moment to name them. Initially there was Joan Wilkinson. There may be a few people here who might remember Joan. She was the very tolerant, hardworking EA to Max Moore-Wilton, who was Secretary of the Department of the Prime Minister and Cabinet. Max was a formidable man. He was known as Max the Axe. Joan was an incredible woman. I watched Joan handle a difficult position, in some very trying times, with absolute aplomb.

We have Beryl Knox, who unfortunately is not here today, but I think most of you would have come across Beryl over the years. Beryl was a lovely lady, a very quiet lady, very diligent. She was Dr Watt's EA for almost as long as I was with Jane.

Then we have Sharon McCluskey, right down here. I just want to say Sharon – I've told you this before, but I'm happy to share with everybody – you may not have realised it but you had a huge impact on my career as an EA. I think you are the epitome of a professional EA. Your mentoring of other EAs has been unwavering. I could just be so gushy about you, Sharon, but I really do thank you for your friendship and your support over the many years I've been doing this, because I don't ever remember being an EA in the public service when you weren't around. I'm blessed. I'm blessed to be in the company that I'm in, and thank you.

Drew Baker: I have to add a few words. IPAA engages with a lot of EAs across the service, and when Rhana received the PSM, the response was fantastic. People said just how great it was, not just you being recognised personally but the role, as you said, the importance of the role being recognised, with some commentary about what a formidable EA you are, what a professional EA you are. When we at our EA committee talked about an upcoming event, and Rhana had been recognised, we're just so pleased you could be here today.

Rhana Crago: Thank you.

Drew Baker: Let's move on. We've got a whole range of things to cover here. Rhana and I had a coffee a few weeks ago, and what struck me was the passion with which she talked about her role. My question to you is, 'Why do you love your job, because you obviously do? What is it about this role that's kept you going?'

Rhana Crago: For me, it's the people. I'm blessed to have had fabulous people to work for and with over the 17, 18, whatever years that I've been doing this. I had twelve and a half years at Health, and had amazing people around me at Health. Now at Finance - there are some of the amazing people that I work with at Finance sitting right down here, who I'm sure are going to take an opportunity to embarrass me at some stage, but they're amazing. The relationships make doing the job a heck of a lot easier.

We all have the tools that we need to do the jobs. We have the computers, when they're working! We have the phones. We have the mobiles. We have all of the remote facilities to do the job, and that's fine, but I think it's the people and the relationships that can turn it from a job into a fantastic career, and something that you love doing. Frankly, if you don't love doing it, it's harder to get up in the morning and come to work. I love getting up. No, I hate getting up in the morning, but it's not because I don't want to go to work. I love being with all the people that I'm with. We have a lot of fun. You defuse some extremely tense moments just with a little bit of humour.

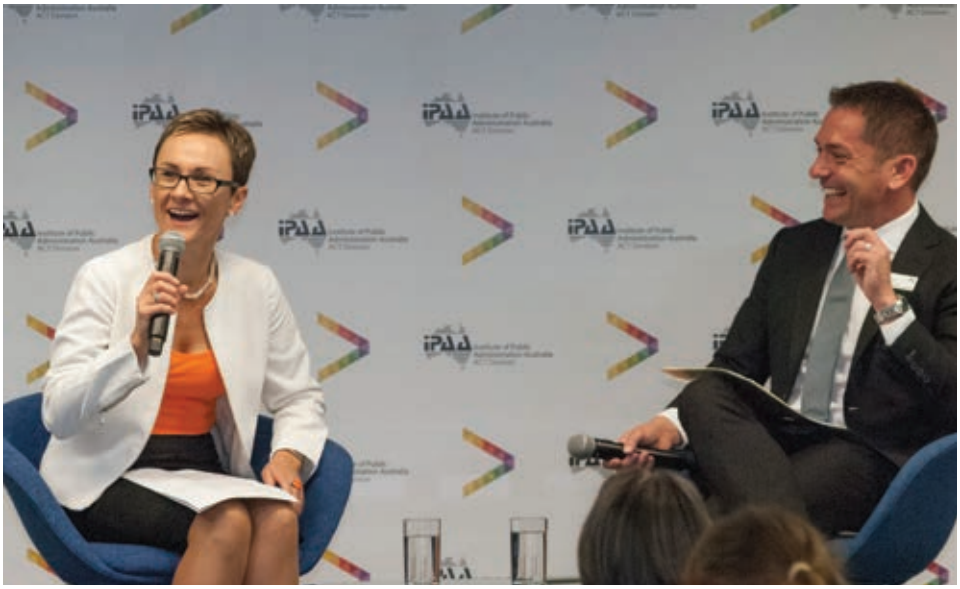
Slap on a smile, and it can just make the day that much easier than dealing with a lot of the other crap that we are actually dealing with. We have a lot on our plates. Just take a bit of time to have a little bit of fun. We spend a lot of time with the people that we're sitting next to, with the people that we're supporting. You might as well enjoy it, and if you don't enjoy it, then you need to find something that you will want to get out of bed and go to. Is that cheesy?

Drew Baker: No, not at all. How long has it been, as an EA?

Rhana Crago: For me? I started as an EA to Jane Halton in 2001, the beginning of 2001, and as most of you know, stuck with Jane for the best part of 17 years. It was the longest relationship I ever had, sadly. No, not sadly. She's amazing. Now I'm working to Rosemary Huxtable. I've been in an EA role since the beginning of 2001.

Drew Baker: So, Jane and Rosemary. We talk about women, we talk about gender in IPAA quite a bit. That's two incredible women you've worked with. Talk to me about them. Talk to me about working with them, about the experience of working with two such passionate and awarded women.

Rhana Crago: I've actually been blessed in the sense that I've worked for three amazing women. Before I started my position with Jane, I worked to a lady by the name of Senator Jocelyn Newman, who was a minister in the Howard government. I started working for her in an electorate officer role, so not EA, but I started in 1996. That was a full-on job. You do learn some of the administrative qualities that follow through to an EA. Jocelyn was a particularly



Rhana provides some entertaining comments during her discussion with Drew Baker

determined woman who, like Jane and Rosemary, juggled family, juggled an incredibly high-profile position, so watching what she did was completely inspirational.

She then retired, and I went for a public service EA position because one of our Department Liaison Officers said, 'Rhana, you need to know how to apply for a job in the public service'. I did, and sent in my application not thinking another thing, and then I got my interview. I thought, 'My God, what am I doing?' I was interviewed, and then shortly after that, I was told that I'd won a position to a deputy secretary at Prime Minister and Cabinet, without being told who that deputy secretary was. I had known Jane, had met Jane several times. No, I should say I had seen Jane storming through our minister's office and storming out again, as only Jane can do, so when I was advised that I was going to be placed with Jane Halton, I nearly fell to my knees. I thought, 'What have I done?'

Seventeen years later, I have watched Jane go through some incredibly arduous times. I have to be careful how I say this - I don't think that a man in a similar position would have been put under the scrutiny that I saw Jane go through, and I'm going back here. In my first year with her, it was a particularly huge year at PM&C for a range of reasons. I'm not even going to touch on any of that, because it's past history, but I watched her juggle an enormous, pressured workload, huge issues. She was scrutinised forensically by media, by doubters and, unfortunately on many levels, by some of her peers. She handled that incredibly, all the while juggling two young boys, who are now two fabulously successful young men in their own right, with amazing support from her partner. I often think, 'Had you been a man, I'm not sure that you would have copped the scrutiny that you did as a woman'. We have mostly women in this audience, and I'm sure most of you are mothers. You have amazing organisational skills, and you can juggle anything, and I watched Jane do that.

Now the same with Rosemary. I've known Rosemary almost as long as I've known Jane. I sat on the sidelines and watched her come up through the ranks of FAS [First Assistant Secretary] to Deputy Secretary and now to Secretary, again raising three young boys who are now lovely young men, with support from her partner as well. The pressures on these three ladies that I've had the opportunity to work with have been amazing, and watching them do that has been completely inspirational to me as a woman. I'm just in awe of them, and I'm in awe of what they do.

Drew Baker: We had the pleasure of hosting Jane's valedictory last year, and just her career, phenomenal, everything she's achieved.

Rhana Crago: Yeah, amazing.

Drew Baker: Do you keep in touch with her?

Rhana Crago: Absolutely.

Drew Baker: What's she doing?

Rhana Crago: Drew, after 17 years, do you think she's going to get rid of me that quickly? In fact, we had dinner just the other night. It was a dinner for the PSM awardees, and a huge honour for me. I had, not only my partner Gary, my long-suffering partner Gary, but I had Jane and Rosemary there by my side. I remember looking around the room and hearing the stories of the amazing other recipients of the PSM, and Dr Parkinson with his AC, and I sat there and thought, 'Wow, for whatever reason, I'm being included in this esteemed group of people'. That is a huge honour. To sit there with my former boss and my current boss by my side was just amazing.

Drew Baker: Pretty special.

Rhana Crago: Yeah, pretty special. Jane is still very much part of my life. She's as busy as ever, but anyone who knows Jane will know that she's like a fly in a bottle. Yeah, we keep in touch, and it'll stay that way.

Drew Baker: If Jane was your longest relationship, you've just had a change in your relationship.

Rhana Crago: I have.

Drew Baker: A new partner.

Rhana Crago: Yes.

Drew Baker: Talk to me about the transition. How do you do that after such a long time working particularly with someone like Jane? How did it go?

Rhana Crago: Do you know what, Drew? In many respects, having worked with one person for so long, I haven't had to deal with transition probably as much as many of you here have. I'm sure there are a lot more of you here that are better placed to talk about transition, but just from my own experience, the transition was harder moving from Health to Finance. Whilst I did that with Jane, I'd had a long time at Health, I'd built up amazing relationships there. I was a little in my comfort zone, but that's a strange thing to say, because Health is a huge beast of a portfolio. It's probably not one that you get completely comfortable in, but after twelve and a half years, there was an element of familiarity.

For me, the transition to Finance was difficult because I was leaving a lot of the people that I was so used to dealing with and who had supported me so fabulously. I'm going to bring this back to the relationships that you have. As I said before, you can have the tools to do your job, but the relationships to me are huge. I found myself at Finance, where I think a lot of people were maybe a little wary of this new secretary who'd come along, and her EA, and were probably treading a little carefully. I felt a little bit lost for a while. A couple of times I said to Jane, 'I want to go home'. She said, 'No, you're fine. Get back out there'!

I realised that it's about getting to know the people that are supporting you. The transition to Finance was fantastic, because I had amazing support. I'm going to single out Kate Charlton, who is sitting just over there, who was our Executive Officer, the Executive Officer to the Secretary when I came along. I hadn't worked with an Executive Officer. I wish we'd known that sooner, because what a blessing Executive Officers are. There's another one down here,

Chris Flinders. I thank Kate for the incredible support that she gave me and we have a wonderful friendship now. The other people that we dealt with – it was a matter of building relationships to make that transition smoother.

Simply speaking, the transition from Jane to Rosemary is another one where it really hasn't been difficult because I already had a relationship with Rosemary. While we didn't work particularly closely, we certainly knew each other, so I think a lot of the hardest part of the change was done, because we knew each other. For me, it's now just tweaking things to adapt to a different style, and Rosemary works differently to Jane. There are some similar qualities there. They're both very determined. They know what they want. They're out there working to achieve things.

Rhana addresses the audience at the Department of the Prime Minister and Cabinet

With that level of transition, I've been pretty lucky that it hasn't been difficult, but I would suggest that if you are changing positions or things, just build up the relationships with the people that are around you, because they're the ones that will actually make your life a little bit easier.

Drew Baker: I'd like to tap into some of your expertise now, Rhana. What I'd like to do is to start with an opportunity for you to put out there a piece of advice you would give a new EA. One of the things we've learned with this EA series is there are a lot of people coming into the system. Building on your 17 plus years' experience, what would your piece of advice be, either to new EAs or to the whole audience?

Rhana Crago: Drew, trying to whittle it down to a single piece of advice is almost impossible, but I do want to touch on something that I've heard over my 450 years around the traps that has always worried me a little bit, and that's the use of the term that EAs have 'power'. It's true. We do occupy positions of power. We work for people who are in positions of power, so in many senses, we have 'power by proxy'.

However, that whole idea of EAs having power I think is open to a lot of misinterpretation. I've seen some EAs in the past that have probably fallen down slightly because I think they've had a slightly distorted vision of what power is. I have never considered myself to be powerful. As far as I'm concerned, the people that I work for have power. What I do consider is that I'm in a position of privilege. I would much rather get the message out that you're actually in an enormous position of privilege.

Power sounds like something that can be abused, and I can tell you now, if you do that, if you get caught up in the idea that you are powerful, it's going to come undone. You respect the position that you're in, respect the person that you're working for. Treat people with some kindness, some dignity, and some respect, and you're going to get so much more back from the people that are ultimately supporting you than if you take the approach of steamrolling because of this sense of power.

'That whole idea of EAs having power I think is open to a lot of misinterpretation. … I have never considered myself to be powerful. As far as I'm concerned, the people that I work for have power. What I do consider is that I'm in a position of privilege. … So respect that and don't get caught up in 'the power'.'

I think that's probably the one. Of all the things that I could suggest are key pieces of advice, I think that's the one that I really am conscious of. It is a position of enormous privilege, so respect that and don't get caught up in 'the power'.

Drew Baker: Thank you. I think it's a good message. The flip side of that is a piece of advice for what should an EA never do. What's a career-limiting move that you commonly see? Tell us that.

Rhana Crago: Burst into song and dance or something up here!! I could do that! You laugh. What not to do? Don't hide from mistakes. We all make mistakes, but when you realise you've made a mistake or something hasn't gone right, put your hand up, go in, talk to your boss, lay it on the line, explain that you won't let it happen again or provide ways of fixing it, but don't try and hide from them.

I guess one of the examples for me was in the first 12 months of working for Jane, when I was still terrified of her! I can't remember exactly what it was that I'd done, but I'd stuffed something up monumentally. I remember sitting quivering in my chair, and I turned to my colleague who sat beside me, lovely lady, and I said, 'Oh my God, this is what I've done. What am I going to do?' She very helpfully said, 'Oh crap, Jane's going to kill you'! 'Yes, I feel so much better now!' I had another brief reassuring chat with that colleague, and then when Jane got into the office, which happened to be late one day, and she was tired, and I thought, 'This is just not going to be good', but I barrelled in and I said, 'Jane, I've stuffed up …' whatever it was. I was met with the steely glare that Jane's very good at (I love her dearly, I really do!) I was met with the steely glare, and I said, 'Jane, I'm sorry. This is what I've done. I'm doing this to sort it out, and I will do my very best to make sure this doesn't happen again'. I could feel my backside tingling from the spanking I was about to get. She looked at me and she said, 'Right, okay. I'm not happy, but you're on it. You won't let it happen again. Okay'.

'Right'? 'Okay'? Where's the backside spanking? What's happening? I walked out, and I spent two days thinking, 'It's going to come. I'm going to get into some real trouble. She's going to process this', but she didn't. We had conversations, because over the 17 years or so, there were times when I had to go in to Jane, and we had to say, 'Oh God' and it's not a good feeling. But you stand your ground, and you say to them, 'This is what I've done. This is what I will do to fix it, and this is what I'm going to do to try and make sure it doesn't happen again.' Ninety-nine point nine per cent of the time, you'll be fine. They will respect that. They will respect you for being upfront. The minute you try and hide, or lie about anything, or make it somebody else's fault, you're doomed. You just need to be upfront. That's probably one of the other key things I would get out there.

Drew Baker: I think that's great advice, but I think that's great advice for all of us, across the board.

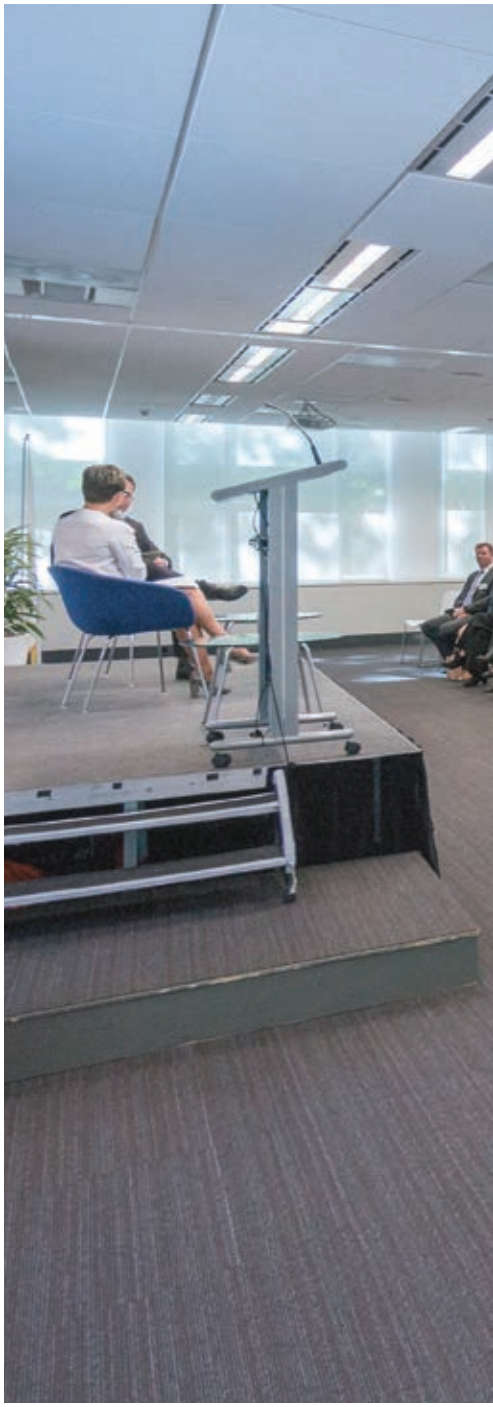
Rhana Crago: Yeah, absolutely.

Drew Baker: One thing that strikes me, Rhana, is you've been through this journey, and yet you're upbeat, you're positive, you're looking at what's coming next. Talk to me about resilience and work–life balance. EA to a secretary, you're always there, it's a role that requires incredible commitment and dedication. So, talk to me about how you manage the work–life balance. Talk to me how you keep that personal resilience up. How do you do it? What are your tips?

Rhana Crago: Again – I'm always harping on my personal experience – I'm probably not the best at work–life balance, if I'm going to be brutally honest, but I'm okay with that. I'm okay with what I'm doing, where I'm doing it, how I'm doing it, and the length of period in a day I'm doing it for. I think it is important to find a work–life balance that suits you. We're all individuals. We all have completely different needs. We have different things that we want to achieve, so we have to find ways of making that work whilst at the same time effectively supporting our supervisor, our boss.

I think it's important to have conversations with your boss about your needs and how you best juggle your work with your family life. I came out of the hospitality industry originally. I had 10 years in hospitality where I ended up being live-in manager of a hotel in my late 20s, a nice little boutique hotel, where I think I had nine months straight without a day off, but I loved what I was doing. I was lucky that I didn't have family commitments, so I had the chance to do this role. I loved it. The free-flowing coffee was a huge bonus, and a requirement!!

I came out of that, the hospitality industry which is intense, into working for a minister, which is also intense. It was especially hard there. They have extremely long hours there. You were juggling, but you made it work. You fit in with them. You find the balance with your family. I'm blessed now at Finance because we have incredible support amongst the team, and I have my colleagues down here, Christopher Flinders, Laura Demamiel, Amal Mueller who's not here, and all the other EAs. I think we all just pitch in to help each other out. I like to think that we do.



RECOGNISING THE ROLE
RHANA CRAGO PSM
Executive Assistant to the Secretary
of the Department of Finance

Rhana talking about her role as an Executive Assistant

RECOGNISING THE ROLE
RHANA CRAGO PSM
Executive Assistant to the Secretary
of the Department of Finance

‘The EA role is just such a wonderful career opportunity. … I wouldn’t be doing it, I wouldn’t have done it for this long, had I not found it to be challenging and rewarding. … The EA role is a great career choice, and not just for us ladies. I’d love to see more guys in the position.’

Left to right: Sheryl Dyer, Kerry Collins, Sharon McCluskey PSM, Rhana Crago PSM, Tanya Ripoll and Nicola Hanrahan.

The work–life balance is, I think, about having the conversation with your boss to make sure it's working for both of you, and then spending quality time when you are with your family. This may not be a great thing, but I think now that we all have mobile devices, this is one of those flip situations where you can at least leave the office, but it still means that you can work as well – you might be able to do it with your family. But yeah, I think – learning to juggle, fitting in with your boss.

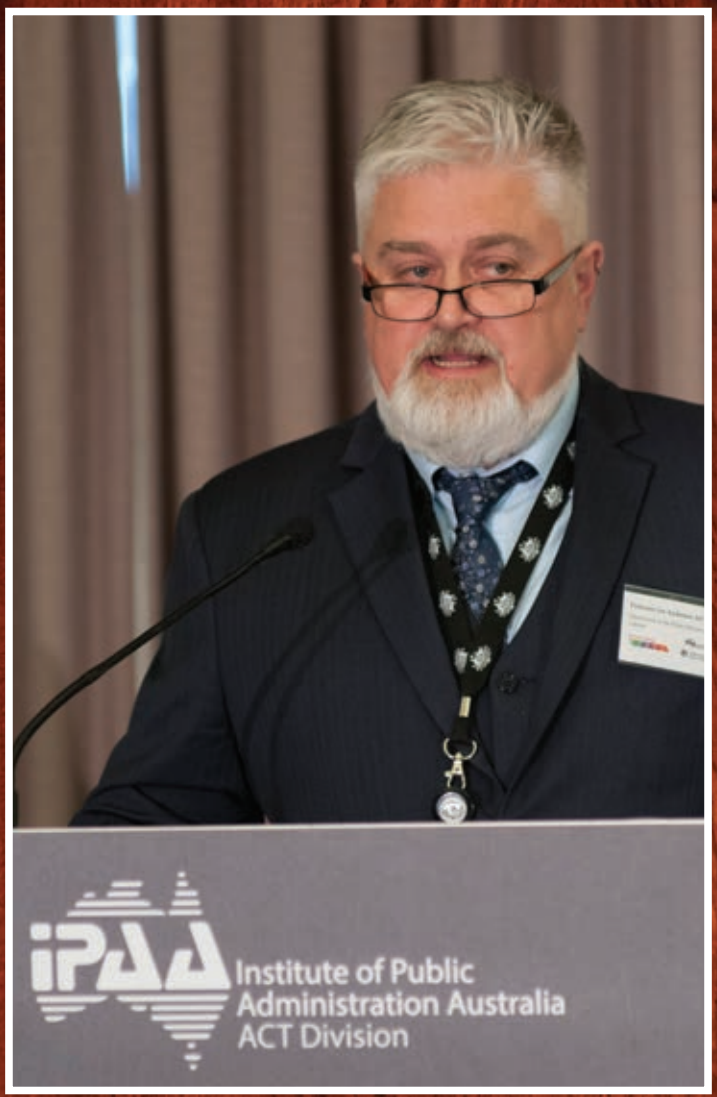
Drew Baker: How do you switch off? What's your release valve? How do you get away from it all?

Rhana Crago: Do you know what? I haven't really ever been great at switching off, but that's me. In the last 12 months, and I've driven my colleagues nuts about this, I've taken up stand-up paddle-boarding. There's one of my colleagues down here I'm also trying to convince to come with me - Sharon McCluskey. I've actually found something that I do. I go out, I get out on that Lake Burley Griffin sludge, and away I go. Oh, the lake's not actually that bad, but I've found something that gets me out in the fresh air. The one thing that I do on the weekends is I don't stay inside. That's going to change now because of the weather, but get out in the fresh air. Find something that actually makes you happy, that does help you switch off, whether it's a sport, or a craft, or socialising. Find the thing that just puts a smile on your face and does help you switch off. For me at the moment, that's stand-up paddle-boarding. Great for the core, ladies, I really highly recommend it!

Drew Baker: Thank you. I'm really keen to turn the conversation to the audience, to let the audience ask a few questions, but I just wanted to ask before Leonie jumps up, is there a parting message you'd like to give? Is there anything else you'd like to say before we open to the floor?

Rhana Crago: I think what I'd like to say to you is that the EA role is just such a wonderful career opportunity. I know I get gushy and it sounds nauseating, but I think it really is, it can be incredibly rewarding. It can be a stepping stone to something else. We have amazing opportunities to learn about other roles in this position, so if we decide we want to take a different direction, we have enormous scope to be able to do that, but I'm going to be all about saying to you, 'It's a wonderful career'. I wouldn't be doing it, I wouldn't have done it for this long, had I not found it to be challenging, rewarding, all of those things. The experiences that you get, the relationships that you build up, the fabulous people that will cross your path, it's just wonderful.

Please put the message out there that the EA role is a great career choice, and not just for us ladies. I'd love to see more guys in the position, I really would. I don't think it needs to be this heavily gender-specific. I really do – I love the job. I just highly recommend it as a career choice. It can take you to some amazing places, and one day, I could be sitting in the crowd here listening to one of you talk about how much you love the job. With any luck, there'll be somebody else that has the honour of being awarded a PSM, which is just mind-blowing.


IPAA
Institute of Public
Administration Australia
ACT Division

OLD PARLIAMENT HOUSE
FRIDAY 16 JUNE 2017

Marking 50 Years of Indigenous Affairs

PROFESSOR IAN ANDERSON AO

DEPUTY SECRETARY, INDIGENOUS AFFAIRS,
DEPARTMENT OF THE PRIME MINISTER AND CABINET

'Government agencies will need to prepare themselves to work collaboratively with Indigenous Australia at a scale and depth we haven't seen before.'

PROFESSOR IAN ANDERSON AO
Deputy Secretary, Indigenous Affairs,
Department of the Prime Minister and Cabinet

INTRODUCTION

Ya Pulingina. Pangkerner Ian Anderson Palawa Trowunna: Trawlwoolway, Pairrebenne, Plairmairrerenner. Kartoometer mynee Ngunnawal teeanner. Carnee meenee nenener nicer Lanena.

I acknowledge the traditional owners of the land on which we meet, the Ngunawal and Ngambri peoples, and pay my respects to their Elders past and present.

This year is the 50th anniversary of the 1967 referendum that confirmed the Commonwealth's duty to make laws to benefit Indigenous Australians, and launched Commonwealth Public Administration in Indigenous affairs at a national level.

Next year marks the tenth year of Closing the Gap, through which all Australian Governments committed to specific targets for reducing inequalities in Indigenous life expectancy, mortality, education and employment.

The Prime Minister said in his 2017 Closing the Gap annual report to Parliament that now is the time to look back at what we have learned, what has worked and where we need to focus our efforts to drive greater change.

There's a shared sense among Indigenous leaders, governments and the wider community that, despite the significant progress made in some areas, we need to do better.

LOOKING BACK

If we look back at the period since the referendum, we do see significant progress.

The Prime Minister's 2017 report showed improved outcomes in several areas of Indigenous disadvantage: reading and numeracy for Indigenous children, Year 12 or equivalent attainment, and reduced infant mortality and smoking rates. This progress puts to bed the mythology that Indigenous disadvantage is a problem with no solution.

But we can't shy away from areas where things haven't gone as well as we had hoped. Looking back, a few broad lessons stand out.

We have relied too much on one-size-fits-all approaches that fail to recognise the diversity of Indigenous Australia and the different strengths, challenges and priorities of different communities.

We've chopped and changed without a long-term vision to keep us heading in a consistent direction.

We've overreached, both in terms of what government can achieve and in how it can go about it.

And underlying these, we have not engaged sufficiently with Indigenous Australians on the things that matter to them. This, it could be said, is one area in which the national approach has shown substantial consistency.

Nevertheless, Indigenous Australia over the decades built a robust Indigenous community sector.

In the 1960s, Indigenous leaders were almost invariably activists. The activist generation went to the barricades for land rights, civil rights, and sovereignty. They built an Indigenous community sector from the ground up. Their legacy is significant and enduring.

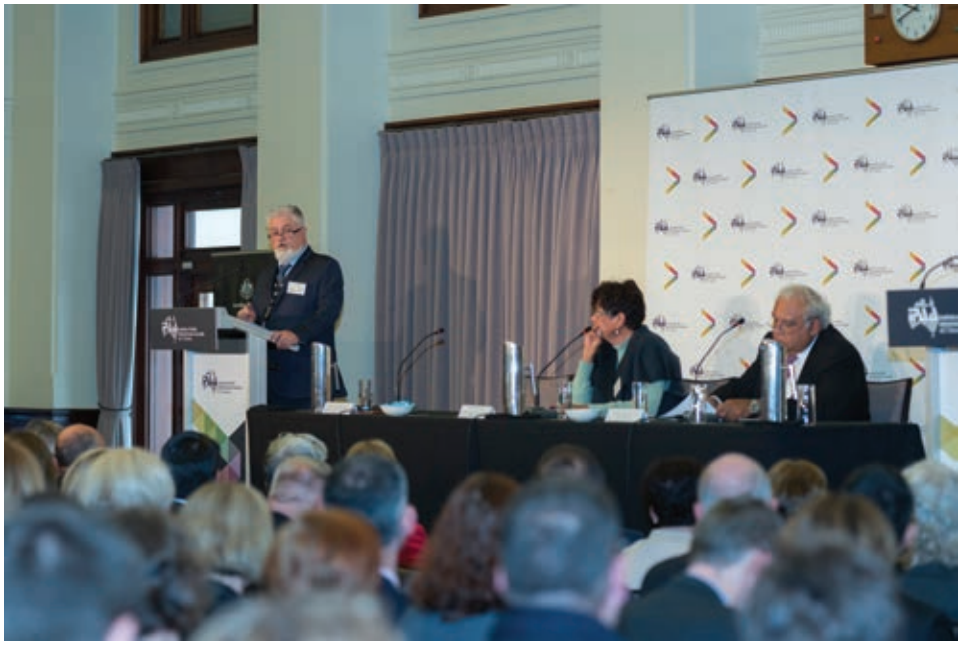
And we should not forget the important contributions of non-Indigenous leaders over the years.

More recently, growing numbers of Indigenous people have gained access to professional skills and education. Indigenous society has changed somewhat.

We now have an Indigenous middle class working at all levels in government, the private sector, universities, and of course continuing in the leadership of the community sector.

Indigenous leaders are now in boardrooms, and we have a growing Indigenous business sector, helped by initiatives like the Commonwealth's Indigenous Procurement Policy and the support of corporate leaders across Australia.

The current generation of Indigenous leaders brings a new style of leadership and diverse capabilities and experience to the table. This is a



Professor Anderson with Patricia Turner AM
and Professor Tom Calma AO

great asset and an opportunity as we look ahead to the next stage of Indigenous development.

TRANSFORMING PUBLIC ADMINISTRATION

Public administration has been changing too.

Peter Shergold describes Indigenous disadvantage as one of the 'wicked problems'. It is his favourite example.

As ANZSOG has been telling us for many years, the challenge these problems pose for government is that tackling them requires a combination of new ways of thinking and new ways of working.

They require system-wide responses with policy development and delivery coordination across multiple agencies and levels of government, as well as between government and other sectors.

And the public sector has, gradually, taken this message to heart. We have gained increasing experience with such joined-up approaches in recent years.

However, as ANZSOG has also told us, government alone has little hope of making inroads into wicked problems because their solutions rely as much on the active participation of citizens as on the delivery of government programs or benefits, no matter how well joined-up.

The key to Indigenous disadvantage is not just what governments do, but what Indigenous people and communities do.

That means we can't just solve the problem of Indigenous disadvantage for Indigenous people, we have to solve it with Indigenous people.

'We have relied too much on one-size-fits-all approaches that fail to recognise the diversity of Indigenous Australia and the different strengths, challenges and priorities of different communities. We've chopped and changed without a long-term vision to keep us heading in a consistent direction.'

Governments are beginning to gain experience working in partnership with Indigenous communities too, for example with regional planning in health, the Empowered Communities agenda in eight different sites across the country, and the local decision-making framework in New South Wales. These are very positive directions. The next phase of Indigenous development will require us to normalise these ways of working as part of the fundamental approach to Indigenous affairs in this country.

WORKING WITH INDIGENOUS AUSTRALIA

This doesn't mean government plays a lesser role. But it requires us to shift our mindset from trying to find all the solutions, to creating an environment that helps solutions be found by a much wider range of actors. This creates a space for innovation. The most important of whom are Indigenous communities and people themselves.

It means we must place collaboration, transparency, and accountability at the centre of the way we do business with Indigenous Australia. As we look forward to the next decade of Indigenous development, government agencies will need to prepare themselves to work collaboratively with Indigenous Australia at a scale and depth we haven't seen before.

What capabilities and institutional reforms are required to achieve this?

We will need to learn to share leadership and accountability in ways we still aren't used to doing.

We will need to sharpen our capability to activate current and emerging Indigenous leaders across many sectors, and find ways to bring them into the tent where they can contribute their skills and experience in all aspects of policy design, implementation and evaluation.

We will need to learn how to build relationships that are more than just a series of transactions. Relationships in which public sector leaders and Indigenous leaders make decisions together and are accountable to one another and the community wherever programs and services interact with Indigenous Australians.

This is much more than allowing Indigenous leaders a seat at the table to give their perspectives from outside, while the way we administer programs and services carries on more or less as usual.

It means collaborating as partners with the communities those programs serve – with who and where they are.

Place-based approaches have to be central, because relationships like this can only be built directly with the people and communities concerned. Local relationships are the only way to understand local strengths and challenges, and the only way to create the trust and buy-in that allows space to innovate, experiment and adapt.

We will need to recognise the different starting points of different communities and the need for pathways that can be sequenced and tailored to

local needs and priorities. Not all local communities can move directly to local decision-making, and our approach has to build on existing successes and infrastructure rather than riding over the top of them.

We will need to make the best use of existing Indigenous organisations and local governance structures which have cultural legitimacy. This is nothing more than the principle of subsidiarity.

And we will need to invest in further developing this infrastructure at the regional or local level, building community capabilities, systems to support the deeper level of engagement and agency that the new way of working requires.

LEADERSHIP WITHIN THE PUBLIC SECTOR

Governments will also need to activate their own leadership, at all levels. This applies right across the public sector, beyond the Commonwealth and state agencies with direct responsibility for Indigenous affairs to all those who are employing, working with and delivering services to Indigenous Australians.

We have to stop thinking about Indigenous affairs as the job of only Indigenous affairs departments. Across all governments, this accounts for only around 7% of total expenditure on services to Indigenous people.

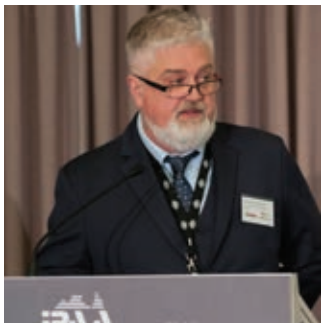
Every agency needs to be held accountable for its performance in respect of Indigenous Australians just as it is for all Australians.

That means non-Indigenous leaders across the public sector need to understand their responsibilities and have access to the tools, capabilities, networks and knowledge they need to meet them.

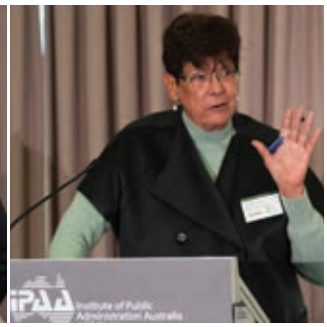
Non-Indigenous public sector leaders will always be vital to the success of this agenda, but they don't often come with a strong background of knowledge and experience in Indigenous issues. This needs to be addressed. In my experience, non-Indigenous leaders are paralysed because they feel that they are ill-equipped and worry that someone will call them out for being racist.

And of course, Indigenous public sector leadership is critical. The current approach to building the public sector Indigenous workforce is well past its use-by date. It focuses on entry-level programs and assumes a sort of 'trickle up' model that looks increasingly constrained given the growing numbers of skilled and experienced Indigenous professionals working outside of government.

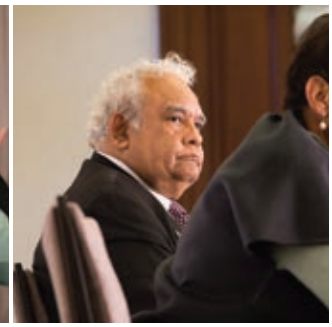
We haven't yet thought through how to harness the opportunity these leaders outside of government represent for growing the Indigenous leadership in the public sector, especially in the middle levels and at the top. We need to.



Professor Ian Anderson AO



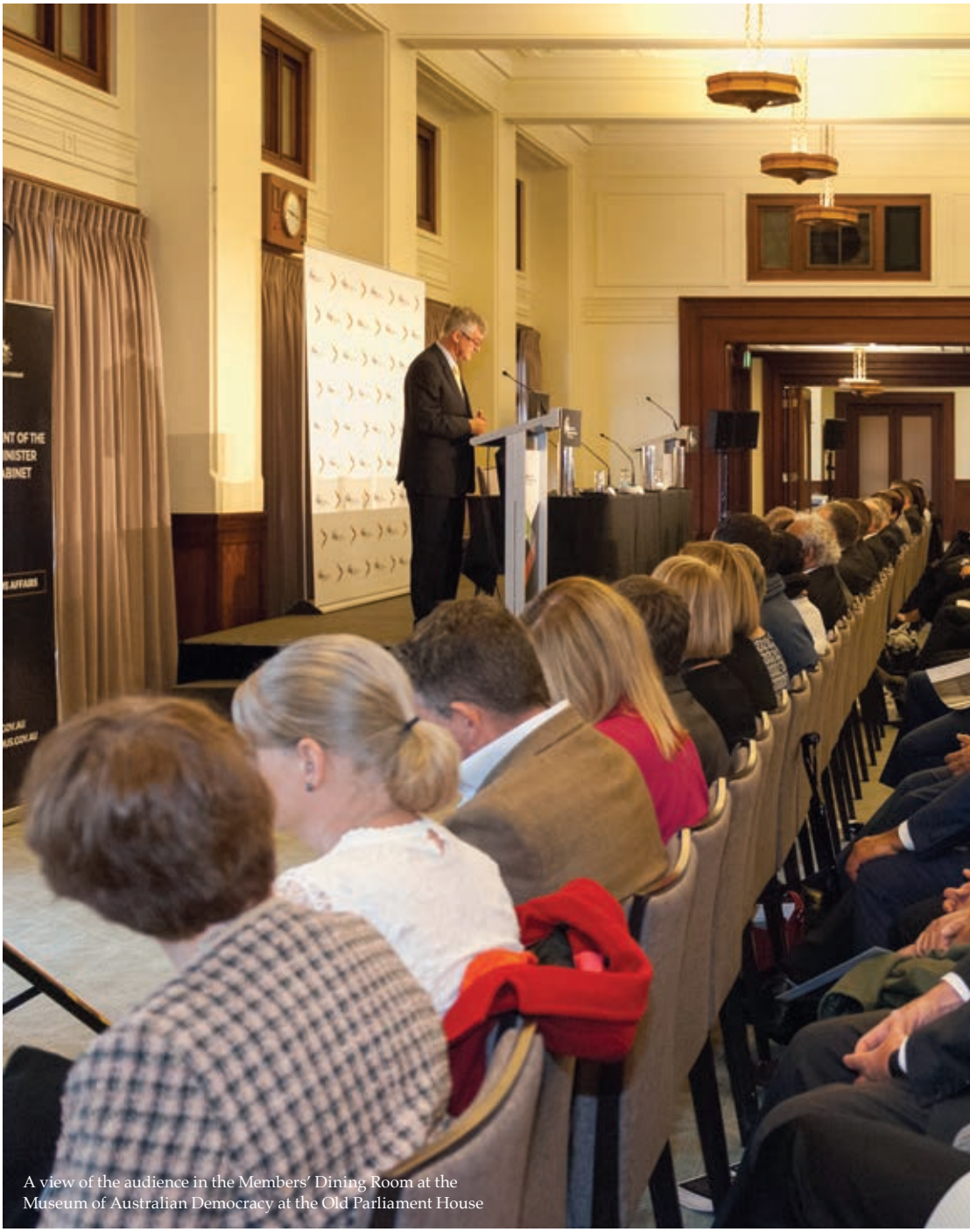
Patricia Turner AM



Professor Tom Calma AO

MARKING 50 YEARS OF INDIGENOUS AFFAIRS

PROFESSOR IAN ANDERSON AO
Deputy Secretary, Indigenous Affairs,
Department of the Prime Minister and Cabinet



A view of the audience in the Members' Dining Room at the Museum of Australian Democracy at the Old Parliament House

PROFESSOR IAN ANDERSON AO
Deputy Secretary, Indigenous Affairs,
Department of the Prime Minister and Cabinet

AN AGENDA SHAPED BY DATA AND EVIDENCE

I want to highlight the importance of data and evidence to this agenda. In the past we have tended to rely too heavily on gut feel and ideas that sound good but don't have much to back them up beyond their ability to generate enthusiasm.

Looking forward, we have a lot of work to do to ensure our future approach is systematic, rigorous and transparent enough to give us a solid basis for program design and resource allocation.

Why is this important?

High quality, granular data is key for local and regional decision-making. It is very difficult to build accountability without it – how can you hold someone accountable if you don't know what's happening?

Equally, it's key for generating buy-in from leaders in the Indigenous sector and in government – if you can show something is working and having a positive benefit, half your work is done.

And no less importantly, it's critical for building a case that something is not working, and that the resources and effort going into it would be better redirected into something else.

We make the best possible use of the data we have by making it available as a decision-making tool for government and local communities.

How can we use data and evidence?

Advances in our ability to collect, analyse and share information mean governments can build and use systems for effective decision-making in ways that weren't possible even a decade ago.

On this front, we can learn a lot from the experience of other governments. In the United Kingdom, for example, What Works Networks aim to improve the way government and other organisations create, share and use high quality evidence for decision-making across the public sector.

MARKING 50 YEARS OF INDIGENOUS AFFAIRS
PROFESSOR IAN ANDERSON AO
Deputy Secretary, Indigenous Affairs,
Department of the Prime Minister and Cabinet

‘The current generation of Indigenous leaders brings a new style of leadership and diverse capabilities and experience to the table. This is a great asset and an opportunity as we look ahead to the next stage of Indigenous development.’

A number of departmental secretaries listening to Professor Anderson’s address

In the United States, the What Works Clearinghouse reviews research on education and makes it publicly available to help educators make evidence-based decisions.

Approaches such as these will be essential for supporting effective decision-making and accountability at the local and regional levels.

Barriers

There are many obstacles to address before we can do so.

Australia already has one of the better Indigenous data collection systems in the world. But data quality issues are common, particularly in jurisdictions with relatively low Indigenous populations.

Much of the data that is collected is not collated transparently, burying important information about Indigenous outcomes in population-wide trends and averages. One of many examples of this is the education data held by state governments, which doesn't allow Indigenous students' outcomes to be systematically and transparently identified.

There are also barriers which we might call 'systemic' – problems of reluctance, inertia, or risk sensitivity that, for a host of complex reasons, prevent data that is collected and stored somewhere on public sector systems from being made available for wider purposes.

In some of these cases there are real difficulties and concerns that need to be managed, and this can only be done collaboratively.

CONCLUSION

To conclude, I'd like to paint a picture of what the public administration of Indigenous affairs will look like in this country when all the things I've been talking about come together.

Our operating model will be a collaborative partnership between the public sector and Indigenous Australia.

It will be founded on robust, accountable, and professional working relationships between each sector. Relationships in which shared decision-making and mutual accountability are embedded as core operating principles.

And its strength and effectiveness will depend on the degree to which these relationships can be nurtured and matured across the breadth of interactions between sectors and at all levels of leadership – from the top, right on down to local community leaders and local program managers and coordinators.

What I'm really talking about is extending the joined-up way of working beyond the boundaries of the public sector and out into Aboriginal Australia.

At the same time, higher quality and more transparent data platforms will give us better tools for understanding the problems of communities and cohorts, measuring our successes and failures, and keeping ourselves accountable.

And on these foundations and the new capabilities and insight they give us, we will build an Indigenous policy system that is much more dynamic, much more responsive to diversity and innovation, and much better able to negotiate place-based contexts and create solutions with authority and buy-in.

Looking ahead, there's a lot of work to do and a lot of challenges to overcome. There is also a huge opportunity to move Indigenous affairs forward and make the deep, cumulative and long-term changes we all want to see.

Wulika, thank you.

DEPARTMENT OF HUMAN SERVICES
WEDNESDAY 26 JULY 2017

Innovation Awards Address

SENATOR THE HON ARTHUR SINODINOS AO

MINISTER FOR INDUSTRY, INNOVATION AND SCIENCE

'Core public service skills are ongoing. One of them is to be frank and fearless but increasingly in the future a core public service skill will be innovation. How do we keep innovating? How do we keep anticipating where the world is going?'

Thanks very much, Gordon. Can I acknowledge all of you for being here today, people who are either leading innovation in public service or helping to mentor and foster innovation, or who are here to try and see ways in which you can get your own department to do more innovation.

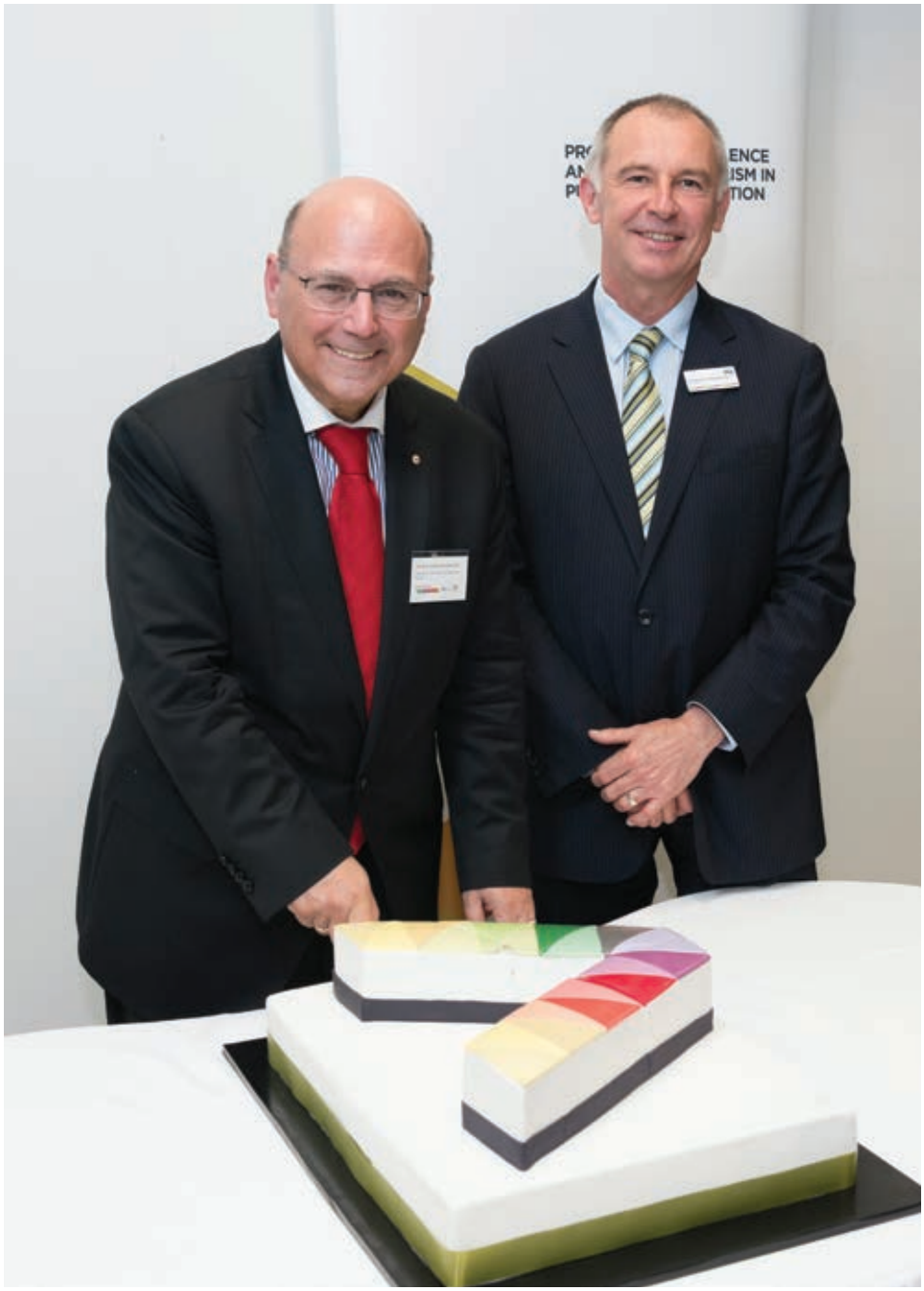
I also acknowledge the traditional owners of the land on which we meet.

Can I say to you, Gordon, that you will be a real loss to the public service, on a number of levels. Your vast experience across a number of portfolios, the fact that you brought to public service a diversity of experience, and also your decency and integrity in upholding the highest values in the public service I think will be recognised in due course and commented on by the Prime Minister and others. On this opportunity here in front of your peers, let me say thank you for everything you've done. We're sorry you're leaving so early. Fifty-six is very young, let me tell you. But the fact of the matter is you've done a great job, you're going to be missed, and I'm sure we'll find ways to rope you back in, because one of the most important things we must do when people of your level of experience and integrity leave the public service, is to determine how we use them in a future life, without tying them down too much and giving them that much sought after flexibility that you'll now be able to enjoy.

Now, I was really looking forward to doing this event because it's a celebration. It's a very positive event. It's about the most positive thing I'll do today, and I mean that sincerely, in the sense that just watching the video was a reminder to me of how much the public service has changed. I first joined the public service in 1979 – when hierarchy was all important, you didn't find out what your supervisors thought until you went for a job and then you're told you didn't get the job, you didn't even see what referee's report they may have put in about you. But we now have a much greater openness, a much greater transparency, and particularly we are now giving everybody permission to think more broadly, to think outside the square, to innovate – this is very important for the future of public service and for the future of the country.

We often talk about the quality of our public services in this country, at both federal and state level. It's like all these things, you can never stand still. There's a lot of competition out there. You look at some of the public services in the region; you look at the Singaporean public service, they operate a different system, but you look at the way they operate. You can never say, 'We know everything. There's nothing we can learn from anybody else'. But what I find great about Australia is that at the federal level the public service is changing. It's innovating, embracing new ideas, embracing greater diversity. You can't achieve the full potential of a country or of an enterprise, or of an industry, or of a service like this if you don't fully embrace the talents of everybody. This is something in which the public service, at the federal level in particular, has been a leader. There's more to do in areas like diversity, but you have been a leader, and that's very important to the rest of society that you do this. That diversity is also part of picking up ideas and using them, wherever they come from.

I remember reading a Harvard professor when I was doing a course in 2009. He was talking about the future workplace and he said it was non-hierarchical, it was collaborative, and you evaluate ideas by their substance, not by who had put them forward. That's the sort of workplace we should always be aiming towards. Yes, there are always debates about how am I going to approach the minister about this or that, and how frank and fearless should I be? Is this really the right time to be frank and fearless on this particular occasion? My advice is good ministers will always appreciate getting frank and fearless advice. What they don't appreciate is always being told, 'No, no, you can't do that. You can't do that'. We have to be able to relate our work to the objectives and the policies and programs – the framework of the government of the day. In doing that, the obligation we owe ministers, always, is to make sure we're telling them when something may or may not work, or maybe there's a better way of doing this. Please, if you think something is going wrong, say so, and say so early. Don't leave it for too long, because the longer we leave it the more we hesitate to do it, and the cost of taking action to fix it mounts.



Senator Sinodinos AO, Minister for Industry, Innovation and Science cutting the Innovation cake with Dr Gordon de Brouwer PSM, former IPAA ACT President

'At the federal level the public service is changing. It's innovating, embracing new ideas, embracing greater diversity. You can't achieve the full potential of a country or of an enterprise, or of an industry, or of a service like this if you don't fully embrace the talents of everybody.'

That being said, today we're talking more about innovation rather than core public service skills, but my point is that core public service skills are ongoing. One of them, as I said before, is to be frank and fearless but increasingly in the future a core public service skill will be innovation. How do we keep innovating? How do we keep anticipating where the world is going? As part of the National Innovation and Science Agenda a couple of years ago, the Prime Minister, Mr Turnbull, made it clear that government should lead by example, in terms of the innovation agenda. The work of the Secretaries in coming together to say we're going to sponsor innovation fora, we're going to sponsor awards to recognise people is all very important. We have to recognise and celebrate success.

We're having success already: things like the way the Digital Transformation Agency has been partnering with a number of departments, including my own, to improve the digital experience of users; a digital marketplace which is simplifying the process of procurement and making it easier for small and medium size enterprises to win government contracts. The Business Research and Innovation Initiative is, among other things, looking for digital solutions to boost community engagement in policy and program design. I think that's quite an important one, because one of the lessons you get from contemporary politics is the importance of being in touch with your customer, your market, the consumer. To some extent your customer is your secretary, or your minister, the government, whatever. However, they are merely the middlemen and women. Your ultimate customer or consumer is out there, and some departments, particularly the big customer-facing departments, are very aware they've got all these clients, all these consumers out there who expect service to be of a certain level. They expect service from government agencies to be what they expect of a bank, or some big private sector entity. There's always a benchmark somewhere out there. For me, being able to engage the community in policy and program design is very important to get feedback, and then to work it in to what we are doing. That's a very good one, I think, for us to look forward to in the future.

But today is to celebrate success. It's to put up in lights the various ways in which different parts of the public service are trying to meet the needs of today and the needs of the future. What struck me about the DFAT entry – food revolution, food innovation – was that it reminded me of an important thing, and that is that people are most passionate when they have a purpose. I think it's important to always think about the purpose of the thing you're doing, that you're working on – when you leave aside the technical description of what you're doing, think 'Why are we really doing this? What's this all about? Who is it for?' Always think back from that.

Ladies and gentlemen, this is not a long speech. There's a lot of celebrating to be done. I love the idea of the innovation cake. With innovation, you can you have your cake and eat it too. Never forget that. The important thing is let's celebrate these achievements, use them as exemplars of what can be done. The Australian Public Service can hold its head up high about the innovation that goes on. The obligation on us as ministers and as a government is to keep giving you permission to experiment. I know it's hard when we're all custodians of taxpayers' money. We've all got to make sure we're looking after value for money for the taxpayer, but within that it is important that people understand that there is scope to experiment, to try new things because if you don't try something, you don't risk something, you'll never know whether you can do it. Even when you find out, 'Oh, I can't quite do this', you learn something from that exercise.

Ladies and gentlemen, fantastic you're all here today. I hope you have a really great day. I'm looking forward to it, and thanks again for the invitation to be here.

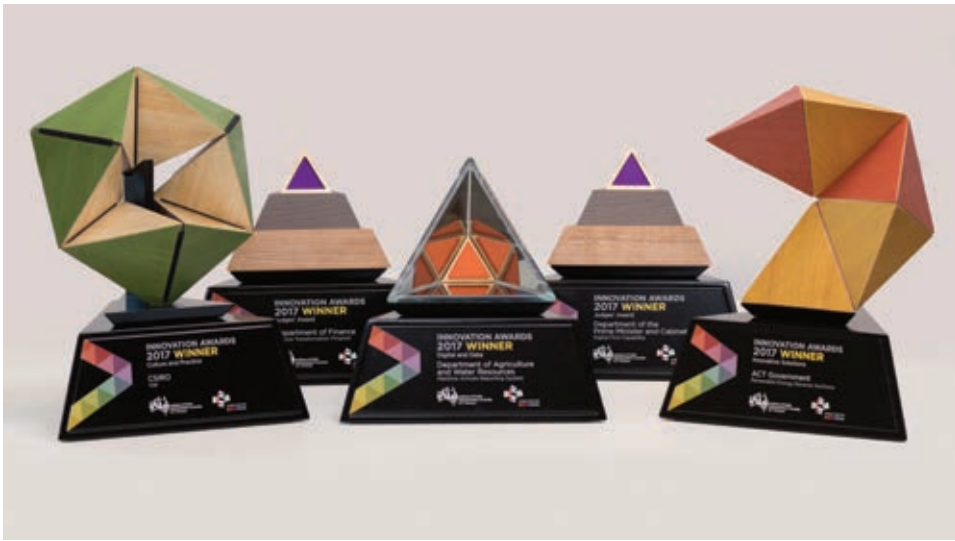
The Awards Ceremony at the Department of Human Services Design Hub

2017 PUBLIC SECTOR INNOVATION AWARDS

The Public Sector Innovation Awards were created to better recognise and celebrate the innovative work that occurs within the public service and provide a platform to share and showcase innovative approaches across the Commonwealth and ACT Governments. A goal of the Awards is to encourage others to adopt more innovative approaches to public administration.

The 2017 winners were announced at an awards ceremony at the Department of Human Services Design Hub on 26 July 2017 with Senator the Hon Arthur Sinodinos AO, the Minister for Industry, Innovation and Science, presenting the awards.

Further information is available at:
https://www.act.ipaa.org.au/innovation-awards



The trophies from the Public Sector Innovation Awards , developed by Questacon at the Department of Industry, Innovation and Science

'People are most passionate when they have a purpose. It's important to always think about the purpose of the thing you're doing, that you're working on – when you leave aside the technical description of what you're doing, think *'Why are we really doing this? What's this all about? Who is it for?'*

WINNERS

CATEGORY 1 – INNOVATIVE SOLUTIONS
RENEWABLE ENERGY REVERSE AUCTIONS, ACT GOVERNMENT

The ACT became the first Australian jurisdiction to use a reverse auction process to provide guaranteed revenue and certainty for generators. The process provides financial security to renewable electricity generators to ensure projects are highly bankable and delivery risks are well managed.

CATEGORY 2 – CULTURE AND PRACTICE
'ON', CSIRO

'ON, powered by CSIRO' is a national innovation accelerator program designed for publicly funded research teams with a focus on helping them to develop the entrepreneurial skills and capacity to convert their great science and technology research into real-world outcomes.

CATEGORY 3 – DIGITAL AND DATA
MARITIME ARRIVALS REPORTING SYSTEM (MARS), DEPARTMENT OF AGRICULTURE AND WATER RESOURCES

MARS is the first fully online system for ensuring in-coming vessels meet biosecurity regulations to minimise the risk of pests and diseases entering Australia. This innovative system has been widely embraced by the international shipping industry.

JUDGES' AWARD
DIGITAL FIRST CAPABILITY, DEPARTMENT OF THE PRIME MINISTER AND CABINET

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WEDNESDAY 16 AUGUST 2017

Address by the CEO of the Digital Transformation Agency

GAVIN SLATER

CHIEF EXECUTIVE OFFICER OF THE
DIGITAL TRANSFORMATION AGENCY

'The DTA can play a really meaningful role in fostering collaboration on those few things that matter: digital identity, whole-of-government agreements, data, leveraging platforms – just a few, half a dozen – and working together on those that will have the biggest impact.'

Well, good morning everyone and Martin, thank you for those kind words. There have been times over the last three months where I was not sure whether it was good meeting you or not, whether you sold me a pup, but more about that later. Could I extend my welcome and thanks to everyone for turning up., I am truly humbled by your attendance, particularly Rosemary and Kathryn. They had a big role to play in me coming on board, and they have both been terrific in welcoming me into Canberra and helping me settle into my role.

So, with headlines like: 'DTA All Bark and No Bite'; 'How Not to be a GMO 2.0'; 'DTA Grilling'; 'Exodus of Talent'; 'Tech Screw-ups'; 'Bridges Burnt and Goodwill Diminished', you might wonder why I actually took on this role, and was I of sound mind and body? Well, it all started about eight months ago with a conversation with Dr Martin Parkinson. We were introduced, and it was just a casual chat, nothing more, and it was a great opportunity that Martin shared with me, the government's ambitions and what the government is seeking to achieve, particularly across three core areas. One, how do we continue to drive a transformation program that encourages and enables individuals and businesses to do more digitally, to do more online? Secondly, in doing that, how do we significantly improve the experience for individuals and businesses when dealing with government? And thirdly, and just as importantly, how do we make sure that taxpayers get better bang for buck for the significant amount of money that we spend on their behalf on ICT and related programs?

So, three really compelling ambitions, and three that made infinite sense to me, and not too dissimilar to what I faced in the private sector, leading NAB's retail bank. At the end of the day, we knew that our customers had a bias for digital. They wanted to be empowered, they wanted to deal with us whenever and however and wherever they chose, they wanted most things, a bias for mobile. So, there was a whole orientation, and it continues to be that for the whole sector. They wanted a better outcome, a better experience as measured by advocacy, and at the same time our investors, who subjected us to a significant amount of scrutiny being a public company, wanted to ensure that they were getting the right return for the investment they were putting into the company. So, a lot of similarities there.

I think what I liked about those ambitions is that they are bipartisan in a world where everything is so political, and as I am learning, I would like to think any government of the day would have these ambitions. They are really important ambitions, acting in the interests of citizens, taxpayers, individuals and businesses.

As I went through the interview panel, Rosemary Huxtable and Kathryn Campbell, Nerida O'Loughlin and John Lloyd also played a critical role in convincing me to come on. One of the questions I asked of them through the interview process, was: 'Do you see the need for the DTA? On the basis of everything I read and heard, do you think it is critical? Am I signing up to something worthwhile?' They were unequivocal and deep in their conviction on the need for an agency to work effectively and constructively across what is a very decentralised environment called the public service. That was it for me, and really I got hooked after that and literally couldn't wait to start.

My first three months have been all about learning. That's one of the most invigorating things. When you spend 30 years in one sector and that's all you know, you know the players, you know the known unknowns, the said unsaids, the operating rhythm. To come into a new city, a new environment and new people, I find that learning invigorating, if not painful at times. For those of you that saw my Senate Estimates performance, I now know that there are certain dinner invitations I shouldn't accept. In my defence, though, it was only my second week in Canberra, and I was excited, and it was a little bit like when I took my daughters to the theme parks when they were much younger – they wanted to go on all the rides. All I wanted to do was go on all the rides, but a bit like those roller-coasters, I've been on it once, I don't want to go on it again. So lesson learned.

The audience listening to Gavin talk about his role as the CEO of the DTA

But on a more serious note, I have literally had hundreds and hundreds of conversations, and I've had them with purpose, because I have met with ministers, secretaries, deputy secretaries, CIOs, staff, industry, private companies, owners of small companies trying to deal with government, all with the purpose of learning and understanding context and history. I really think it's important one anchors oneself in the journey and the context and the history before you come out and make too many bold predictions and conclusions.

An important outcome of that also has been to repair relationships in many instances and to build new ones. One thing I have learnt over life, in many, many years and many different experiences, is that rank and title do not command respect. Actually, what gets you respect is how you deal with individuals on a human level, having authentic conversations, constructive conversations, fact-based conversations, respecting diverse points of view, different perspectives. That's been a key objective of my approach, to build those relationships, and I must say, I have been overwhelmed by the warmth and the authenticity and the genuine welcome that I have received, and if I can leave a legacy of one thing that you point to as the DTA, it is how we conducted ourselves, and how we engaged with people across the APS and industry more generally.

I've been doing the typical thing that CEOs do. What do you do? You come in, and you restructure. So I have restructured the agency, but that's really to give us and our staff a greater clarity around what the responsibilities are, and what they are going to be held accountable for. We are now going through a process of recruiting and attracting the right talent, and I am getting close on a few appointments, and I'll be delighted to announce those in the very near future.

Gavin Slater addressing the audience at the National Gallery of Australia

As I think about talent, though, what I am looking for is people not only with the track record, and the experience and the expertise but, importantly, with the leadership qualities. People that can engage at all levels of government, communicate with influence, and build those relationships that I think are so vitally important.

So what about the priorities of the DTA? We've landed on five clear priorities, and as I outline them to you, I'd like you to think of them not only as DTA priorities, but our priorities, because in the context of the government's transformation objectives and its ambitions, the DTA alone can't deliver them. We are just one small part of an overall ecosystem, of which you are all a part, and we collectively need to work on these priorities together.

The first priority for us is developing a really clear, pragmatic roadmap of what the digital transformation should look like, and what we hope to achieve over the next 12 months, and next 24 months. So what do I mean by that? Well, I think it's important we anchor ourselves in what we look like today. Of those key transactions, service events, information requests, life journeys that individuals and businesses are dealing with, at any given moment on any given day, what does that look like across the various channels: voice, physical and digital? What's the pragmatic view of our current digital maturity? Based on that, and recognising that the things we need to focus on should be those that are most important, most impactful, and, importantly, doable, where would we like to be in 12 months' time? Where would we like to be in 24 months' time?

I think it's really important that we have a little more precision around the destination, and something that collectively we can hold ourselves accountable for and measure, but importantly, also inform investment decisions. We know with the budget guidelines that have just come out, – and by the way, this is no different to the private sector: I never went into a planning process in the private sector that said, 'Ah, by the way you can grow your costs by 10% this year, and don't worry about your revenue'. It was always, 'Cut your costs, grow your revenue and achieve the impossible'. Government's no different. But what that means is, we have to be very thoughtful around how we prioritise and where we place our investments and place our bets. It's a really important piece of work that needs to be done.

But while I am on it, I don't think we do a good enough job, as a general statement, in talking about all the good things that do happen. One thing that I have learned coming in, and I knew very little about the government platforms and what I could do online, and I have been going through my own personal path of discovery and signing up to things, and testing things out, there are some terrific examples of innovation and digital progress that's been made, and digital maturity, and I've called some of these out. Last week at an address I gave, I spoke about MyTax, and I know there's a bit of press going on around outages, but putting that aside for a second, three and a half million citizens and tax agents can now lodge tax returns online, and that's up from 1.7 million just a couple of years ago.

In the first three weeks, as Chris Jordan will tell you, I think there were 350,000 returns lodged in the first three or four weeks of this tax year. And they're continuing to innovate, continuing to use analytics to pre-populate information for us as taxpayers and to use analytics to profile us and to say, well, if you happen to be late with one tax return, but you've been on time for the last 20 years, well, let's not go after you with a sledgehammer. You know, let's have better information, more personal, and make our citizens feel a little bit more valued.

There's some terrific stuff happening in Immigration – SmartGates, the fact now that we don't have to fill out these little green forms. I always wondered about those, and I used to change my profession. Can I admit to that? I always wondered if they'd find out. I was a doctor, I was a physician, a nuclear scientist. No, not really. Ultimately you won't need your passport, it'll all be done through facial recognition. Even on the export side, using analytics to understand – depending on where importers are importing goods from – which countries, which cities, which exporters have a different risk profile, and therefore all the certification that goes with clearing goods might be adapted based on the risk profile.

MyHealth I think is an excellent piece of innovation. It actually saves lives, that there are 10,000 practitioners now that can access health records. You know, I think there are five million individuals that have registered, and that number will continue to grow. What we do know is that misdiagnosis and lost lives often are attributed to poor record-keeping, so something that really facilitates a great social outcome is a terrific bit of innovation. Then we've got MyGov, the key citizen-, individual-facing platform. There are up to 10 million registered users, almost 300,000 transactions. I think there are huge opportunities to continue to leverage that platform as we think about digitising more services.

I think we do need to sell the good news, and I do think we should be proud of what many people in this room deliver every single day, but clearly there's more to be done. The second priority for us within the DTA is about working with agencies on improving those platforms that I've spoken about. One that we've particularly focused on and we have accountability for is solving for digital identity. I believe there's no such thing as a silver bullet, but if you wanted to pick something that could really unlock value, in terms of the digital experience, it's solving for digital identity. That is, enabling citizens and businesses to identify themselves easily online and to have their identity authenticated, without having to repeat the process time after time, doing a little bit online, and then going into an

Australia Post or Centrelink shopfront to complete the validation process. I think this is a really important initiative for all of us, and one that we're pretty excited about, and we're going to be working with a lot of the agencies on solving for identity.

I think it was Alison Larkins or Martin Parkinson who referenced the digital service standards. That's something that the DTA has accountability for. The digital service standard is a standard, but it is also about a way of working – a way of thinking differently, of cross-functional teams, making sure we do the discovery work, making sure that what we put out there is accessible. I don't want this to be seen as a standards-compliance task, I want it to be something that we all embrace and look to move up the curve, rather than you either comply or you don't. So, where are we in terms of our maturity around digital service standards? Are we at a five today? How can we get to a six? How can we get to a seven? So a slight change in emphasis, but a really important one because research shows that if you get this right, there's a direct link between digital service standards and driving traffic to digital channels and improving the experience.

Websites and content, this gets often mentioned in the context of gov.au. There's absolutely a case for consolidation of landing sites for individuals and businesses. Depending on who you ask, I've heard numbers of anything between 1,100 and 1,500 different, unique websites, 50 million pages of unique content. What I can confidently say is that that's too many, and there's work to be done, and I think we all recognise that. And I think, for us, working with agencies – and currently we are working with 30 agencies on this – what are the opportunities to consolidate websites? Not only do the consolidation, though – think about how we improve the content and the way information is presented to individuals and businesses.

I'll use an example of my daughter, Laurie. She's delighted that she gets mentioned in speeches, by the way. She's not shy about it. But she's just started working. She's got a job. She's 15 years old, and wanted to know what the minimum wage was. I said, 'Well, I don't know. Go on the website and find out'. And she did, and she's digitally savvy, but you'd be surprised how long it took her to find the right website and go through all the links. Not only that, when she got the information, she couldn't understand it. Now, I know she's my child, and I'm a little biased, but she's pretty intelligent. But anyway, she got the information in the end. I don't know what the outcome is. I've said, 'You now need to take it to your boss and have a conversation'. I think she's still waiting. She still has a job, though, so that's encouraging. But this is a real example that there's always work we can do in this space, and its important work.

Our third priority, and this is part of the broader mandate of the DTA, is the portfolio monitoring and the advice that we are now giving

'Citizens and businesses want their data to be used productively. … When it comes to government, there's a natural aversion, as we know. Why do you want this information on me? How are you going to use it? Is it safe and secure? And are you going to use it to my detriment?'

government. If you think about it, there's in excess of about $6 billion of taxpayers' money being spent on projects at any point in time. It's really important that we know how they're going. Because what we do know is that not everything will go according to plan, and that is life. So it's really important that we know that things are not going according to plan, and where they're not going according to plan, and what we're going to do about it.

I think of this as if I was a venture capitalist and every single one of these projects was a business I had invested in. So if I was a fund manager and I'd invested in a range of stocks, I'd do my analysis and I'd want to know which ones were performing and which ones weren't. And to Martin's point, there will be a day when we've started out on something that seemed like a good idea at the time, and circumstances change. Rather than resolutely just keep going down that pathway, actually having the courage to call it and say we're no longer going to do this, and we're going to shut it down, as opposed to continuing to throw good money after bad money.

What are those other initiatives that, perhaps, are encountering some difficulty and need a little bit of intervention, just to remediate them? And, importantly, what are the opportunities where we can look across the board, finally, and say we've identified five agencies or six agencies working on something that's quite similar? Is there an opportunity to work together on this, to collaborate and leverage platforms, move things into the cloud, and to provide meaningful insights and advice? And included in this is setting projects up for success, doing the discovery work, doing the prototype, really thinking differently about how to construct business cases before we spend too much money – on I guess what I'd call the PowerPoint thinking– and really doing more around 'Don't tell me, show me', to inform our thinking to create better business cases, better decisions, and set these things up for success.

So there's a lot of ongoing data collection, and many of you in the room might be asked for data, but that's why we ask you for the data. Our ambition is to present that in dashboards and play it back to you, so you can see the same insights that we're deriving.

Our fourth priority is all about the transformation of procurement, and this is an ongoing journey. This predates me, obviously, and many of us, but actually, there's this ongoing desire to improve the way we procure services for government. There are a number of dimensions to this. One is negotiating whole-of-government agreements, and I think this is a great opportunity, and we're working with one at the moment. I must say, I've been delighted by the level of collaboration and participation by CIOs and CFOs of the agencies, with a mindset of saying, 'Let's not only think about what's good for my agency, but let me think what's good for the whole of government, and let's come together and negotiate better deals, better value for government, and therefore for taxpayers with some of the larger suppliers'.

Another aspect of this, though, is really making it easier for small and medium Australian companies to do business with government. We know this is a contentious issue, and we know it's difficult. I've caught up with a number of owners of companies to find out what it's like. There are some significant barriers to entry, and some of them will be difficult to overcome, but I think at least we need to face them and try and do something different. Interesting, I think part of it's the mindset. It is quite easy for all of us, when we have long-established relationships, incumbency, to defer to those and roll those over, and there's often good reason for that. I'm not being critical of that. But I really want to encourage all of us to think about what are those opportunities to give some of these smaller companies a go. It's not an all or nothing approach. Give them a go in a small part of the business and see how they go, or try it out on an agency and see what happens. What I do know from these small companies, they would rather get a little bit of government business than a grant, because in terms of their evaluation and their being able to finance their business and deal with the banks, their leverage factor is seven times, if they actually have a contract with government.

The other aspect for me is transparency, and one of the things I would like to drive is great transparency in the marketplace around what different vendors are charging and their list prices. You think about it in your personal life, you can price compare on just about anything. It doesn't mean that's exactly what you pay in the end – I mean, that's what you negotiate. But allowing vendors to see, and system integrators and everything else, in software to service, what others are charging – now, this might be uncomfortable for some and some of those organisations, but I think transparency is an important enabler in driving competition and increased participation.

The other one is an interesting one, which is all around security. The feedback I get from these organisations is, 'We've got to get our product certified, we've got to get our staff security cleared'. And that costs a lot of money. For a small business, sometimes that's prohibitive. I'm still on my learning journey, and I'm not yet sure what the risk parameters are and how we profile different product types, different service categories and all of that. But perhaps there's an opportunity to change our mindset around risk, and make it a little bit easier for these organisations to participate.

And our final priority's all around digital capability uplift. We are the Digital Transformation Agency for the Commonwealth Government of Australia, and I think we should behave like that. What do we bring to the party? One thing is the training that we are rolling out. We've trained up about 130 people across agencies around the digital service standards. But I really want to broaden that, and we have a mandate working with Steph Foster and a team, with the APSC, around a broader digital capability uplift program.

Now what does that look like? I think there's an amazing opportunity, particularly to participate with the private sector. What would a service catalogue look like, and how could we create a program, virtual, real, classroom, and a variety of aspects that enable all of us, from the most senior people in the public service to the most junior people, to be able to sign up and learn what's this thing called digital? Because it's a lot more than programming and building prototypes, it's actually a way of working, it's the way you think, it's the way you approach things, new skills and capabilities, and I think there's much we can do.

We are leading the process for recruiting graduates and cadets into the APS, and I think we have a target of about 200 places we want to fill next year. I caught up with the team last week that is leading this, and they were massively enthusiastic. They said the quality of the young people that we are attracting is simply amazing. So how do we get them into this environment, but, importantly, how do we allow them to grow and thrive and inject new ideas in thinking? So much to be done, but one that I'm particularly excited about, and linked to, is building innovation labs in the DTA, both here and in Sydney, and to create dedicated work areas where you can send your staff to come in and work on real issues, and at the same time, then, grow skills and capability. The bigger agencies have the resources to do that already, and I'd encourage those to continue to do that. I think any agency, if you're thinking about innovation, create some dedicated space where your staff can go in there and work on real issues in a new way.

So what does that mean more broadly in terms of the government's overall ambitions around improving digital maturity, channel migration, digital uptake, improving the service outcome and effectiveness of ICT spend? Martin alluded to this in his opening remarks. Being an economist, I did my research, my discovery work, and knowing who I was meeting, I thought, well, I better come with a formula for my interview because that will get me the job. So I did come with a formula. I said, 'NT + OO = EOO' – new technology plus old organisation equals an expensive old organisation. It was a formula that I used when I did a bit of advisory work from about 20 years ago, and I continued to use it, really to make the point. Martin made this point very well: simply replacing old kit with new kit doesn't transform anything. It's got to start with the business transformation, and how you think about the outcomes you want to

‘ … if you wanted to pick a few things that could really unlock value, in terms of the digital experience, it’s solving for digital identity, enabling citizens and businesses to identify themselves easily online, and to have their identity authenticated, and not to have to repeat the process time after time after time …’

achieve and why you want to achieve those outcomes, and work back from that. Technology is obviously a critical enabler. And when I used to use that formula, the word culture wasn’t really that explicit. It was probably more implied.

But, Martin, you’ll be pleased to know I have a new formula now: CC + CT = VC. So what does that stand for? Customer centricity plus connected technology equals value creation.

Customer centricity, CC, it’s all about the customer. What we do know, across the private sector and the public sector, what we do want as individuals, as business owners, comes down to four things:

- In everything I want to do, I want it to be simple and easy, take the hassle factor out of it.
- I want it to be safe and secure.
- I want to be empowered, 24 x 7, I want to be able to get stuff done when I want to do it, how I want to do it, wherever I want to do it.
- And finally, I want to feel valued. In this world of mass digitisation, I’m still a human and I still have feelings, I still have emotions. I want you to know me, and I want things to be personalised.

And those four themes, I think, present themselves in all environments. A simple example – if I’m paying my taxes, I want it to be easy; I want it to be safe and secure; I want to be able to do it Sunday afternoon, if it works for me; and, by the way, when I sign on, it would be helpful if you knew who I was and didn’t ask for the same information again, and you could present content.

A bit of research – and there’s always research around culture, and the word gets used a lot – recently research across 40 countries showed that 60% of cases said that culture was the number one hurdle to effecting meaningful change. And the other interesting part of that research is that there is a disconnect between what we as senior leaders thought was going on and what staff at the more junior levels thought. What I’ve learned is that culture’s all about role modelling, and it starts at the very top. At NAB, not a day went by that I didn’t think about the customer and the competition. So it was one thing for me to say customers are important, but how did I demonstrate to my staff that I meant what I said? For me, it was the simple things. Every management meeting I had, I had a customer turn up. Number one on the agenda item, voice of customer, real customers coming in to talk about their business and how they experience NAB so that we could learn.

In the performance metrics, I had my financial metrics that were really important, my people metrics that were really important, and I had my customer metrics. What was our advocacy score, and what was the specific feedback that customers were giving us on how they were experiencing dealing with NAB? So it’s all about the role modelling. And I think the challenge for us, as senior leaders, is how do we role model that to our staff in the questions we ask, in our performance reporting, in how we turn up? Don’t underestimate the length of the shadow that we all cast, and the vital importance of that role modelling. So that’s the customer-centricity aspect of it.

The CT, the connected technology part of it, the second part of that equation – it's all about platforms, ecosystems. At the address I gave a couple of weeks ago, I used Uber as an example, and I use Uber because it's a good example, notwithstanding, I had someone write back to me and say notwithstanding that what they do is illegal. Anyway, putting that aside, I use Uber, and it's a great experience. But if you think about it, they've taken a maps application, a booking/reservation application, a payments' application, a customer feedback application, and a driver network (established), and a passenger network (established), and they've connected it. They've created an ecosystem. And if I compare that to the Melbourne taxi industry ... I could get into trouble for saying that, but anyway, it's a better outcome. And it's that customer centricity that has manifested itself in the way they think about connecting platforms.

Data, though, is where it all comes home. If I think about new ways of thinking and new business models, which is all about this connected technology, I think this is where it really comes home. I mentioned digital identity, but clearly data is a core component of that. It's pervasive, as we think about it more broadly, as we think about our changed agenda.

I have now read the data, the Productivity Commission report, which I admitted to not having read a few weeks ago and I got censured by the chairman of the Productivity Commission. But I want to read you one key extract: 'Extraordinary growth in data generation and usability has enabled a kaleidoscope of new business models, products and insights. Data frameworks and protections developed prior to sweeping digitisation need reform. This is a global phenomenon and Australia, to its detriment, is not yet participating.'[1]

There's a lot of good stuff in there, and if you haven't read it, you should read it. But basically, what are the points that it's making? A lot of the legislation and the secrecy acts, I guess, our risk tolerances, our mindset and all of that, need to change, in order to unlock this thing called data. What we do know is that citizens and businesses want their data to be used productively. In the social sense, social media sense, we're far more free with our data, we probably care less. But when it comes to government, there's a natural aversion, as we know. Why do you want this information on me? How are you going to use it? Is it safe and secure? And are you going to use it to my detriment?

So I think there's much that we need to do around the technical aspects of data, and there's some of these tougher issues that we need to solve around legislation and privacy acts, and our own risk tolerances. We need to lean into that, and I think the DTA would love to participate in that with others. But, importantly, I think there's a huge change management task ahead for government, convincing citizens and businesses that this is important and it's to their benefit, and this is what we want to change, why we want to change it, and what it means for them. So I'll leave that floating out there.

But I think if you get this customer centricity right, and these platforms and new ways of thinking connected, then the conclusion is you create value, the whole value creation. If I think about the government's ambitions and its transformation ambitions, particularly in the context of digitisation, there's already good things happening. But if we want to increase the rate of change, for me, it's the customer centricity and that platform piece, bringing those two together will absolutely have direct impact on the rate of change.

In finishing up, the role of the DTA, as I mentioned, these priorities are not ours alone. These are specific areas we will focus on, but we really need your help, and we want to work with you and engage with you productively. And those relationships are really important.

I think there are two areas where we can help. One is collaboration. I do a lot of swimming, and

1 Productivity Commission, May 2017, *Data availability and use*: http://www.pc.gov.au/inquiries/completed/data-access/report

Gavin with Dr Martin Parkinson AC PSM, Rosemary Huxtable PSM and event host Alison Larkins

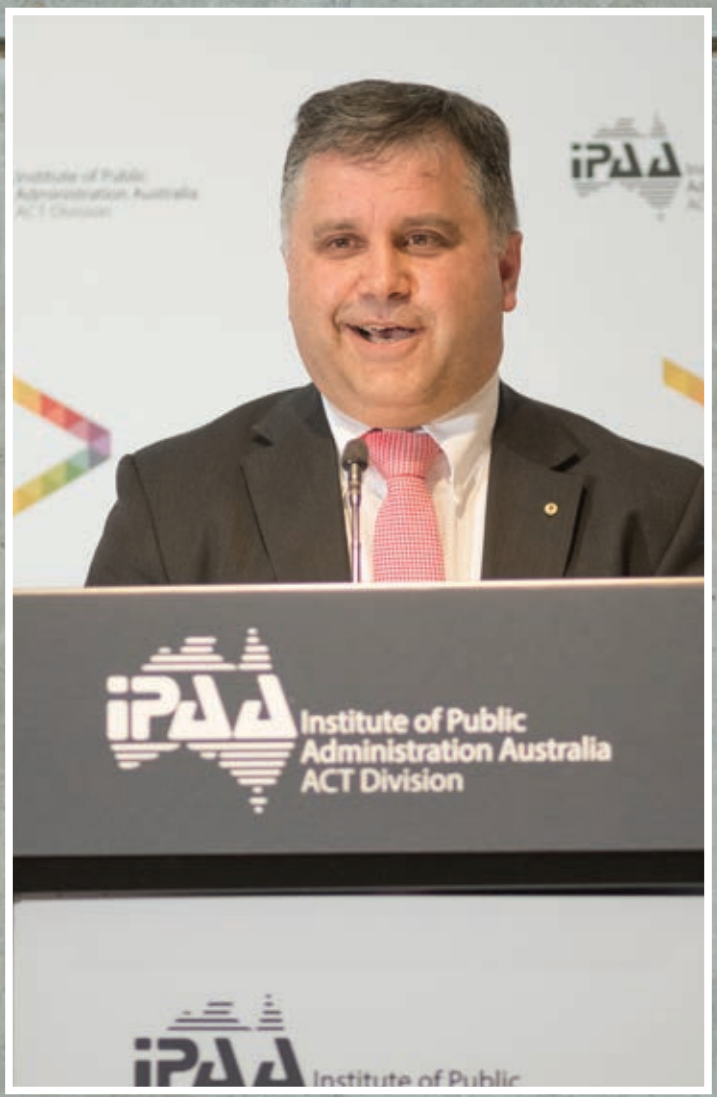
when I'm swimming up and down lanes, I'm not looking across lanes left and right to see what's going on, I'm just trying to get to the other end. And that's all of us – we're all busy, and we all have our priorities, and that's natural. I think the DTA can play a really meaningful role in fostering collaboration on those few things that matter: digital identity, whole-of-government agreements, data, leveraging platforms – just a few, half a dozen – and working together on those that will have the biggest impact. That's one area.

The other one is that I want us to show some leadership as the DTA. I think it's pretty cool, Digital Transformation Agency. My mates think it's great – 'Gee, that's an impressive job title'. But it is. On a serious note, I want us to behave like the Digital Transformation Agency for the Government of Australia, and bring thought leadership to the table and new perspectives, and encourage new ways of thinking, and lean into a few things like that. That's where I'm at.

If I think about those headlines that I started off with this morning, I don't want to be so bold as to predict what they'll be in future years, other than to say I want them to be positive headlines, that people see the DTA as playing a meaningful and productive role, and a critical role in helping the government achieve its overall digital transformation agendas.

For the people within the DTA, I want to have a culture that's vibrant and fun, but highly accountable, and we work productively with other agencies. And I want a big talent drive. I want to attract the very best people to the DTA, so that on your career pathway or the career pathways of your staff you say, you know what, you've got to spend a couple of years in the DTA, you're going to have an opportunity to make a big impact, a disproportionate impact in the context of the size of the agency, and you're going to learn some great skills and great capabilities, and it will be a springboard for future career success.

So thanks for listening, I really appreciate it.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IPAA SECRETARY SERIES

NATIONAL PORTRAIT GALLERY
WEDNESDAY 23 AUGUST 2017

Secretary Series Address

MIKE MRDAK AO

SECRETARY OF THE DEPARTMENT OF
INFRASTRUCTURE AND REGIONAL DEVELOPMENT

"The Commonwealth must lead and drive national reform, and we can't go it alone. Without coordination and leadership from the national level, long-term national reforms won't happen, but we can't deliver much without the states and territories."

I'd like to talk about a public sector success story, which is often something that we don't hear enough about, about the successful things that we do as a profession – in my view how we, as a profession, are actually leading the world in how we manage something which is really complex, something uniquely Australian, but something that I think ultimately does work, and something you don't hear a lot about in the context of working – that's the Federation. I'm always of the view that you get improvements in performance in every profession by talking about the actual problems you're dealing with and what works, rather than simply saying something is broken and calling for change without explaining why and how to people. The success story I'm going to talk about is the Federation and how it works – something you don't traditionally hear a lot of positive commentary about. Actually, in my view, it does work, but only, only, if it's carefully managed by people who recognise its importance and how you make it work.

Let me talk a bit about infrastructure in that context. It's been a very exciting time in the last 10 or so years to be working in infrastructure and transport in this country. Infrastructure and transport have gone through a significant mobilisation in this country, and as you see around us, a large number of projects are happening right across the country. That reflects the fact that it's been driven by our strong economic performance, our population growth and demographic change, and the need to invest in the next generation of productivity-building infrastructure. Australia has an enviable growth problem. We've had successive years of economic growth, population growth, and that's all forecast to continue, so we've got an enviable problem to deal with. We can only deal with that infrastructure and transport issue in this country if we achieve good working relationships through the Federation. That's why it's a really critical role for us, as Australian public servants, to make the Federation work.

Infrastructure's now at the heart of government's agendas, right across the country. Investment in infrastructure is seen as vital economic policy to boost productivity and economic efficiency and also, importantly at the moment, to drive growth in a sluggish private investment environment post the mining boom. It's also critical to overcome many of the social and economic costs arising from our rapid population growth, especially in our major urban areas. Over the last decade or so, in infrastructure across this country, we've mobilised unprecedented investment in transport infrastructure. But actually, while a lot of ministers and governments want to talk about the dollars spent on new projects, the really big story, the untold story, is actually the reform agenda sitting behind it in planning and investment reform.

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That's what I'd like to talk a little about because, over the last 10 years, what we've achieved is a massive change in how planning is done, particularly by state and territory governments, around long-term economic infrastructure provision, where today we have most states having 10 to 20 year plans for economic infrastructure. That's something that wasn't there a decade ago, and that's been, really, the important underlying story of the Federation in infrastructure. It's important because, as you know, in my portfolio most projects that you see under delivery are actually taking years, if not a decade, to come to fruition. Some issues I've been dealing with, like the second Sydney airport, have actually taken many decades to get to this stage, but that's another story. But essentially, that's why it's important that we look at long-term planning reform for this country, because the infrastructure cycles generally outlast individual elected governments.

Investing in infrastructure only adds value and helps drive productivity if it's in the right projects. That's why we've put a really strong focus in our reform agenda on long-term planning and business case development, effective project selection, and a pipeline of the right projects. Success is not so much just about the dollars, but actually selecting the right projects. The federal government is investing over $70 billion from 2013 to 2021 on transport infrastructure, using a combination of grant funding, loans, and equity investments. Importantly, we've also set up a 10-year rolling program under the federal government's program, which actually, each year, adds new dollars into the program, and funds new projects across the Federation. That's enabling quite a lift in public investment across the country, combined with state governments, but as I said, the big reform agenda has been around planning and how do we get long-term views of how we invest for the future.

In taking this long-term view, it's really important to recognise that, sometimes, you've got to actually take some really forward-leaning steps to invest, often ahead of what the critical public policy issues of the day might be. There are some really hard issues. If you look at examples like the Western Sydney Airport, which is now under construction, or the Melbourne to Brisbane inland rail project, which are two very large projects in my portfolio at the moment, they have taken many years to get through to this stage. They'll be a decade or more in construction, but they're actually catering for demand beyond the 2030s and 2040s.

That's really the long-term stuff that we, as public servants, are uniquely placed to do. In fact, it is one of our core responsibilities to take that long-term focus forward. It really is one of the things that underpins working in the public sector, as opposed to other vocations and professions. These projects, these long-term projects, usually have long-term pay-offs, if they're well thought-out and are actually concerned with what the future demand might be.

To support our role in getting good long-term investments for our community, the public sector has to have two critical things constantly at the forefront. Firstly, we do have to have that long-term focus. Electoral cycles are very short. The focus of government tends to be very short. We are the continuity and the people who have to understand what the future needs are to provide that long-term advice to government. Importantly, one of the critical things that the public sector must have is a view. We must have a view on the right outcome; that is a core responsibility of the public service. Often, governments don't want to hear our view. A view is not an opinion. As I say to people: I have lots of opinions. They're not worth a lot. But my agency and my portfolio has a view about the right outcome for the future. It's informed by evidence, it's informed by good long-term research, and it is all about what is the right outcome for the challenges facing the country.

However, to do a lot of what we do in my portfolio, constitutionally, we actually have a very limited role with respect to land transport networks, which are predominantly built and owned and managed by states and territories.

So the challenge in my portfolio has always been, 'how do we invest in areas, in getting the right investment in areas?', that we think meets the national need when these areas are largely the preserve of states and territories who control matters as diverse as land use planning, land development, and often, run the transport networks of the nation.

This interface of tension between the national outcome and the state and local outcome being sought is really coming to a head over one of our critical national issues. That's the shape of our cities. As people know, we are in now a period of the fastest population growth that we've had since the gold rushes in the 1850s. It's an unprecedented period of population growth and demographic change, and it's largely focused on our three east coast cities and, to a lesser degree, Perth.

The challenges are huge, because the performance of our cities, both in terms of liveability and economic productivity, is actually going to be one of the major determinants of the success of our community and our economy going forward, in a way that the shape of our cities probably hasn't been for much of our history. The reality is, working in a services economy, a globally-traded economy, the economic and social performance of our cities is actually going to be one of the key determinants of our nation's success. If you think about it, what we're facing at the moment with some of the issues in our major cities is actually quite a major brake on our economic performance. You only have to look at the levels of congestion in our major cities – the Bureau of Transport Economics in my portfolio has estimated that, this year alone, congestion in our five major cities is costing the economy about $16 billion, moving to about $30 billion by 2030 in direct economic cost to the community.

At the same time, we've got the social costs of the way in which our cities have been planned and developed – the spatial development of our cities, the way the transport networks operate – these are actually a major social cost.

The best way to illustrate that is commuting times. Again, a terrific piece of research published by the Bureau in my department shows the average commuting time at the moment in Australia is around 29 to 30 minutes each way. That's the national average. But in a city like Sydney, the average commuting time for over 2 million people is over 45 minutes each way. If you're living in outer Western Sydney and you're travelling by public transport, your average commute time is 79 minutes each way, on public transport. We have, literally, millions of people who are becoming increasingly dislocated from work, and the social costs of that spatial development of our cities is now both an economic and a social barrier to our development.

How do we sit? How do we influence that as a federal government in the current context? It comes back to: 'It's the vibe, it's the Constitution'. It really does matter in the space in which my portfolio operates. There's been much discussion about the Constitution in recent weeks, as we've seen up on the hill, as we've all had the opportunity over the last few days to become very familiar with the potential implications of Section 44, which has seen a growing number of our Members of Parliament having to refer themselves to the judiciary to determine their eligibility to hold office. 'The drafters of the Constitution would never have envisaged this scenario', say some of our commentators. Well, perhaps some would have. Some drafters of the Constitution certainly saw the rigidity of the Constitution at the time and did actually argue for it to remain a rigid document, because for many, it was seen as a protector of conservatism and a protector against radical reform. Rigidity was argued for by many drafters of the Constitution to prevent radical reform and to protect states' rights, and it's certainly done that.

It's stating the obvious to say the Australian Constitution was drafted in a very different world. Prior to the Federation, each colony competed heavily with others for trade and commerce and development. Colonial

Mike Mrdak AO conversing with event host Elizabeth Kelly PSM

governments of the time made decisions for the benefit of their colonies and their constituents, just as states do today, but the imperative to join the Federation – from the attraction of the removal of tariffs through creating national markets and creating a national government that could defend the Federation when the state was threatened – remained a powerful force to get us to Federation. Those issues still remain today.

For these fledgling states before Federation that linked the colonies – what linked the colonies was rail, apart from Western Australia initially. It was interesting that one of the things that they left out of the powers of the Commonwealth was rail. Even though it was very much the lifeblood of the transport systems of the late 19th century and the early 20th century, it was expressly excluded from a Commonwealth responsibility by the constitutional founders because it was seen that the national government shouldn't be interfering in the powers of the states and their ability to still compete with each other. It's a problem that still haunts us because, not only have we had to deal with the spectre of three rail gauges, which is a unique phenomenon globally, but for much of the last 116 years we've also dealt with something even more difficult, which is state-based regulation of transport operations.

It's interesting, H. B. Higgins, who later went on to become the famous Head of the Arbitration Court, actually commented in 1898 that to federate the Commonwealth without rail being included was 'like playing Hamlet with Hamlet left out, for rail is the great arteries of the government', and he opposed the exclusion of rail and also water from being Commonwealth responsibilities, for that very reason. He's been proven right. But viewed from the perspective of a newly-formed

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Federation, the short-sightedness of individual decisions of that time for the colonies was glaring. What we've discovered over the last century is that it makes the need for a government that takes responsibilities for the nation, for matters affecting the nation as a whole, really important.

It's proven, as we know, very difficult to change the Constitution, so we have to make it work as it is. The document's drafters could not have foreseen the nation, the world-changing events and developments of the 20th century, never mind the 21st. Nevertheless, over the last 116 years it has been the framework, and will remain the framework, of the relationship between the Commonwealth and the states, as to how we interact with each other as a cohort for good or ill.

I want to discuss the strengths of the Federation, but also, in my view, its fragility and what we need to do to make sure that fragility is best managed. I would argue that, in many ways, the Federation still works well, 116 years on. Whatever the people who wrote the Constitution at that time thought, it actually has stood the passing of time well. We do get diversity and we do get innovation across jurisdictions, and that's led to some very good outcomes, which would not have been possible from a single level of government. But that success and innovation and diversity and providing for local needs is not a given. While the Constitution is set out in black and white, this does not, of itself, ensure the Federation's success.

So, what does underpin a successful Federation in my view? Firstly, I think, my experience would be, the Commonwealth must lead and manage the Federation. How well the Federation serves us as a nation rests on the commitment of the governments, but also, particularly, the Commonwealth Government, to maintain strong Commonwealth–state relationships, particularly for the things that we want to achieve as national outcomes. This requires recognition of what each level of government brings to the relationship, and the fact that each level of government has a role to play and brings important perspectives, expertise, and experience to the table. This is exactly how it was designed. However, governments of all persuasions sometimes overlook or, unfortunately, deliberately avoid the need to invest in the relationships that are the Federation. Particularly in the policy reform space where there are shared responsibilities for outcomes, too often governments look for the quick fix, place too much faith on financial incentives to deliver policy outcomes, or neglect the big picture in favour of local outcomes. In my view, these short-sighted approaches are not investing in the Federation; actually, they erode the Federation and the nation. They leave the Federation fragile and open to criticism that is a model that does not serve Australians well.

It's the Commonwealth's responsibility, in my view, to nurture the Federation for the national interest. Australian governments ultimately will be judged on how effectively they manage the Federation, and we've seen that. When we

reflect, many of us in this room, on what we regard as good Australian governments over the last 116 years, they are predominantly governments that have a record of well-managing the Federation, of delivering national results through managing the relationships with the jurisdictions, and having nine jurisdictions working together well to deliver an outcome for the community. I think that remains the test of every Australian government.

Most of us in this room and across the APS, at the end of the day, work within the framework of the Federation. But how do we manage to make the workings of it happen, given the fragility, and also, how do we make some of the working relationships work? In my view, there's a number of things we need to be cognisant of. Firstly, it's critical we have a shared view of the problem with the jurisdictions. The Federation only works well when governments work together to deliver outcomes, with a clear and common understanding of the problem and a collaborative and pragmatic approach to delivering solutions.

The experience is, the Commonwealth is the level of government that has to facilitate this meeting of the minds. We should always understand that, while the states and territories have their own local interests, it's not to say that they don't want the national interest reforms taking place. My experience is that the majority of the state officials that I've ever dealt with, state and territory officials and state and territory governments, do all want to be a part of a national reform and do want to be part of progressing the nation. But state governments do, naturally, come at an issue from a perspective of how it impacts their jurisdiction, and the national interest may not necessarily be their starting point, but that's not to say they aren't interested in the national interest.

We certainly saw the value of a collaborative approach in the Hawke and Keating era and the Howard years, where we had a period on which some minds now look back with some nostalgia and a large degree of envy. But the reality is, it was made to work, a lot of those national reforms in that period, because the Federation was made to work. I think recent governments have sought with much more limited success to establish reform agenda with similar socio-economic impact, but haven't been as successful because they haven't managed the Federation as well.

In my view, what's the difference between good, successful federal governments managing the Federation, and those who've been less successful? First, we make a mistake if we under-invest in COAG institutions. In a federation, rarely does one government have the authority or influence to drive national reform alone. The Commonwealth Government has, historically, struggled to get reform and change over the line if they haven't brought the Federation with them, and importantly, through the Federation, engage the community in a dialogue on the rationale for and the benefits of reform. It always strikes me that we have such limited COAG combined entities; we don't have any combined research forums, and apart from ANZSOG, we have relatively few collaborative mechanisms with our state public services about how we develop as a profession.

Thinking about those institutions of the COAG and the Federation – it is really one of the things we do need to think further about because, while people often talk in the media and in public policy terms about the Golden Age of Reform in the '80s and '90s, the reality is it wasn't a golden era for all of us who lived through it; it was hard work. It shouldn't be overlooked that success was very much underpinned by a great deal of work behind-the-scenes by public servants across all of the jurisdictions. Policy makers work long and hard on the evidence base for reforms, sometimes for decades, as in the case of tariffs or tax reform or competition policy.

If you think back to the work of the Industry Commission and others, right back in the 1970s, reform takes a long time and has to be underpinned by a view by the public service,

and good analytical research. These difficult reforms of the 1980s and the 1990s, which people today laud, were not, of themselves, easy to deliver; they had to be delivered through really hard work through the Federation. As Professor Gary Banks noted in his recent work, acceptance that reform was needed did not come about overnight. There was a great deal of evidence and research on the deficiencies of existing policies, and deliberate efforts to communicate that information to the community. That's really what underpinned a lot of the micro-economic reform of the Hawke, Keating and Howard years and since then.

Of course, these micro-economic reforms, today, are seen as having been broadly in the national interest, but for the community at large, an argument about the national interest doesn't always resonate. We've got to remember that reform doesn't always resonate well with people in the community who see that not all change is good reform. But when policy makers and governments really understand the right problem to deal with and can clearly see the need for reform and benefits that change will bring, it is much easier to communicate these to the community and gain, if not wholehearted support, then at least an understanding of the need for change.

Reforms that we need to deal with the challenges we face as a nation require good long-term policy and perspective, and need the public sector to have a clear view on what is the right objective we're trying to reach as a nation and how best we do that. As we've seen with good federal governments, that is a core part of their agenda. The public sector's role, as I said earlier, is to ensure the hard policy work is done – the evaluation, the research, and the analysis – which enables the political champions to take forward reform and change. So, the APS and the state public services, in my view, have a critical role in providing both the continuity of the vision across the electoral cycles, but also providing the view and the analytical basis for governments to be able to drive things forward.

The audience listening to Mike's address

I'd like, in that context, to talk about two more recent reform agendas in my portfolio, which demonstrates areas that have worked or are working. The first is some work we've been undertaking over the last decade: what's called national transport regulation reform. As I mentioned earlier, when the Federation was put together, transport was largely retained as a state responsibility. Apart from the new, emerging technology of aviation post the First World War, the states largely controlled our land transport networks through their regulatory structures. That wasn't a problem so much, but as we opened our economy and opened national markets, particularly in the latter half of the 20th century, what we find is state regulation was impeding inter-state trade and commerce and the growth of the economy.

So, from about the late 1990s, my department and other portfolio agencies started to do a lot of work around the radical idea of having single national laws and single national transport regulators. Why is this important? Because up until three years ago, if you were driving a heavy vehicle between Melbourne and Sydney, you had to take six tonnes off the back in Wodonga before you could cross to Albury. Your trailers couldn't be the same width, crossing the border from Victoria to New South Wales; and, in fact, if you drove from Queensland to New South Wales on to Victoria, you had three separate fatigue regimes, three different weights and widths on your heavy vehicle, and a multitude of different regulations, which actually lead to some really adverse economic and also safety outcomes.

From 2009, the result of that work was a COAG decision to actually move to three single national regulators. We now have in this country, for the first time, a single national law which applies to heavy vehicles, albeit Western Australian and Northern Territory haven't joined yet. But for the East Coast, we're there. People driving heavy vehicles now have a single regime of fatigue and operating laws, widths, and weights.

In national rail we now have a single piece of national rail safety legislation, which covers the country. Previously, if you were operating a train from Sydney to Perth, you operated under 43 separate pieces of legislation, you carried three communication systems, and you operated to a multitude of different industrial relations arrangements. In maritime, if you operated international voyages, you're regulated by the Commonwealth, but if you're operating on the coast, you were largely regulated by states. The discontinuity that came from those measures had to be overcome.

Those types of reforms worked because we spent a lot of time with the states and territories developing the business case for what it meant for them, how they could still retain control of the bits that they were worried about, how they would monitor their safety and operations on their roads, but at the same time, we developed national legislation for national operating systems, which have driven a big economic benefit as well as a much better safety outcome. These types of reforms can only be delivered when all levels of government are on the same page about what the problem is. A simple example is the way I've given them today, where we need to get to, and the steps needed to achieve that end goal. Really, that's the Federation in practice.

In the case of these reforms, the development of a shared vision with the states helped us gain momentum in the face of political change. Our short political cycles across this country, across all nine jurisdictions, means that long-suffering officials like all of you and myself, as we take through reform agenda, we have to deal with numerous changes of governments, changes of ministers, and we have to often start the argument all over again. It's a constant piece of work. Again, it's where the skill and the professionalism of the public service to achieve that national outcome is absolutely critical, because only the stewardship of the public service and the commitment to long-term agenda pays dividends through working through these processes.

The second reform example is one that we've embarked on in the last few years: an even more difficult agenda, which is to introduce road pricing into the Australian land transport network. Over the last 30 years, we've seen a radical change in Australian transport. We've moved all of our transport markets, bar one, into a market-based structure. We now operate an aviation sector and a maritime sector, which is all private sector investment, with public sector protection regulation. The one unreformed sector of our economy in transport is roads, where we still operate a model which is not too dissimilar to how it was in the early part of the 20th century. The Commonwealth collects excise, states charge registration fees, and somehow we come together and find a way to fund roads. But it's disconnected from the revenue collection, and the investment decisions are often taken for widely varying reasons. Ultimately, moving to a system that actually prices our roads and provides a road pricing system has two advantages.

Firstly, we're trying to improve the supply side. We're actually trying to improve the investment picture by being able to hopefully – using that terrible word which treasuries often hate – hypothecate revenue from road users back into the investment into the roads. We actually get a much better investment picture targeted at meeting people's needs better, but also, importantly, we also start to send price signals into our market for roads. Why is that important? Because it starts to deal with some of the unfairness of the current system, and this is becoming even more unfair as we start to see technology come into the market. The reality today, as we drove here, we all paid a certain amount of fuel excise, but the amount you paid is very dependent on how new your car is and how fuel efficient your car is, and if you were driving longer distances on poor roads, such as a lot of people in regional Australia, you're being overcharged for the contribution you make to the road system.

That problem will be exacerbated in the future as we move to electric and fuel cell technology for our vehicles. How do we price their access to the road system? How do we get those users to contribute to the road system? If you think about the implications of all that, there's a whole range of equity and fairness issues, as well as a long-term issue about how we pay for our future road system. All of that has to be settled through a federal system.

We've been undertaking some work in the last couple of years with the states and territories, and it's really long-term stuff. Every Commonwealth minister and state minister I've discussed road pricing with over the last 20 years have all acknowledged it's an absolutely critical reform and they look forward to how their successor's going to deal with it. Because it's hard. It really is hard. It's a really hard conversation with a community that's very sceptical about government pricing and access to what they see currently as a free system of roads, even though they're paying fuel excise, something they don't often appreciate.

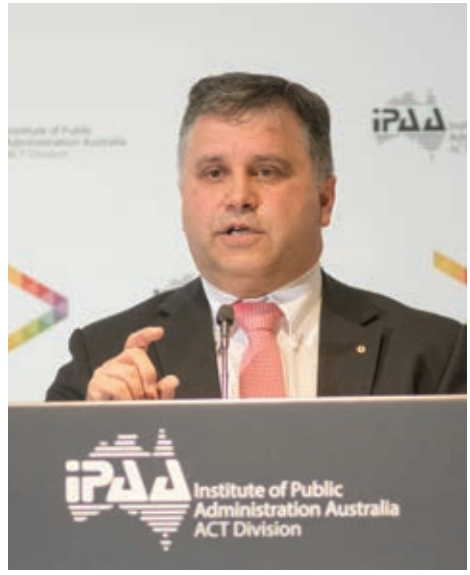
But we've been doing some work, and one of my ministers, Minister Fletcher, has been a really passionate advocate for change, recognising this is a hard conversation. It's in its early days. Road pricing is not going to happen in a hurry, but we're starting to build the building blocks of analysis, the empirical data, and we're starting to build the cases for where we know the community needs to understand better the issues of fairness, of equity, and how you, in the long-term, provide the dollars we need for a modern transport system. To make all of that work, we've got to make the Federation work.

Contrast those two examples with what we've seen as features of other Commonwealth relationships with the states in other areas, which have been, in my view, not so successful. The not-so-successful approach for the Federation on some policy issues, which plays out in both the political and official levels, sees the headline reform agenda announced, to the extent the press release can announce something. The agenda has frequently been driven from the centre of government, and particularly from the Prime Minister's Office or premiers' offices during my time under

various governments, but essentially it has not always been able to bring either the states and territories or the community with it. Perhaps, these days, driven by the need to always be in campaign mode and always be seen to be doing something for the community electorates, elected officials at every level of government vie to be seen to be doing something, anything, even if it isn't achieving a great deal. That's where the crux of this comes. That you can announce a lot of reforms, but the only way you get reforms delivered is through the Federation working, right at the grassroots-level of the administrations across the country.

Unfortunately, the nature of today's political environment means that the pressures to do something, anything, mean that governments focus on the quick win, the communique, the press release, the media moment, or the soundbite, rather than the high quality, sustainable, well-targeted outcome our communities deserve. Also, the centralisation of the management of a lot of issues, in my view, kills the issue very early. If you want to see a reform agenda killed early, hand it over to the Prime Minister's Office, PM&C, or premiers' departments, and you'll not see it ever come to fruition. The only way that you get long-term change and reform is because it was driven by line agencies – the coordination is done at the centre, but the hard work is done in the line area. That's the reality in my experience in my career of dealing with states and territories.

I think what I've also seen is, often the Commonwealth and also the state governments don't draw enough value for the expertise of their line agencies. Reform led by central agencies usually flounders quite early because it doesn't have buy-in from line agencies across the jurisdictions, and often it's driven too much by the Treasury focus on where the dollars go. Often, the central agency approach doesn't engage the states enough on agreeing the problems. It too quickly moves away from identifying the need for reform, and valuing the state contribution, to a discussion around dollars. If you want to move quickly to



Mike addressing the audience
at the National Portrait Gallery

that debate, you find yourself pretty quickly disappointed about the pace of reform, because when you get to the dollars, it's often combative, not cooperative, and that's why we need to do much better in how we manage our reform agendas across the public services both federally and with the states. That's why I do say that line agencies have to be the ones having a policy view, because only they have the relationships that make this work.

Having said that with a somewhat negative tone, I'm pretty optimistic about the way in which the Federation can continue to operate. Probably more so than some of my colleagues, but look, I think that the reality is if COAG is focused on long-term national interest reforms and on good long-term planning, then I think we will achieve good reform, because only that sort of focus on long-term planning and utilising COAG in that framework will overcome the problem of short electoral cycles. Unfortunately, at the moment, COAG, for what people see of the COAG, is really just the

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twice-yearly photos of ministers gathering together and the media coverage of whatever the particular scrum was that day, and often, that loses the hard work that often underpins a lot of those meetings, in the way it's presented politically. I think, it's really our job, in the public sector, to make sure that all of that hard work really does lead to change.

What are, finally, my key observations on making the Federation work and moving away from what I think is a very difficult reform environment at the moment? Firstly, as I said earlier, the Commonwealth has to be clear on what its desired outcome is and what reform it's leading. It means we have to work with the states to identify the right problem, do the work, and build a national agenda. As you all know, reform has few big-bang moments, despite the press releases. The reality is that most reform has a good long-term objective set for it, a well-rationalised objective, but is delivered in incremental steps. As we know, good policy change often does best incrementally with implementation via smaller pragmatic steps. Policy makers should always have a radical view on what's the right outcome to get to, but we've got to accept that progress towards an objective will often be incremental, and that's often a very difficult conversation with elected officials. But incremental progress allows government to control the scope and pace of change, and make adjustments when things aren't working well; we can go back and change them. We've got to be prepared to have that approach: What is the national outcome we want, and how do we pragmatically get there?

It's all about how the Commonwealth must lead and control the Federation. Secondly, I think, it's about relationships. At the end of the day, the profession we work in, the public service, is all about people and how we manage relationships. That's what all of us do every day. A federation has to be based on mutual respect and professional respect. We in the APS have to respect the states and territories. They have specific expertise. They actually work with the community on a day-to-day basis, which most of us at the federal level don't do. And they also, on the whole, all want the same public policy outcomes for our nation. In our Federation, we've got to stop treating the states and territories at times as the enemy. We've got to acknowledge and harness their expertise, particularly in delivering services to our communities.

Thirdly, the Commonwealth must lead and drive national reform, and we can't go it alone. Without coordination and leadership from the national level, long-term national reforms won't happen, but we can't deliver much without the states and territories. We have to, sometimes, acknowledge that money does not buy the right outcome. Sometimes, because of

our vertical fiscal imbalance position, the Commonwealth can be inclined to try and buy the reform outcomes it wants. We usually have to pay, that's fine, but the states have become very expert at making us pay too much, often for too little. We've got to look at financial incentives not being the standard go-to, but actually, just one part of our tool kit. We've actually got to be much smarter than that.

The reality is, if we can't get governments to agree on the problem to be solved, funding only delivers what you pay for. We've all seen examples where money sometimes buys, at best, silence or reluctant non-cooperation from some jurisdictions. We've got to be even smarter than that. Funding, of itself, will not solve a lot of our national reform agendas because it won't drive a shared commitment to the outcome we want. States will generally sign onto something, in my experience, if it's important; they can see the national outcome and there's something in it for them locally (while solving a national problem it also deals with a problem they're dealing with); and, helpfully, if it comes with money, that's nice. Also, sometimes, it's nice to be able to blame us at the federal level for having to make the change. We've got to use all of those incentive structures to get the right outcome – it's much more of a toolkit than it is just turning up with dollars.

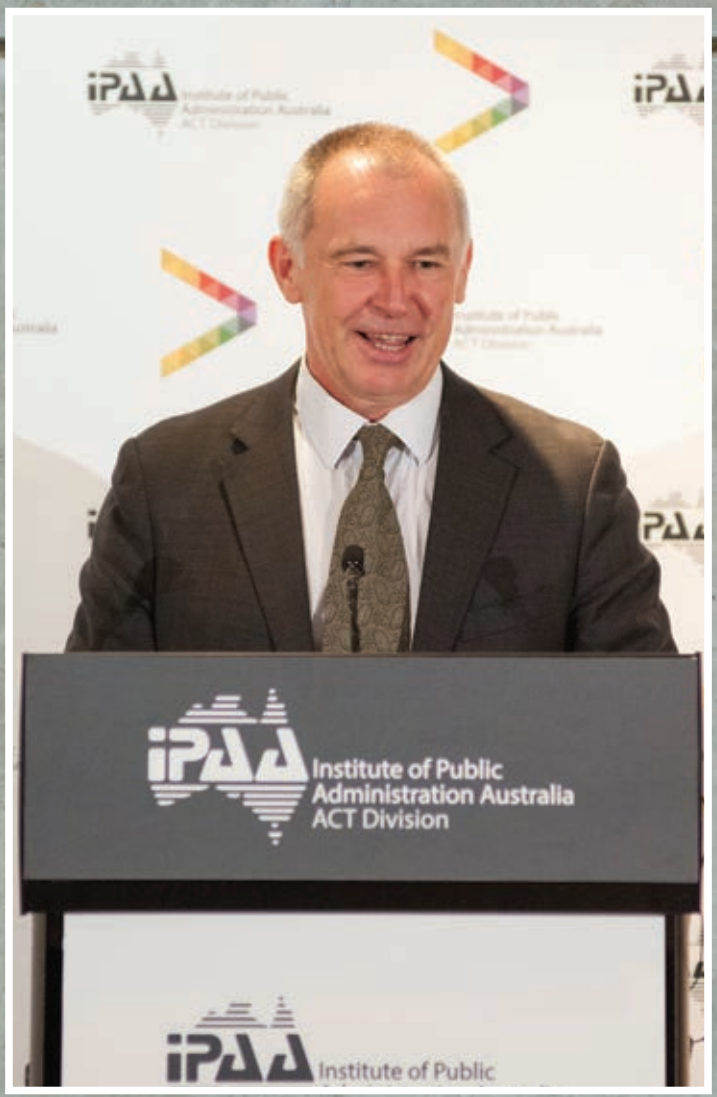
Finally, we've got to nurture the federal institutions. As I said earlier, the Federation is a fragile thing. We've got to continually be thinking about how our ministerial councils operate, and importantly, how the senior officials committee operates. We've got to constantly be reviewing the work programs, the terms of reference, to make sure they remain relevant and refreshed, and we've got to try and do that in a way that's cooperative; we can't simply try to bulldoze these through. As we said, it's about long-term planning and it's about trying to get the relationships right.

In finishing up, my analogy is, the Federation in this country is like the APS; it's fragile, we're almost worn out by the demands that are constantly being placed on us, like the Federation, and it needs a lot of care and attention to build its capacity and to continue its operation. The Federation, like the APS, often shines in times of crisis. The APS is, in my view, the world's best public service, as are many of our state services. The reality is, we often only see that in times of crisis. We're great responders. In fact, in many ways, governments values us only in crisis. But the reality is, we've got to shift away from that. We can't wait for the next crisis to deal with some of the big national reform issues that the Federation has to deal with. The APS and the state officials have to work together. We have to build the mechanisms underpinning that. As I said, I think, we need to look at: have we got enough cooperative research happening with the states and territories? Have we got enough collaborative mechanisms?

Most importantly, we've got to start seeing COAG and the Federation as an opportunity to do some of the long-term planning we need as a nation. Coming back to my infrastructure space, the way I categorise Australian infrastructure industry is that we're pretty good at building things, we're world leaders at financing infrastructure, but what we're terrible at compared to a lot of our international compatriots is long-term planning and project selection. We, as a nation, too often pride ourselves on 'it'll be okay in the end'. We don't do enough investment in the long-term planning, and it's the same way that governments often treat the APS and the public services. We don't invest enough in long-term capacity and strategic thinking, but yet, that's the differentiator which will be one of the key determinants of our position in the world in the 21st century.

So, as I said, the Federation, like the APS, fragile, still there, enormous capacity to do great things in the future, and I'm much more optimistic about that than I probably would've been some time ago. Following the experience of our portfolio, I think the Federation can work and work well to solve some good long-term issues.

Thanks very much.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IPAA SECRETARY SERIES

NATIONAL PORTRAIT GALLERY
THURSDAY 7 SEPTEMBER 2017

Secretary Valedictory

DR GORDON DE BROUWER PSM

SECRETARY OF THE DEPARTMENT
OF THE ENVIRONMENT AND ENERGY

'The greatest serendipity for me as a person has been experiencing the warmth, generosity and insight of Indigenous people, and coming to see and value their knowledge, culture, spirituality, meaning of country and personal histories.'

Thank you for the opportunity to speak at IPAA today.

I would like to pay my respects to the traditional custodians of the land we are meeting on, and acknowledge and respect their continuing culture and the contribution they make to the life of our city. Over the past few years, the acknowledgement of country has become more natural and important to me and I'll finish my comments today on why that is so.

It won't surprise any of you when say I am very proud to be a public servant, having been in and out of the Australian Public Service in different agencies and roles over the past 30 years. I think ours is an important and strong institution, bringing substance, delivery and continuity to government. It is, though, an institution facing its own challenges, some from the accumulation of past practices and habits, and some from big and ongoing changes in technology, in patterns of thinking, communicating and working, and in uncertainty about the world.

With these challenges in mind, I would like to talk about how we position for the future – what we can do to ensure that the public service remains effective and influential in the next decade and beyond.

I have three broad areas in mind.

The first is the people who work in the public service, and some ideas to better enable them to do the work they are employed to do and to ensure sufficient diversity in the workforce so we do our job well.

The second is about broadening our ways of thinking, and some ideas to better define problems and solutions for government.

The third is about improving public trust in institutions, and some ideas to lift trust in public administration.

So let me start with public servants. The vast majority of people I have worked with over the years are professional, capable and seriously hard-working individuals. They are well trained. They want a challenging job and want to do it well. I am proud to have worked with them.

My sense is that, over the years, as problems have occurred or mistakes been made, management of issues and briefing responsibilities have been progressively elevated and sometimes centralised. I suspect that too often Senior Executive officers have ended up doing the jobs of Executive Level officers as a way to manage risk, that they too often (usually unintentionally) crowd out more junior officers, and that those EL officers in turn do not have the opportunity to learn on the job and hone their analytical, conceptual and communication skills and judgment. The result is that we are not developing the next cohort of leaders and senior leaders to think and to have the ability and courage to provide good and persuasive strategic and operational advice to ministers. We need people who can deal with the serious challenges and greater and new global risks we face (and I have a postscript on crisis management at the end of the written version of this talk). And we won't recruit and retain enough good young people if we don't provide meaningful and responsible jobs. I think this resonates personally with us all: frankly, we thrive and are motivated to do our best when we are given responsibility and treated like adults.

This is what management jobs in the public service were meant to be, as set out in the Australian Public Service Commission Work Level Standards. The distinguishing characteristics of a good SES officer are strategic oversight and ensuring the capability of teams, with greater complexity the higher the level. The heart of public sector management is the EL, whose job requires strategic professional expertise, problem solving and leading teams and stakeholder engagement with autonomy.

Looking at these work standards, the norm in preparing written briefings should be that the ELs lead their staff in the development and writing of a brief, with the active engagement and guidance of their SES and others, and that verbal briefings, including to ministers, should typically be led by some combination of EL2s and Band 1 SES, with more senior officers to provide high level strategic advice, especially on sensitive and broad topics. But this is not happening as much as it should.

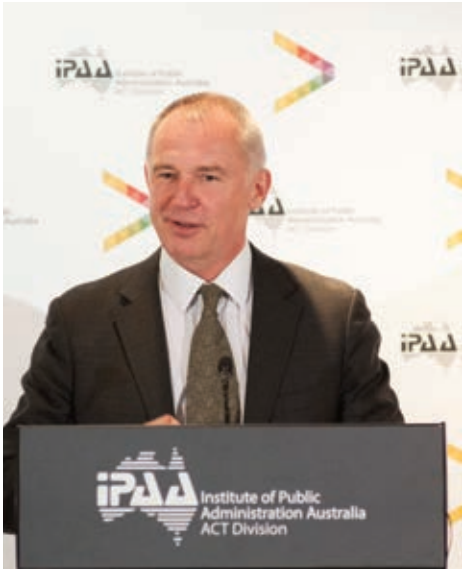
Glenys Beauchamp PSM (IPAA President 2013-16), Dr Gordon de Brouwer PSM (outgoing IPAA President) and Frances Adamson (incoming IPAA President)

In my experience, SES and EL officers are able to get on with the job they are paid to do when:

1. internal process systems, like financial delegations and brief clearances, support decision making
2. the departmental approach to risk, professional development and culture support an officer being able to do his or her job with reasonable care and diligence, as set out in the Public Service Act, and
3. incentives are consistent with work standards, so that people are rewarded for doing their job and empowering their staff, able to learn from mistakes, and penalised for malfeasance or deliberate negligence but not failure.

There are two things we can do to remedy over-management. The first is to check whether staff are given responsibility to do their job and, if not, explicitly devolve responsibility and institute the system I just outlined. The second, more controversially, is to drive behaviour change by considering cutting the number of SES levels across the service from four (including the Secretary) to three, essentially combining SES Band 1 and 2 levels and strengthening the EL2 level. The literature on the desirable number of management levels settles on five to seven layers of management. We have six, which sounds reasonable on the face of it. But, given the tendency in the public service to elevate risk management and decision making, I see value in redesigning our system to five layers – three SES, two EL. If well designed, regime change in this case could be an opportunity for cultural change in leadership, to one with greater emphasis on empowerment, risk taking and effective systems of support.

As we think about the people who join and work in the public service, it is also timely to build on our successes in broadening the diversity of people and experience, and make deeper institutional changes to support this.



Gordon addressing the audience
at the National Portrait Gallery

The value of diversity is not just that it humanises us and helps us treat others with respect and value them for the people they are, but that it keeps us on our feet, brings in new and different ideas, ensures we have the best of the crop advising ministers and implementing government policy, and improves outcomes.

In many respects, the public service does well in diversity. We typically have vibrant women's, Indigenous, religious, disability and LGBTI networks in our agencies. I think that is important and warrants ongoing reinforcement.

We are certainly stronger on gender balance than we used to be, but we could finally turn the dial to 50:50, especially at senior levels, by being more explicit and forward leaning on flexible working arrangements and changing some of our selection procedures, like expanding our senior officer recruitment panels from three to four people, with a requirement of gender balance on the panel, not just to ensure we are neutral to gender in promotion but to give an unambiguous signal to applicants that we are.

We can also do more on Indigenous recruitment, including cadet and graduate recruitment, and the use of identified (i.e. Indigenous aware) positions and special measures (Indigenous-only positions).

We are clearly underdone on ethnic diversity and disability in the Canberra-based service, and can be more forward leaning in talking to people with these backgrounds about public sector careers.

Finally, we can do a lot more on the recruitment of people with different professional backgrounds on the issues we deal with, specifically from business, universities, not-for-profit organisations and state administrations, perhaps under contract and certainly at different levels of seniority. Peter Shergold's 2015 report[1] talked a lot about this and it is unfinished business. I know first-hand that ministers would appreciate these other professional perspectives as part of the advice we provide them. Stakeholder engagement alone does not cut it. Ministers value knowing that these more diverse professional backgrounds and insights are not just an input (sometimes) but are part of the assessment, filtering and construction of the ideas we talk about with them.

This takes me to my second theme, about how we draw together different ways of thinking and disciplines in identifying the forces at play in the world, understanding public policy, and defining solutions in the national interest.

As a general observation, we have a discipline-specific approach to defining the national interest, born from professional pride in expert principles-based thinking and the fact that many departments are themselves discipline or line based. We do work hard, and sometimes very well, at finding integrated solutions but it is often hard because our initial framing occurs

1 *Learning from Failure: why large government policy initiatives have gone so badly wrong in the past and how the chances of success in the future can be improved* (Australian Public Service Commission, 2015): http://www.apsc.gov.au/publications-and-media/current-publications/learning-from-failure

within a particular way of thinking and can be difficult to broaden when agencies become tribal. I have to say it took me a long while to see this and only after moving between very different parts of government.

Let me talk through a couple of examples.

I trained and worked as an economist. This has been invaluable to me in learning to think about systems, connections and stability, and interpreting events in terms of forces at play and where they are likely to lead. At its best, economics demands critical thought – about the various sides to an argument and the evidence for them (cost-benefit analysis), about what is given up in following a particular policy (opportunity cost), and whether there are unintended consequences to a particular policy or if the intended outcome of the policy will come undone (dynamic consistency).

This is all good critical thought when done well. But economics is not always best in show when it comes to public policy. Economics works much better when combined with other disciplines.

What matters in public policy is not just whether the idea is good but whether it can be implemented and is durable. It's no use having an analytically superior idea if the policy cannot be implemented or implemented well. And it is no use having an analytically strong policy if it makes no sense to the public and it won't endure or stick. The ranking of solutions turns not on whether it is the best based on first principles. Rather the recommended proposal in public policy revolves on good principled insight that works in practice and makes sense to people.

Rarely does a single discipline produce the best outcome for public policy.

In natural resource management, for example, it is often the active joint exercise of science, economics, law and psychology that produces good and durable outcomes that the community will accept. The general public is really much more interested in natural resource management that balances environmental, economic and social outcomes than of one single element in isolation. None of the four disciplines I mentioned can do that alone, but they can when they work together, and again with an explicit focus on effective implementation.

Take another example: Australia's national interest in the world. The combination of security and economics is more likely to advance our national interest than treating each in isolation or as innate alternatives. Framing the problem matters because it can determine the scope and quality of solutions to problems. Language matters. It is standard practice in international relations to use the term 'strategic' to define the security dimension of our national

'What matters in public policy is not just whether the idea is good but whether it can be implemented and is durable. … The recommended proposal in public policy revolves on good principled insight that works in practice and makes sense to people.'

The audience listening to Gordon's address at the National Portrait Gallery

interest with respect to the rest of the world. Rather than being part of our strategic interests, economics is used in international relations as an add-on: we have strategic, and economic, interests. To put it crudely, in a polarised debate, it makes our economic interests sound un-strategic, dismissed as the pursuit of greedy businesses, blind and perhaps even inimical to our long term security. This framing is insidious. It walks away from income, wealth and jobs. It walks away from seeing and actively pursuing a plurality or multiplicity of interests here and in other countries. It walks away from structuring all dimensions of our engagement with other countries in terms of rule of law, principles and norms, institutions and good governance. It walks away from the possibility of different options and solutions, none of which may be perfect, and it risks the fast track to conflict.

In all these examples, the public is best served by multi-disciplinary approaches with a focus on implementation and delivery. It does not mean that each minister and department is the minister and department for everything. What it does mean is that Cabinet is well served by active and open conversations within, between and outside of agencies, in using and integrating different ways of thinking early in the process rather than at the end, and in the diverse workforce I mentioned earlier.

Two practical ways to encourage people to think differently are, first, active and targeted movement of officers at various levels between different agencies and with business, universities, not-for-profit bodies and state governments, perhaps even a system of formal rotation, and, second, broad-based and ongoing professional development that also brings public servants from different parts of government and people outside government together where possible and gives officers first-hand knowledge of Asia and the Pacific. The public is best served when public servants bring all the evidence and tools of thinking together, when they work through solutions together and with key people outside the public service, and when ministers, supported by their departments, bring coherent solutions to Cabinet. And greater understanding underpins trust.

This takes me to my final topic about positioning public administration for the future: dealing with declining public trust. There is a lot of commentary about declining trust in politicians, public administration, business, media and others. Pretty much everyone is in the public's sights. The IPAA national conference this year is on regaining public trust, especially as it concerns public administration. I am not going to comment on other groups but I do think there are two things that public servants can do to improve trust in our society.

The first is just to talk like normal people to each other and the public.

Specialist language is everywhere in academic disciplines and professional life, and it is often easier to use complex jargon and acronyms as shorthand. Public servants are no less exposed to this but I think it is compounded in the public service because of a culture that writing must be impersonal, detached and detailed, which just means lots of bloodless prose, passive verbs and convoluted sentence construction, and long lists with lots of brackets inanely explaining terms or stating the completely obvious. I am a very calm person but reading briefs sometimes drives me crazy (less so than it used to because briefs are shorter and written better) and I have seen it affect many ministers the same way. Think then of how the public responds to this secret language. Clear expression shows that you can put yourself in the mind of others and that you think clearly, both of which are essential to being persuasive.

Yet there is a deeper element in how our engagement with the public has evolved. While public policy talks about outcomes, outcomes are hard to measure and the call for greater public accountability and development of internal systems in the 1990s and 2000s gave rise to an imperative within the public service to report on and assess the many inputs and outputs thought to be related to outcomes, with a lot of process created as a result. In a world where public servants are accountable for myriad inputs and outputs, they have an incentive to try to directly control those inputs and outputs where they can, tightening bureaucratic controls on members of the public when they interact with government through regulation, transfers or programs. The system technically shifted back a notch in 2013 with the introduction of the Public Governance, Performance and Accountability Act to a focus on outcomes, risk taking and greater responsibility within agencies and a greater focus on deregulation, but the culture and habits of process, caution and direct control run deep. They are, moreover, continually reinforced by the unforgiving scrutiny of audit and performance institutions within government, Parliamentary Estimates and the media, which are seldom constructive in their criticism and almost exclusively focused on what goes wrong, however small, and not on what goes right or on the opportunities lost by not taking a risk.

Talking to the public like normal people is not just a matter of language, it is also a matter of how we think about the public. We have built a habit of referring to the public as stakeholders, which in practice means outsiders who are to be managed. There are regular attempts to shift the posture back to thinking of the public as insiders in public policy, through various campaigns like citizen-, people- or community-centred policy (think the Blueprint) and a more direct focus on delivering outcomes (think the PGPA Act and Shergold and Belcher Reviews). These are

‘Public debate in many areas has become highly polarised, simplistic and less generous. … There is an increasingly important role for non-advocacy institutions, like universities, non-partisan think tanks, science and research bodies and government agencies, to draw knowledge together and present information digitally in ordinary language to better help the public inform itself.’

valuable and can build trust with the public but they require constant reinforcement.

More generally, public debate in many areas has become highly polarised, simplistic and less generous. 140 characters matter. Slogans sell. The protagonists often select the evidence to support their argument, and much of the media reinforces this. I think there is an increasingly important role for non-advocacy institutions, like universities, non-partisan think tanks, science and research bodies and government agencies, to draw knowledge together and present information digitally in ordinary language to better help the public inform itself about what is going on. Government agencies do play a role here because we are the non-political part of government and are stewards of enormous amounts of relevant information at hand, particularly around legal and policy frameworks for decision making and data. Advances in technology, data, social media and the digital world are really changing the game in how this information can be accessed and used by the public, and they are an opportunity for us as public stewards.

So in terms of how public servants build the public’s trust, it comes down to how we talk with the public, how we treat them, and how we ensure that we provide, rationally and without advocacy, the information they want and need to make informed judgments and decisions. While there have been lots of specific reviews and there are lots of policies to do this, it is timely to reflect on how well we are doing and how well we are positioned as a public service for the future in a very different and digital world.

I am coming to the end of my comments.

I have been spectacularly supported by many generous and decent people over the years, many here today. I cannot thank you all by name but I do appreciate your support and friendship.

I would like to state two specific thanks.

The first is to Jane Ferguson, who has been my executive assistant for almost a decade. Jane is a wonderful person, enormously capable, patient and wise. A skilled wrangler. I really could not have done my job without her and I would like to publicly thank and acknowledge her for all she has done.

My other formal thanks is to the Aboriginal and Torres Strait Islander people I have worked with over the past four years as secretary of the Environment and Energy Department. I have been privileged to work with you. My life has changed in many ways over the years, and I have experienced each new step as the discovery

of a new and exciting universe. Yet the greatest serendipity for me as a person has been experiencing the warmth, generosity and insight of Indigenous people, and coming to see and value their knowledge, culture, spirituality, meaning of country and personal histories. A lot of public discussion about Indigenous matters is focused on the challenges, like Closing the Gap, and seldom on the contribution that Aboriginal and Torres Strait Islander people make to our nation. I have been inspired by the Indigenous people I have worked with and the strengths they bring. Much of our discussion on natural resource management is about Indigenous people as part of the solution through their knowledge and management practices on species, land and water, including traditional early-season burn.

Listening to Aboriginal and Islander people, I have come to better appreciate the need for reconciliation and recognition, and the practical importance of acknowledgement of country as part of these processes. As we celebrated the anniversaries of constitutional reform and the Mabo decision, I reflected on how, at the time, these events involved uncertainty and, especially in the case of Mabo, a lot of fear and serious concern, but, when we look back at them now, we see them as inevitable, good and major successes. My hope is that, as we discuss the next steps of reconciliation and recognition, we also mentally look ahead 25 and 50 years and can see uncertainty give way to celebration and pride in being the people we will be.

Thank you.

Left to right: Glenys Beauchamp PSM, Chris Moraitis PSM, Kerri Hartland, Daryl Quinlivan, Finn Pratt AO PSM, Rosemary Huxtable PSM, Dr Martin Parkinson AC, PSM, Dr Gordon de Brouwer PSM, The Hon John Lloyd PSM, Renée Leon PSM, Dr Steven Kennedy PSM, Dr Heather Smith PSM and Frances Adamson

'In terms of how public servants build the public's trust, it comes down to how we talk with the public, how we treat them, and how we ensure that we provide, rationally and without advocacy, the information they want and need to make informed judgments and decisions.'

POSTSCRIPT ON CRISIS MANAGEMENT, BY DR GORDON DE BROUWER PSM

I would like to reflect on one matter that has been centre stage in my career: economic and financial crisis management.

I never planned to work so much in economic and financial crisis management.

I studied economics, specialising in macroeconomics and banking and finance, in the heady days of the early and mid-1980s, as many markets in Australia were opened up to domestic and foreign competition, restrictions removed, and many firms went in search of balance sheet growth. I worked at Westpac in Tokyo in 1989 as a credit analyst in one of the headiest of speculative booms, then later at the Reserve Bank in the early 1990s in the clean-up of our own boom to be followed in the later 1990s by the Asian financial crisis, and then for prime ministers Rudd and Gillard on the global financial crisis and its aftermath from 2008 to 2013. I have worked on three crises in three decades – broadly in line with the view that there is a crisis a decade – not always, but sometimes, of your own making. And there are ways to make it better or much worse.

There is a huge literature on economic and financial crisis prevention, management and resolution. The best observation – and the one that matches my own experience – was by Rudi Dornbusch that crises start with a balance sheet problem. A crisis is most spectacular when the problem lies with bank or government balance sheets but it is still serious when it is household and business balance sheets, as the UK and Australia learnt in the early 1990s. Debt-heavy balance sheets are like sticky fly paper on economic growth, making the downturn deeper and recovery much slower because income has to be used to repair the balance sheet, which can take years, and not for spending.

I say this because the quality of Australia's household and government balance sheets has deteriorated and it makes us more vulnerable in what is a more complex and risky world, even with our strong macro-prudential frameworks and institutions.

The Bank for International Settlements' measure of Australian household debt is 123% of GDP, well above the 75% average in the developed world. There is a smell in the housing market now of the Australian corporate world of the 1980s: you can't have too many assets, balance sheets can't be too big, and prices can only go up. There's froth around.

In recent decades, the government's balance sheet has been the counter to household debt. The unspoken social contract since financial deregulation in Australia has been that the government will keep its balance sheet small so that households do not have to (or at least not as much). This contract has been especially important for a country with an economy that chronically relies on foreign saving and has highly variable terms of trade.

But the ground under that compact is shifting.

Government debt in Australia is now around 40% of GDP on the BIS measure, well below the developed country average of around 110% but well up from under 10% of GDP a decade ago. The gap between the sum of government and household debt relative to GDP in Australia and other developed countries has fallen from 40 percentage points in the early 2000s to 20 percentage points now, with most of the narrowing of the gap occurring in the past half decade.

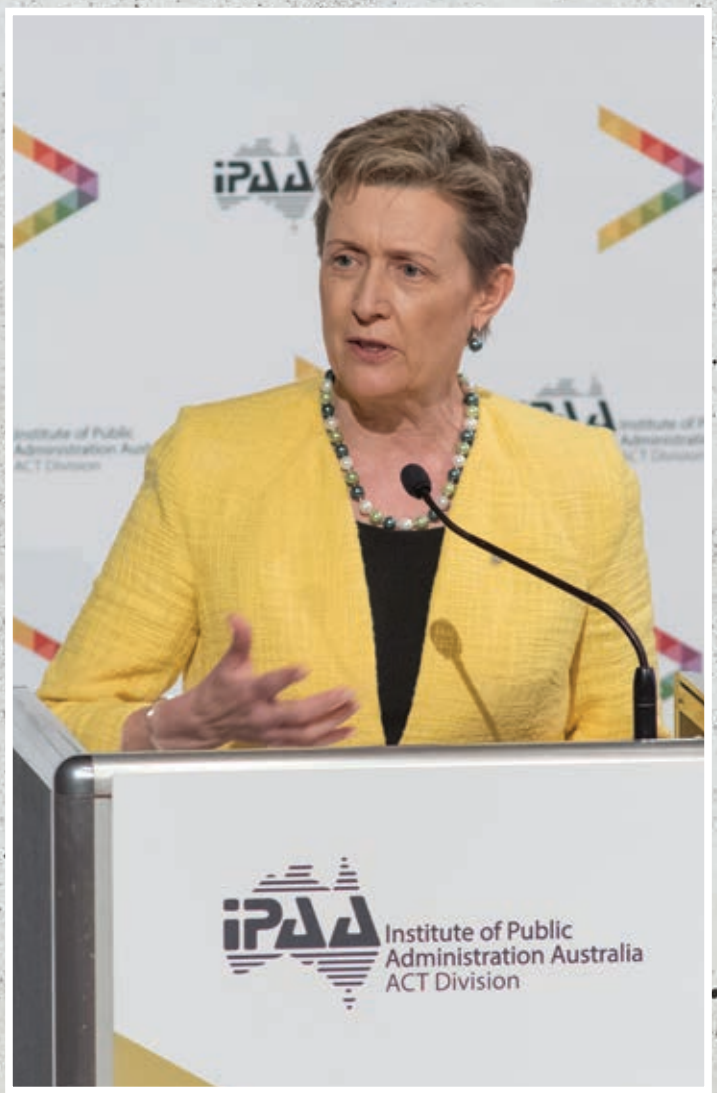
We are losing our insurance.

Based on Budget figures, it will take a couple of decades of surpluses to bring Commonwealth debt back to where it was before the global financial crisis, which means that it is most likely we will face the next crisis with a lot less ballast in the tank. Debt amplifies a negative shock. The unambiguous consequence of that is that the impact of a hit to our income and jobs will be deeper and the recovery from slowdown or recession will take longer.

I go through this argument because crises do happen fairly regularly in the world, about once a decade. The trigger could be anything from a sharp slowdown in China, jump in protectionism or trade war across the Pacific or the Atlantic, bank breakdown in Europe or China, conflict in north Asia or the Middle East.

Tackling our debt problem will help reduce our vulnerability. We have shown in the past that we can come to grips with economic problems, and we need to show the same foresight and action now.

Colleagues listen to Gordon's valedictory remarks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IPAA SECRETARY SERIES

JAMES O FAIRFAX THEATRE
NATIONAL GALLERY OF AUSTRALIA
TUESDAY 10 OCTOBER 2017

Transformation through Shared Services

ROSEMARY HUXTABLE PSM

SECRETARY OF THE DEPARTMENT OF FINANCE

'It is our responsibility as the guardians of public expenditure, not only in the Department of Finance, to ensure our systems and processes are as effective and efficient as possible.'

I, too, would like to start by acknowledging the traditional custodians of the land on which we meet today, the Ngunawal people, and pay my respect to their Elders, past and present, and also extend that respect to other Aboriginal and Torres Strait Islander people here today.

Thanks for the opportunity to speak at today's forum. I feel as if I'm in a unique position to speak about transformation through shared services, and that's for three reasons.

Firstly, as the secretary responsible for delivering the government's shared and common services program, of course in collaboration with my colleagues across the Australian Public Service, I have an acute interest in the policy settings of shared and common services.

Secondly and more recently, I've also become the accountable authority for a shared services hub, the Service Delivery Office (SDO), which was previously the Shared Services Centre. Lucelle Veneros is leading the Service Delivery Office, and you'll hear more about our experience with shared services shortly. The great value of that is that we are now experiencing firsthand the practical application of shared services policy and delivery, and being in the unique position to be able to feed our practical experience back into the policy development process.

Thirdly, I have a role as a potential consumer of shared services. We in Finance are going through our own processes and planning to undertake what we hope will be a successful transition to shared services arrangements.

Today I want to focus on four themes. The drivers behind transformation through shared services, what the APS has learnt about shared services through the experience of others, why I believe shared services can work in the APS, and the path we're taking to get there. Today's event though, is really about learning and sharing. I hope you will find my contribution useful – reflections that come from my perspective of those various roles that I have, and that will give you food for thought in the discussions that follow. In particular, we have two speakers here with a very strong grasp of the Commonwealth program, and I'm sure they'll be very happy to share more with you: Michael Schwager, responsible for the Department of Industry hub, and Lucelle Veneros from Finance, managing the Service Delivery Office.

We, the APS, need to focus on delivering the priorities of government and meeting community expectations in an environment of fiscal pressure and rapid change. If you haven't already, I would encourage you to read the preface of Budget Paper No.4 from the 2017–18 budget. It's not as dry as you might think. The government and the community rightly expect that we will deliver what the government wants and what citizens, people, need as efficiently and effectively as possible. I think it's safe to say, and I don't think this is particularly controversial, that no government any time soon, or in any jurisdiction, is likely to have a significant appetite to invest resources into public sector back-office administration. In fact, it is our responsibility as the guardians

'The collective evidence suggests that in order to be successful, shared services must involve three important elements: consolidation, standardisation, and contestability.'

Left to right: Rod Greenaway, Kathy Leigh, Lucelle Veneros, Rosemary Huxtable PSM, Graham Tanton and Michael Schwager

of public expenditure, not only in the Department of Finance, to ensure our systems and processes are as effective and efficient as possible. I don't think that that is really any different to what the private sector reasonably expects in delivering for its shareholders.

In 2017, departmental expenditure was around 7% of total government expenditure. On face value, this may sound reasonable. It's clearly less than the running costs of the 1960s, which were at around 16% of the total government expenditure mark, though I'm not entirely sure that's an apples to apples comparison. A lot has changed in that time, clearly. Despite this positive downward trajectory, which is largely a result of technological advancement, it's notable that on average 20% of current departmental expenditure is still being directed toward corporate support and services. This means we're spending more than $2 billion every year on corporate services across the APS, and I would say that's a quite conservative estimate, as it excludes the Defence portfolio and it also excludes ICT services.

At the same time, the APS needs to position itself to respond to a rapidly changing environment, and the continued need for fiscal discipline. As many of you would be aware, agencies have been subject to efficiency dividends for many years, and there is government policy, which all agencies contribute to, to maintain average staffing levels (ASL) at 2006–07 levels — 167,596 ASL or below. In fact, since 2013, initiatives such as the Smaller Government agenda, contestability, Operation Tetris, and the efficiency dividends have generated around

The audience that attended Rosemary's keynote address and the panel discussion on shared services

$7.6 billion in savings. The Secretaries APS Reform Committee, which is a sub-committee of the Secretaries Board, is working to drive the transformation and modernisation of the APS. A question we posed at a recent meeting was, 'Are we fundamentally changing the way in which we operate and in which we organise ourselves, or are we trying to get by, by shoehorning activities in without making really significant changes to our operating models?'

To be effective into the future, we need to find innovative ways to free up valuable human and financial resources so that we can focus on the highest priorities for government and citizens. My view in this regard is that we're at a crossroads in terms of disrupting traditional models, with doing business and pushing the boundaries as to how we work. We are no different to any other sector in this regard. Think of the changes, for example, in the telecommunications or entertainment sectors, or banking. In our current environment, corporate services have been highly customised from agency to agency, based on historic practices, preferences, and legacy issues. Most agencies have been providing their own back-office functions, supported by their own enterprise resource planning systems, with their own customised requirements. That adds costs at every layer.

The shared services program aims to reduce the costs associated with delivering these back-office functions by establishing centres of excellence, or hubs, that will leverage economies of scale and focus on standard processes and practices that over time improve results and reduce costs. Shared services aims to allow a greater focus on the core priorities of government rather than on delivering transactional corporate services; the ability to share and maintain new and emerging technologies and better data for informed decision-making.

Before I go into too much detail about the Commonwealth shared services program I want to address what might be seen as an elephant in the room. You may have heard of failed attempts to establish shared services. In fact, these have tended to dominate the media's coverage. So just to read out a few headlines: 'Whitehall shared service centres not value for money', says National Audit Office. That's a UK public finance publication. And, put in almost any name you wish, '… called to account for shared services failing'. So again, in various journals.

Shared services isn't without risks and challenges, and I acknowledge that experiences with shared services haven't been universally positive, though some of the headlines are point-in-time rather than an evaluation of the impact over the long-term. Importantly, however, the approach that we are adopting in Australia is informed by what we have learnt and what we continue to learn through the relationships we've formed with our counterparts in other jurisdictions and overseas. We tend to hear more about the failures than the successes, something I hope will change as a result of today's panel discussion. While they may not make headlines, there are success stories. New South Wales is represented here today and they have been particularly generous in sharing their experiences with us, which have been very positive. The success of the New South Wales experience was largely due to taking a more gradual transition approach: transitioning corporate services, in a piece–by piece approach, with a central oversight function playing a critical role. Rod Greenaway from the New South Wales government is here today to speak more about this. The ACT is also collaborating with us. Although on a much smaller scale, the ACT shared services is now well-established, and leading innovation in the process. You will be also hearing from Graham Tanton about the ACT experience.

The collective evidence suggests that in order to be successful, shared services must involve three important elements: consolidation, standardisation, and contestability. Consolidation is about bringing all corporate services functions together to build economies of scale, standardisation means establishing

'We, the APS, need to focus on delivering the priorities of government and meeting community expectations in an environment of fiscal pressure and rapid change. … The government and the community rightly expect that we will deliver what the government wants and what citizens, people need, as efficiently and effectively as possible.'

standard business processes and optimising those processes, and contestability is about testing the market to understand who is best placed to deliver services. These are not linear processes and they can occur concurrently. Later on, I'll explain a little more about how we are applying these elements.

Another important lesson we have learnt is that shared services is a long-term game. It takes time to establish arrangements that deliver structural savings. Many jurisdictions have attempted to implement such arrangements on the back of overly optimistic business cases. We have learnt through the experience of others to take a staged and gradual approach. Another lesson is that upfront investment is required. I'll speak about this shortly in relation to the Modernisation Fund.

Finally, leadership and collaboration is key. There is a need to champion the policy at a whole-of-government level, but also within each agency. As with any transformational change, we cannot underestimate the need to address, at a practical level, 'What does this change mean and what's in it for me?' The large number of HR and finance systems currently maintained by individual agencies impose significant costs that can reduce through greater sharing of enterprise resource planning systems and the business processes they support.

But we must also remember there are staff delivering services on the ground who themselves need to be supported through change. With their responsibilities to achieve the best value from departmental resourcing, agencies themselves are coming to the realisation that they can no longer afford not to invest strategically in shared services. They are also realising that they must start a meaningful dialogue with their staff now to lead and support them through the change.

So where are we now and how are we going? To date, the Commonwealth has established six centres of excellence, or hubs, to provide services to consuming agencies. This is part of that first consolidation process. Is six the right number? Further consolidation is likely to occur over time as the hubs explore their strengths and weaknesses, and mature. Some hubs will be viable on their own. Others may consider merging to achieve the necessary scale.

In total, there are 90 agencies in scope to transition to hubs, while three have a deferral to participate, bringing the number to 87. Seventeen of these (however these cover 50% of employees) have already successfully transitioned to a hub. Sixty, covering the remaining 47%, have committed to a transition timeframe.

Finance coordinates an annual benchmarking process which is maturing over time, and is providing us with a greater understanding of the costs associated with delivering corporate services. Of the agencies who are currently participating in the benchmarking, the majority would reduce their corporate services if they transition now. While they are transitioning,

agencies and hubs are working together to standardise business process, the aim being to remove complexity and redundancy, and create consistency and efficiency. I'm sure Lucelle will talk about the Service Delivery Office experience in this regard.

The number of agencies that would reduce their corporate service costs increases again once these efficiencies are realised through scale, process, and capability improvement. As part of this process, we're establishing whole-of-government standard business processes, supported by an enterprise resource planning (ERP) panel. The panel will incorporate agreed standards into their products, reducing the need for highly customised systems. All agencies will eventually benefit from consistent professional services, modern technology platforms and better whole-of-government data to inform business decisions.

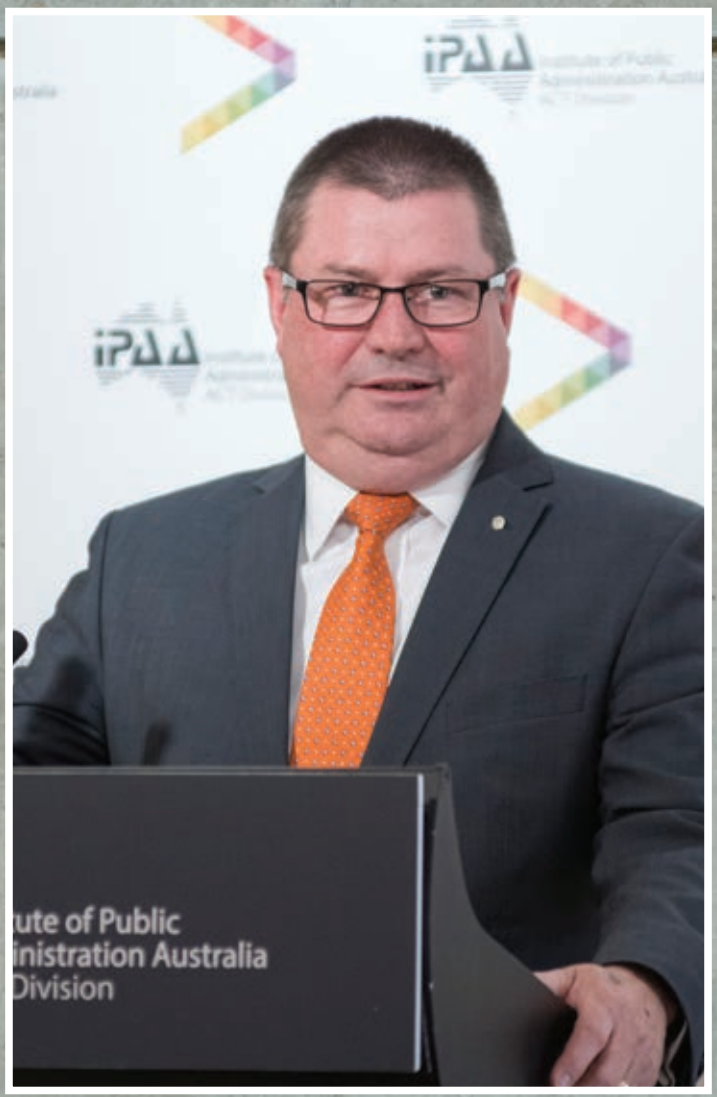
As mentioned, transitioning to a hub requires upfront investment. When we started our journey, we were still gaining an understanding of the true costs of what we call the onboarding process. We knew that insufficient upfront investment had led to failures in other shared services programs, and we were keen to mitigate the cost. The government has provided an $87 million injection of funds through the Modernisation Fund to support agency transitions. The funding also allows investment in the capability of the hubs, and the investment has accelerated the transition of agencies by at least four years. The Modernisation Fund has helped to address financial barriers for agencies to participate and has helped to break down cultural resistance. The standardisation and consolidation processes are preparing us for the final important element: contestability.

At the end of 2016, the Department of Finance began to offer a range of transactional services as part of the Shared Services Program, under the Service Delivery Office. Some examples of services on offer include accounts receivable, accounts payable, and payroll functions. The SDO currently services 13 clients, covering around five and a half thousand employees. In its first year of operation, it has focused on working with consumer agencies to build a governance framework in line with the Australian National Audit Office guidance on better practice governance. The SDO has bridged the gap in governance highlighted in ANAO findings of the previous Shared Services Centre by having one accountable authority instead of two, and by forming key committees and boards with decision-making authority. It has also established a range of assurance controls to reduce risk and increase accountability for consumers. A typical day in the life of the SDO includes 4,804 pays each pay period and 114 payments made each day.

But underlying the daily delivery of these services is a shift for consumer agencies. Reducing costs and increasing quality are progressively enabling consumers to focus more of their time on their core business, not on ensuring staff and bills are paid. In practice this means, for an organisation such as the Department of Employment, that they can focus more of their efforts on delivering employment services to Australia's citizens, or for the Department of Education, they can be better placed to achieve their goal of maximising opportunity and prosperity through national leadership on education and training.

The next 12 months and beyond are integral for transformation through shared services. Successful engagement and implementation of standard business processes, the continued transition to the hubs with support of the Modernisation Fund investment, and the role of the ERP panel will provide a springboard for further engagement and the benefits of economies of scale. We continue to learn through our experience and the experience of others, and today provides another opportunity to share and learn from each other.

Thank you.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IPAA SECRETARY SERIES

NATIONAL PORTAIT GALLERY
TUESDAY 17 OCTOBER 2017

Secretary Valedictory

MARTIN BOWLES PSM

FORMER SECRETARY OF THE DEPARTMENT OF HEALTH

"The integrity of the public service, though, has to be incontestable, and that's going to be up to all of us to really just keep pushing that.'

Let me first start by acknowledging the traditional custodians of the land on which we meet today, and pay my respects to Elders past and present, and to also acknowledge any Aboriginal and Torres Strait Islander people here with us today.

Firstly, thank you to IPAA and thank you to Frances for that introduction, and giving me the opportunity to give some reflections on what's happened. I think IPAA is a great forum for the public service, but we need to commit to it, and I think we've seen that in the last few years, firstly with Glenys Beauchamp and Gordon de Brouwer, and now Frances Adamson, we have really, I think, reinvigorated IPAA to a point where it can be a great support for the APS more broadly.

It's great to see so many people here. It really is fantastic. It's a little bit confronting in a whole lot of ways. I had to put a tie on today for the first time in about two and a half months, and that was hard. I've had a suit on once before, and that was the Secretary's Dinner, but I refused to wear a tie there. But, can I also thank Martin Parkinson for those kind words. I think I'll invite him along to my new organisation to do the introductions for me, that would be good. It might help me get my foot in the door.

I've been thinking, I left at the end of August, so I've been off for about six or seven weeks now. I went on holidays for a while and that was fantastic, and I've been back for a few weeks, and just thinking about what I was going to say today has given me food for thought really. Martin's touched on a range of things I've done, I'll probably touch on some of those as well as we go through, because I could come here today and give you all a lecture about what the APS needs, what can we fix, why is it broken, if it is broken, I could do all of that, but I think that would be really arrogant, and that's not what this is about.

I think we need to think differently in the APS. Absolutely, I don't think it's broken. I think there is enough leadership in the APS to take anything to any new levels that we want to. Those who know me would know that I'm not really going to go around and be that arrogant person, because I'm usually five or six steps ahead trying to think of solutions if we do have a problem. I thought today I'd talk about what I've learned about organisations and about myself over the last little while, and I'll probably wander off into some stories. I'll try not to repeat anything that Martin said, but you don't hold me to that. What I would hope to do is to give you, members of the APS, the inspiration or at the very least the inclination, to take the great institution of the Australian Public Service forward, because that's what is required right now.

I have had an absolutely wonderful and interesting public service career, probably not your typical secretary of a department in Canberra, but hey, it takes all kinds, eventually we get there. As Martin said, I joined the APS nearly 40 years ago, worked in Queensland, New South Wales and the Commonwealth. Martin mentioned I was born in Rockhampton up in Central Queensland. I went to school at the local Catholic school with the nuns. I mention that because it's important where I finish this story, but I started with the nuns. Those of you who went to Catholic school with nuns remember the rulers and knuckles. I'm a bit worried about that in the next phase.

'With permission of course, you have to engage with risk, and sometimes that's organisational risk, sometimes it's personal risk, but you need to balance risk with innovation, with facilitation, and good governance.'

Left to right: Rosemary Huxtable PSM, Greg Moriarty, Dr Steven Kennedy PSM, Frances Adamson, Dr Martin Parkinson AC PSM, Martin Bowles PSM, Daryl Quinlivan, Kathryn Campbell CSC, The Hon John Lloyd PSM, Dr Heather Smith PSM, Glenys Beauchamp PSM and Kerri Hartland

I did go to university in Rocky, Capricornia College of Advanced Education, which later became Central Queensland University. I was the first in the family to go to university, a working class family, first person to go to university. I majored in golf and drinking, and quickly decided I had to do something to support those habits so I got a job. I applied for three jobs back in those days, one in the insurance business, one in the local electricity world, and one in Queensland Rail. Just as background, talking to mum and dad, they said 'Oh, you need stability, Martin. You need stability. QR is the go'. Bang, that's where I was. I got three jobs in a week. You could do that in those days. I'm not sure it's quite as simple anymore, but, I got to work in QR and I quickly realised that if I wanted to be different, if I wanted to make a difference I needed to do something. So, back to uni I go. QR, before grad programs were even grad programs for those grads out there, had this thing called, 'We'll pay you to go to university so we can really get you educated to run the world'. So, I went and Queensland Rail very generously paid for me to go back to university, and I did that and eventually I graduated, and so on and so forth. But who would have thought that 30-odd years later I'm sitting at the centre of public policy thinking for the country? I never did. I never ever thought that this is where I'd end up when I finished uni – accounting and computing were my majors, I gave up ... well, I didn't give up golf and drinking, but I probably put them back into the secondary category. You just don't think sometimes that you can end up in certain places. I suppose my life then became something about, 'How do I prepare myself for whatever's coming next?' I never believed I'd end up in Canberra, and in fact I was probably one of those people who's quite disparaging about Canberra.

'What are you most proud of? For me, it's the people, it's the teams, it's the way people come together to deliver on whatever, sometimes in the most difficult times, and solve some of the country's most intractable problems.'

But let me just go back a little bit. I said I was one of those early-type graduates so they looked after me, they mapped out my career, and they said, 'You're going to go far, young man', but I was bored, I was restless. It wasn't really enthusing me, and I think it was one of the very first lessons for me, that if I'm not engaged, if I'm not having fun, if I'm not enthused I'm not going to do it well. I made a lateral move, I moved into a finance job in Queensland Health, where I started to get bored as well, and then I had the opportunity to run a couple of hospitals so I went on three months long service leave and I loved it. I'd actually been bitten by some form of bug that meant I wanted to know more.

Eventually I got sick of all of that in Queensland Health, I moved to New South Wales Health, went to the Richmond District, which was fantastic. I was recruited in February '95, I was appointed early March '95. The election was the end of March '95. I took up in April '95 and my job was abolished in June '95. A great career move. But as it turns out, things happen and eventually I played a few roles up in the Northern Rivers and had a good time with my friend and colleague Mark Cormack. Then I was appointed to the Chief Executive of Midwest Area Health Service, which Martin referred to, where my ugly dial was in the paper and everyone was really laughing and not being friendly, but we won't go into that. I'll touch possibly on that a little bit later. After that I went to Prince Henry, Prince of Wales Hospital, CEO there, CEO of Wentworth Area Health Service, moved into education as a Deputy Director General of New South Wales Education for a period of time.

Those roles gave me such a great grounding, a great understanding of how the system works, how it works with consumers, everyday consumers, because what you see when you're out in state world is you see that consumer very, very closely and very, very acutely sometimes, especially in the health portfolio. Education was also interesting because, funnily enough, everyone goes to school, so everyone is interested in what happens in education.

Anyhow, what you don't get though sometimes is the big picture – or at the very least, your big picture is about the size of the Mona Lisa, quite small if you've ever seen it. Your world becomes quite different and I noticed that when I came to the Commonwealth, and I'll touch on that in a minute. So, Education, I've been there for quite a few years and it did become a little bit groundhog-day-ish. The Commonwealth thought they invented Building the Education Revolution and laptops to school students and all that – well, we were doing that year on year, time and time again. I think I built more covered outdoor learning areas, halls and classrooms than I care to think about ever again. It was well before Building the Education Revolution.

Anyhow, I was getting a little bit sick of a few things then around New South Wales. Someone approached me about a health job in Victoria and I said, 'Oh, all right, all right', and that seemed to take a bit of time. Then someone said to me, 'What about defence? Ric Smith's looking for a deputy in Defence'. 'No, not interested. Not interested'. Eleven years later, I've been in Canberra for all that time and I did start in Defence, and I have to say I have loved every minute of it. Since being here I love the community, I love the APS, I love the organisational aspects of the things we've dealt with.

The Commonwealth is fundamentally different to the states, is what I've learned. Yes, they're about politics, they're about bureaucracy and about process, but they are fundamentally different in all those aspects. I quite often describe that when you work in local government, when you're in area health services you deal with local government a lot. In local government your customer is right there and you can't escape them; the state's customer is usually about here, not so close. For the Commonwealth generally, the customer is over there, and unless you turn your head to look at them occasionally you might forget them. But I think we would forget them at our own peril. We need to remember those sorts of things, because they're there, and we do have probably a bigger impact than the states do because of the way our federation actually works.

We talked about defence, climate change, home insulation in the middle of all of that, immigration, health, I've had the privilege to be the Secretary of two of those places, deputy in the other two, and the people I've worked with have been absolutely fantastic, all levels. They're intelligent. They're committed. They're open to innovation. They're responsive to the

Dr Martin Parkinson AC PSM makes opening remarks

never-ending need for change, and they're desperately looking for the leadership that will drive the APS, and that's something that I really loved, and it's something that really got me enthused every single day. I could go through a million stories, but I don't have the time. You might want to ask me some questions later on about some of those interesting things that have been out there.

It has been a really fascinating time, that 11 years; it has been the best time for me. I said before it's important, it's important that we – I'm still saying 'we' because I haven't really got out of that yet – in the public service keep the consumer front and centre of our thinking. I mentioned the states here, and us there – let's flick our heads occasionally and look to what's actually happening out there, because it really is important. The Commonwealth – and why I think I loved it so much – where else do you get to play on the national stage? Where else can you have a positive influence, and hopefully it's always a positive influence, on things that matter to everyday Australians? So that's why I think I've really enjoyed my time.

Let me just touch on ministers I've had six Prime Ministers in those 11 years, twice was Mr Rudd, 12 Cabinet Ministers and 11 Junior Ministers in that time. As Secretary, I had four or five (depending on how we want to count Mr Rudd) Prime Ministers, seven Cabinet Ministers, and seven Junior Ministers, and that's not a long period of time to deal with that many people. We've got to remember the public service and that the ratio of secretaries to ministers is quite fascinating. I used to walk down the hallway of Immigration, it was fantastic because they had the secretaries on one wall and they had the ministers on the other wall. They had to extend the ministers' wall, but the secretaries' wall was still quite short. You've got to remember we are the brains trust, we are the corporate memories, we are the ones who actually need to make some of the really tough decisions and make tough calls occasionally. I'll touch on that when I get to my lessons.

Three really fantastic ministers I've dealt with: Greg Combet, Chris Bowen, and Scott Morrison, I'll only mention three. They worked hard. They worked hard, but they were hard, they were demanding, they were challenging, some more than others. They were interested in what was going on though and they were absolutely respectful of the public service and what we could contribute to that broader conversation. If you want me to talk about the other 20-odd ministers and others that I've dealt with, read my fictional book that will come out next year.

What have I actually learned? Because I think that's the real lesson. Forty years is a long time, going back to Rocky, if I wanted to start this all again would I start it in a different place? No, because I am my life's experience, and I think that's what makes me today, right back to the nuns, which we'll touch on again later. For me, the things that I think have made some of this easy for me, some of this hard for me, for me is 'difference'. Difference is really important, and I'm not just talking about let's pay lip service to any particular category of person, we can't do that. We are a community that's made up of many different types of people, and it gets right down to 'my life is different to your life, no better, no worse, just different'. To think if we can actually put a team together with that difference and the make up of our community, what difference we will actually make to the Australian community.

I have always run pretty strongly on recognising difference for what it is, whether it's our Aboriginal and Torres Strait colleagues, whether it's the LGBTI colleagues, whether it's our disability colleagues, our multicultural colleagues, our colleagues from Rockhampton, –we are different up there by the way, us Queenslanders. But it is important when you're actually developing the team, which is the second really important thing for me that I've learned. The team that you build cannot be clones, they must be made up of that difference, because if they are not made up of that difference you will have less impact on the community that you're going to serve. Saying

that, when you have a team you need to develop that team, you need to build the skills and then you need to trust them, because they're out there trying to do a good job.

I've said a number of times in a few organisations now, 'Generally people come to work to do a good job'. Sometimes they're not that good, there are issues, but generally though they don't come to work to do a bad job or to be evil, apart from a couple of psychopaths that I've worked with, who I won't mention today. But we've got to recognise people will want to work for good leaders, people will want to do a good job when they come to work. We have to enable that, so build your team.

The other thing is once you've got a good team don't be frightened to let them go, because they need to learn different things, they need to broaden. Generally speaking what I found, they always come back, a couple of people in this room have keep coming back, and that's a fabulous thing, but it is really important that we actually think about that.

Also, on teams, make sure you make your mind up about people. Martin mentioned that when I went to that area health service there were a few problems there. Oh my God, there were some problems there: the budget, the people, the doctors, everything, you couldn't jump over some of these issues. One of the things the Head Office then said was, 'The Executives are useless, just get rid of them and start again'. I went there and I talked to people, I made my own mind up, and yes, there was one of them who was pretty evil, and needed to find a different alternative in life, but the great thing was some of them wanted to do a good job but couldn't. The leadership wasn't there, they were in the wrong job or something like that. Try and make sure people are in the right jobs, because people end up doing things they don't want to do for a whole range of reasons occasionally. Get them, as best you can, to help you deliver your message. Now the great thing for me is that one of those useless people, who was said to be useless, followed me as CEO of that area health service for the four or five years after I left. He wasn't useless, he just had not had the opportunity. Make your own minds up.

Listen and watch is another thing I tell people all the time, and people from Health are probably sick and tired of hearing some of these things. But listening and watching – you know you've got two eyes, you've got two ears, and you've got one mouth. Most people get the reverse order, they keep talking and won't let people get a word in. Again, I won't mention any names although I've got a long list. But watch and listen because it is amazing when you do that what people tell you. It's sort of legendary in Health about the lift stories, because I had to make a throwaway line on my first day talking to the whole staff, 'Oh, if you see me in the lift don't hesitate to just have a chat to me'. There was a certain issue that nobody talked to anybody in the lift in Health, well anyhow that became a little bit of a story, and it was fascinating. It's the lessons and the things you find out, so I'll just give a couple of quick stories.

In the lift one day and there's this woman on the brink of tears, I said, 'What's wrong?' 'Oh, I'm just a bit stressed. It's okay. I'll be fine.' I said, 'What have you been stressed about?' 'Oh, I'm trying to get this report done for you so you could get it to the Minister tonight.' I go back up to my office and say, 'What report have I got due tonight to the Minister?' Of course there was none, someone was using the power, if you like, of the Secretary's Office to get something done. There's a million other things like that.

My absolute favourite, and I tell this one everywhere now, is I got in the lift with this young lady and her about five- or six-year old son, and I was chatting to her, 'How is it going?' 'Yeah, really good.' I said, 'So you've got a new worker in today'. 'Yeah.' Chat, chat, chat, and I said to the son, 'So you're looking after Mum?' 'Oh yeah, yeah, yeah, no, she was crying all night last night.' I just went into this blind panic, 'Why was she crying all night?' I didn't actually ask that because I didn't want to know, and I say, 'Oh, okay'. 'Yeah, yeah, she

dropped the phone in the toilet.' I thought, 'Hmmm, I probably didn't need to know that bit', but – just watching and listening what goes on around you. A number of my old deputies have been caught out by this quite often when I say to them, for example,

'What's happened with Joe?'

'What do you mean?'

'Well, I've just heard … boom-boom-boom.'

'How do you know that? That's not true.'

They go away and they come back, 'Yeah, alright, it is true'. You've got to watch and you've got to listen to what's going on around you because you pick up a hell of a lot.

Embrace a permission culture. What I mean by that is one where people are prepared to try different things and not be worried. One where if things go wrong there's no crucifixion held at dawn or dusk, because things do go wrong – quite regularly, in fact. The real thing is how do we get ourselves through it? How do we change that dynamic? If you create a culture where people feel like they have permission to do things you can get anything done. Home insulation was like that, immigration was the classic for me. We had some of the most horrendous issues happening quite regularly, and we kept doing the same old things, so we created an environment so that all of a sudden we did different things. We changed things. Well, there's a whole lot of people who are going to claim credit for stopping the boats, I won't go into that one either.... Everyone plays a part in this, and it is by creating the culture that allows people to try different things.

One of the things that goes with that is: don't shift the blame. There's a great exercise in that goes on usually – so you can't get into trouble. Those of you in Health will remember the fantastic Budget lock-up night of 20-, whatever it was, -15 I think, where I was absolutely smashed. The media, Senate Estimates, everyone wanted a victim; well, as I keep saying, 'I'm the Secretary, I'll get it right next time'. We got it wrong. Me bashing to death the person or persons – and there were quite a few persons involved in this issue – was not going

SECRETARY VALEDICTORY
MARTIN BOWLES PSM
Former Secretary of the Department of Health

Martin Bowles PSM addresses the audience at the National Portrait Gallery

‘Embrace a permission culture … where people are prepared to try different things and not be worried. One where if things go wrong there’s no crucifixion held at dawn or dusk, because things do go wrong – quite regularly, in fact. The real thing is how do we get ourselves through it? How do we change that dynamic? If you create a culture where people feel like they have permission to do things you can get anything done.’

to help. They knew they buggered it up. They didn’t do it again, and I didn’t say anything. Don’t try and blame, I think, is one of the real things that I’ve learned over that time, because fear cultures drive things underground, and people will be too frightened to raise anything. And if you don’t know about it, you’ll get killed in the crossfire. With permission of course, you have to engage with risk, and sometimes that’s organisational risk, sometimes it’s personal risk, but you need to balance risk with innovation, with facilitation, and good governance.

Home insulation was the classic for me. Home insulation: we had the Hawke report, ANAO report, a Senate Committee, Estimates inquiries, and a Royal Commission – but that was so 2009–10. While that sounds funny, people forget the problems or they didn’t live through them, therefore they just don’t want to know or in some cases, they’re trying to prove themselves. They have this can-do attitude or they have the Nike attitude, ‘Just do it’. I think it’s up to us as public servants to keep reminding people occasionally about those things, because there’s a million and one things that can go wrong all the time. You would hope we never get to another home insulation issue, but it is entirely possible if we as public servants don’t do our job properly. That’s a really serious message and what I learned during that phase was just amazing. And all of the staff, they used to get beaten to death on a daily basis. We had providers wanting to beat us. We had suppliers wanting to beat us. We had homeowners wanting to beat us. So I said, ‘This is the best professional development you’ll ever get’, and they thought I was stupid, but it was because it taught them a whole range of things that they would never have ever got anywhere else. That balance is really important.

Don’t presume others don’t have good ideas. We like to think we always have the good ideas, but there’s a lot of people out there, your staff, your stakeholders, your consumers, your colleagues – don’t presume they don’t have good ideas as well. It’s in our interest to share information and data for the greater good, not for our own power trip. I think they’re really important things, and that really drives me to: ‘We don’t own anything in the public service. We’re not owners. We are there as stewards trying to steward the system and to deliver the best thing we possibly can for the Australian community’.

Also, you need to have courage. Courage to pursue ideas. Courage occasionally to say 'no', just be careful how you say it. I've learned to say 'no' in about 433 different ways and languages, but you need to know that. And it can get you into trouble, so, be convinced when you say 'no' you mean 'no', but you do have to have courage in the system to do that. Leadership does come with that risk, but courage, I think, allows us to do what is best for the Australian community.

Martin mentioned my calmness. That's one of my 'always' messages, 'Always remain calm', because people are watching you all the time. If you're frazzled and if you're jumping at shadows, everyone's watching, they're going to be even more scared than you are. So, remain calm – and that is really quite a challenge, I think, most of the time.

That brings me to authenticity. You have to be authentic because generally if you fake it people will know, because they watch words and action, and if words and action vary they will say, 'Well, we'll just wait then, it will change'. Authenticity is really, really important.

At a recent staff gathering a staff member said to me, 'What are you most proud of?' That made me stop and think, and for me it's not things because I've done so many things that I'd never dreamt that I'd ever get to do, so it's not the things. For me, it's the people, it's the teams, it's the way people come together to deliver on whatever, sometimes in the most difficult times, and solve some of the country's most intractable problems. If you think about home insulation, and you think about immigration, and you think about some of the issues we've dealt with over the last little while, that's a pretty interesting range of things. For me, it is that people element and how we can actually drive that.

The integrity of the public service, though, has to be incontestable, and again that's going to be up to all of us to really just keep pushing that. With the ever-changing world that we're currently in, I think we need it more than ever. That's a bit of a challenge there.

I'm going to miss this immensely. You can't spend almost 40 years doing something and not enjoy it, not love it, even though if you look at my dictionary I've changed the definition of love and enjoy and a whole range of things. But for me another thing that you need to hang on to occasionally is: you need to wake up one day and know it's your time, which I did a couple of months ago. It was my time.

I've always been a healthy sceptic, what I didn't want to be is an unhealthy cynic. You've got to recognise when it's your time, because we will all have a time. I've got a great opportunity coming up with the Little Company of Mary, remember those nuns from the start? Now I'm going back to the nuns, I've got to learn a whole new language again. Someone asked me recently would I come back to the public service, 'If you were ever asked?' For the right job, for the right person – in a heartbeat because it's been fantastic, it's been a fantastic journey.

Just finally, to my secretary colleagues, thank you very much for coming. You are the pinnacle of public service. There are 18 – I can never remember if it's 18 or 19 – anyhow there's a number, and there are 160,000 public servants; it's interesting odds whether you're going to get there. It's been absolutely fantastic working with you all, I've loved every minute of it. I think we've had some interesting times and the power is when we come together on issues and I've seen that, : home insulation was a classic, people could not be more supportive, that was really fantastic. Many of you are going to be close personal friends for life, it's one of those things and I really, really will miss that bit. I will remember a whole range of things from my time in Canberra, but more broadly in the public service.

Now more broadly to all of you, don't be afraid to challenge that status quo. Your difference, getting back to difference, is what is needed in the public service and together you are the public service. Thank you for coming today, and I am happy to take questions.


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THE GREAT HALL
PARLIAMENT HOUSE, CANBERRA
WEDNESDAY 15 NOVEMBER 2017

The Garran Oration

THE HON SIR JOHN KEY GNZM AC

FORMER PRIME MINISTER OF NEW ZEALAND

'Trust is fundamental to the relationship between politicians and voters, just as it's fundamental to the relationship between politicians and public servants.'

Frances, thank you very much for that very generous introduction. You noted Garran had dealt with five Prime Ministers. I was going to be cheeky enough to say that I also dealt with five in my time as Prime Minister, and one of them twice, so that maybe gives me a leg-up there.

Can I say, it's great to be back in Australia? I'm here pretty regularly now and the first promise I can make for you this morning is I guarantee I'll be finished by 9:56, because as remarkable as my comments will be this morning, somehow I don't think I'll be leading the six o'clock news in Australia tonight.

It's a great honour to give the Garran Oration. I looked at the previous speakers going all the way back to 1959, and it's a very distinguished list that preceded me. I think I'm right in assuming I'm the first New Zealander to give this speech, although to be fair these days it's a bit hard to know who in Australia is a New Zealand citizen and who is not.

Today I'm going to talk about my own experiences in New Zealand and reflect on a number of years in government on the other side of the Tasman. Others can determine whether those reflections are interesting in an Australian context; I wouldn't want to presume that. But I don't think that the Australian system is all that different to ours in New Zealand.

Let me start by saying something which I said a lot in the time that I was a PM. Australia is a very important country for New Zealand. In fact, I think it's New Zealand's most important relationship. It is, after all, our biggest trading partner, our biggest source of investment and our biggest source of All Black victories, well, up until very recently that is, of course.

In New Zealand we have always kept a close eye on what's happening here in Australia, very much including migration flows. One of my predecessors as Prime Minister, Sir Robert Muldoon, once said that New Zealanders moving to Australia raised the IQ of both countries, but as we all know, with Rob, he was a little harsh on those matters, but it was a touchstone issue. And when I ran against Helen Clark in 2008, I filmed an ad in the Westpac Stadium in Wellington where I pointed out that the equivalent of the capacity of that stadium, which is around about 30,000 people, was leaving New Zealand to live in Australia every year. I said at the time it was a terrible thing and we had to stop the drain of talent. We had billboards, admittedly grammatically incorrect, that promised less Kiwis going to Australia. Well, that number went up and down a bit, but by the end of 2012 the net number of people going to live permanently in Australia had risen to close to 40,000. Not exactly what I'd intended when I filmed the ads.

However, like all good things, there's a good end to the story. By the time I stepped down as Prime Minister at the end of 2016, that flow had completely reversed and for the first time in a very, very long time, there was a net migration from Australia into New Zealand. That didn't stop everyone complaining. At the time we were then getting criticised for the high rates of population growth, even though half of that was due to New Zealanders not going to live in Australia, so you can't always win.

You also have to be careful what you promise; you're at the risk of elements outside your control. And that's true of so many things in politics, including public sector reform, which I intend to come to shortly.

The theme of your conference today is 'Thinking Differently, Building Trust'. I want to talk about both those elements today starting with trust.

There is always an idiosyncratic element to government and to public affairs. Ministers, as we know, can be difficult, officials can be obstructive, the public, well, they can be fickle, but I think when those things work well, it's no small part because of the trust between government ministers and officials, between the government and the public, and also between the public and those who serve them. I think of it as a three-way triangle of trusting relationships between government ministers, public servants and ordinary citizens.

I was privileged to work with a lot of hugely competent public servants whose advice and

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judgement I relied on heavily. As a country, I think New Zealand is blessed to have a large group of talented, intelligent and forward-thinking people who understand public policy and run complex service agencies, and I'm sure that's true in Australia as well. Public policy and public administration is far more difficult than most commentators imagine.

We very early on in our administration had a great example of that during the dark days of the financial crisis. In response to some pretty dire predictions about unemployment and job losses, I thought it would be a great idea to hold a job summit involving the best people from the private sector, the unions and from the public sector. It became very clear to all of us, very quickly early on, that only the public service truly understood how to formulate good public policy despite the good intentions of the other participants.

The approach my government took from the very beginning was to respect people's professional skills and to back public servants who wanted to get on and make New Zealand a better place. There's one very small example. We immediately reintroduced the practice of having officials attend cabinet committee meetings, some permanently and some on an item by item basis. We wanted to get advice from the people that had the greatest knowledge of particular issues, and we thought it was good, in fact great, for officials to see where ministers agreed and disagreed, what they felt comfortable with and what drove their concerns. In fact, it was a little odd, we thought, that public servants who'd spend a year or so working on particular issues, living and breathing it every day, couldn't actually see first-hand what ministers thought of it.

I also think one of the great strengths of the New Zealand public management system is the neutrality of the public sector. In my mind right now, I can see former officials from the Department of Prime Minister and Cabinet, Treasury and other agencies who once advised Bill English and me, now trooping in to advise the new Labour Prime Minister, Jacinda Ardern. You mention this concept to Americans, for example, and they are astonished, but it works and it's of great benefit to the country.

While I think it's important for governments of all stripes to respect the political neutrality of the public sector, it's also equally important for public servants to respect the political mandate of the government. As I said, we always valued advice from the public service very highly and we also considered it very carefully, yet that advice can only get you so far. While government is about practical, considered decision-making, it is not a technocracy. In the end, the biggest, most fundamental decisions governments are called on to make are not reducible to calculations in a spreadsheet. If they were, the Treasury would be running the country, although many times in New Zealand they thought they were.

Sir John Key GNZM AC delivering the Garran Oration at the Great Hall in Parliament House

The fact is, in a lot of areas, even those that required most thorough policy analysis, it didn't lead you to an inevitable conclusion. It's simply highlights the fundamental judgements that have to be made around concepts like fairness, opportunity, and the balance between individual and social responsibility. That is why we have an elected government so that the politicians make those sorts of judgements and are accountable to the people of New Zealand or of Australia for doing so.

Governments also have to bring issues to a head. The public and the media can debate issues forever and change their minds a lot, governments simply don't have that luxury. n the end, the government has to cut through all that consideration and eventually make a decision, which will invariably please some people and disappoint others.

As one observation, in my time as Prime Minister I witnessed very few leaks from the public sector. This is a testament to the high professional standards of public servants and their respect for the respective roles of officials and ministers. The few times that was broken, however, it seriously weakened the bonds of trust and respect. I want to come back to the ideas of trust and empowerment, but before I do so, let me share with you just a few personal thoughts about the public sector.

Firstly, I believe we shouldn't be afraid to pay our best civil servants well. That can be hard to justify to the public, but often the organisations they work in and lead are larger than most New Zealand companies. It's critical for them to attract and retain talent that's among the best in the country. We should work harder, in my view, to map out people's career paths and encourage greater cross-fertilisation across departments and across agencies. In my view, we should be open to more sabbaticals between the public and private sectors. For example, we should actively encourage some of the bright young people who are in legal, accounting and consultancy firms, to name a few, to spend time on secondment in the public sector and vice versa.

Agencies also shouldn't be nervous about allowing junior policy analysts to attend meetings with ministers. Their knowledge and their enthusiasm will benefit both sides. We must continue to build trust and respect so that public servants are able to give free and frank advice, even when their minister doesn't want to hear it, and not fear that such a move will limit their own career advancement. Ministers, in my view, need to challenge themselves about the tough issues, not be surrounded by sycophantic advice that in the long-term does absolutely no one any good. On the other hand, officials need to recognise when ministers have made up their mind and not re-litigate issues again and again.

Sometimes free and frank advice is hindered by concerns about the release of information. In New Zealand we have the Official Information Act, similar to your Freedom of Information Act. Both were passed in 1982 when the transmission and storage of information was a lot different than it is today. I'm all in favour of the benefits that come from the freedom of information rules in terms of transparency and accountability. It is also important, however, that ministers get advice that addresses difficult and sometimes very sensitive issues fully, and it's important that officials can work their way through these issues in a robust way. I personally hate to think that their advice is limited because they are fearful that free and frank advice will be made available publicly at a time that could damage them and therefore restrict the advice they give their minister.

I mentioned earlier that we came into office in the middle of the global financial crisis. In fact, the election was held less than two months after the collapse of Lehman Brothers. Treasury told us that the government's books were going to be a sea of red ink if we didn't do something to correct the fiscal track the previous government had put us on, so we needed to start reining in spending growth. Well, I think we worked out pretty early on that top-down saving cuts driven by ministers are a) hard to do and b) often very random and c) almost always don't work. History tells us they're only temporary as they are reversed in the face of public opinion or the opposition party promises to reinstate them.

I remember at one stage we went on a drive to reduce the number of Crown entities, of which there were hundreds, and it didn't look to us like it was a very efficient setup. Well, I think our quango hunt resulted in the net loss of about three tiny little quangos that people didn't even know we had. They are, in my opinion, a very elusive beast. It is actually the people who understand their own services who are in the best position to make financial trade-offs and to introduce innovation.

So we set about a new approach. We let chief executives and senior public servants focus on understanding how their organisations work, what drives their costs and how they measure service levels, and we backed them to get on and do the job. Top-down pressure came because we imposed flat nominal baselines on government

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departments, with the exception of health and education. In New Zealand, there are not automatic funding increases for inflation, as I understand there are in Australia. So government agencies have to make a convincing case for why they need any additional funding, otherwise they have to find money by reallocating it within existing funding envelopes. It wasn't easy, but that approach drove considerable increases in efficiency, in effectiveness, without losing the support of the public.

According to a survey conducted by the State Services Commission in New Zealand, overall trust in public services based on personal experience is 12 percentage points higher now than it was in 2007. That public support is necessary to make changes stick. As a government, we tried hard to keep our word with the electorate. We were consistent and upfront with New Zealanders about what we were doing and why. At each election we sought a mandate for new policies we wanted to put in place, especially those that weren't likely to be popular. We wanted to take the public along with us as we made changes, explain the reasons for them well in advance and implement those changes competently.

Trust is, in my view, fundamental to the relationship between politicians and voters, just as it's fundamental to the relationship between politicians and public servants. The approach often looks incremental and a lot of the time I guess it was, but we were also prepared to take some political risks to execute worthwhile changes. High profile examples of these decisions were to increase GST and cut the top personal rate of tax, introduce work obligations for sole parent benefits, make significant changes to urban planning and housing rules, involve the private sector and NGOs in social housing, and partial privatisation of state-owned enterprises. My main point, though, is that by making a series of sensible decisions which build on each other and which are signalled well in advance, and by taking more people with you as you go, you can effect real and durable change.

One of the interesting things was that if you looked at the individual results or poll results for almost all of the those policies, the public were massively opposed to them, but for each election that I was the leader for, '08, '11 and '14, we did something that I think no government in New Zealand had done for about 150 years. We became more popular in office. So they voted for the overall direction of the country even if they didn't like the individual prescription, and I thought it was a bit like going to the doctor: you might not like the medicine he or she is giving you, but you want to get well at the end of it. If you can understand that process, then you're prepared to accept change along the way. And we did a lot of that, talking to the public about what we were doing, why we were doing it and what the coherent strategy for New Zealand was.

I think you can see the results along the way, not just in those I've described for you, but the fact that after nine years as a National-led government, Bill English secured 44.5% of the popular vote in the last election is something I think is quite extraordinary. Bill was, in my view, a superb Minister of Finance, Deputy Prime Minister and then Prime Minister of New Zealand. He was also the intellectual and deeply human force behind our public sector reforms, particularly the Social Investment approach that he personally led and championed.

I remember that once we'd got through the worst of the global financial crisis, we started to think about how we could make progress on difficult social issues. There wasn't any more money to spend, but that wasn't really the issue. In the six years up to 2008, government spending went up by 50% and there was frankly very little to show for it. We weren't focused on money, we were far more focused on doing things differently. Our approach was to focus squarely on results, have more of a customer focus in the provision of services, to try to understand our most difficult and troubled clients and to use analytical tools to help guide investment. The aim was to improve people's lives and get on top of some longer term drivers of spending, to shift from social spending to social investment. As we would often point out, what is good for communities is good in the long-term for the government's books.

One of our early initiatives was to announce the Prime Minister's results area. At the beginning of our second term in 2012, I gave a speech that announced a set of results I wanted to see achieved over the next five years in the areas of welfare dependence, education, crime reduction, child wellbeing and the interactions that people in business have with the government. These were accompanied by quantitative and very challenging targets. I said, for example, that I wanted to see the proportion of kids getting the key qualification in secondary school – in New Zealand called NCEA Level 2 – go up to 85%. Considering the proportion at the time was less than 75%, that was no small improvement.

All of this was a somewhat risky strategy. We signed up to the publication and regular reporting of these targets in the way that no other cabinet and no other government has done, to the best of my knowledge. There was every chance we'd fail on some of them, if not most of them, but we were prepared to fail if it meant that progress was being made, and that very public accountability with the Prime Minister's personal stamp on it is what made ministers, chief executives and senior public servants feel challenged and work to change the way things had been done.

I have to say that the leadership of the public service supported this approach. At times during the process of developing the targets, they were at least as ambitious as ministers were, if not more ambitious. Many of the results fell between or across the responsibilities of individual government departments, so achieving them meant adjusting the way the public sector works, for example, making people accountable for achieving something, not just for managing a department or agency, and it meant giving public sector leaders more flexibility to operate in different ways. So alongside the targets, we also made some amendments to the State Sector Act and the Public Finance Act.

It's now 2017, so we can look and see what happened over that five-year period. Some of the targets were met and some weren't. Even when they weren't met, the improvements were often striking. This is a credit to the public servants who oversaw considerable change in their own agencies and worked with others. I mentioned we were aiming for 85% achievement of NCEA Level 2. The last public figures I saw was 85.2% (up from 74% in 2011) achieve that result. The proportion of eight-month-old children being immunised in New Zealand, which was another of the public service targets, has gone up from 84% to 93%. The youth crime rate has fallen 32% since 2011. The number of people completing their transactions with the government online has increased from below 30% in mid-2012 to nearly 60% by 2016.

In some areas there wasn't as much progress as we'd liked, but the heightened focus saw a more determined and honest grappling with the problem. For example, too many New Zealand children experience violence. Preventing that is complicated and we didn't make the progress we always wanted to. A lack of will or lack of money was not the issue. This is a deeply complex problem for which there is no single solution. I think there'll be progress, however, in the coming years.

There are now ten children's teams, for example, operating in New Zealand. They involve social welfare, health, police and other government services working together in a new way to support at-risk children and family.

The results areas was a good innovation, but they only covered a small part of what we wanted to achieve. More work was going on to understand how the government could help the lives of the most vulnerable in our society. We thought in general that the system worked pretty well for those people who had relatively uncomplicated lives, although of course there is scope for further innovation and efficiency. So if you get sick, then people go to the hospital, or if they get laid off they are supported by benefit, but it's much harder to make meaningful difference in the lives of people with multiple, interdependent and complex problems, so we asked the public service to do some analytical work to better understand the lives and trajectories of our most difficult and most expensive customers. They found, for example, that there is a group of 1% of five-year-old children in New Zealand, that's about 600 kids, for whom you can expect that three-quarters of them will not achieve NCEA Level 2, four in 10 will be on a benefit for more than two years before they are 21, a quarter of them will be in prison by the time they are 35. Each of these children will cost the taxpayer an average of $320,000 by the time they're 35 and some will cost more than one million. Many of those five-year-olds will be in State care.

Traditionally, the system, in the way it was organised, has looked after those kids on a shoestring budget through the valiant efforts of foster parents and frontline social workers. What could the government do differently spending money up front to save those children from such a life and also save some of those future costs? That hadn't previously been the question in New Zealand, because the government had never had this type of analysis presented so starkly to it.

Successive governments organised a system for caring for children and for the education system and for the welfare system and for the prison system, and they treated them in silos, as separate issues, but the reality is pretty much everyone in this room knows they are not. The public sector is now using far better analytical tools in New Zealand to look at these sorts of issues.

For example, the Ministry of Social Development is using an investment view of welfare liability to create a much richer understanding of what actions can be taken to reduce long-term dependency. It commissioned Australian actuaries, Taylor Fry, to calculate the lifetime welfare costs of people on a benefit in New Zealand. It turned out that that liability was $78 billion, or just under 40% of New Zealand's GDP. This work also uncovered the groups with the largest lifetime liabilities, like sole parents and people with psychiatric and psychological conditions. So with this information, you can just simply keep drilling down.

Among sole parents, for example, the most expensive group is those who go on to a sole benefit before they turn 20. A teen parent on a benefit in New Zealand is likely to be on a benefit for around 20 years on average with a net present cost of $213,000, so that helps us to know where to focus our efforts. The next obvious question of course for everyone is what should you do about it? With that group of teen sole-parents, for example, we no longer just gave them a fortnightly benefit and wished them good luck. We brought in a new system that among other things ensures they are in school or training, gives each of them a supervising adult and manages their own money for them. That program, I might add, is showing really promising results.

We also focused on getting sole parents of all ages off a benefit and into work through extra support, greater work obligations and more intensive work by frontline case-officers. The latest wealth evaluation I saw showed the future liability of beneficiaries had reduced by $3.6 billion as a direct result of our better understanding of the work and the system. This approach has also been rolled out into the justice sector and social housing to give a more complete picture of both the problems and potential solutions.

I wouldn't claim for a moment that this is a profound new theory of government. People have talked about having a results-focus for years and taking a cost-benefit approach to social spending is taught in all good public policy courses, but the difficult part is being able to put these ideas into practice in the real, messy and contentious world of government. We, for our part, had a decent go at that. I truly hope the new government in New Zealand picks up that work and continues it. There's certainly nothing ideological about it, it's simply based on the ideas that public services will make a genuine difference to those people in their communities.

Governments also have to think, in my view, about the people who pay for those services. They are the taxpayers who get up often at six in the morning to do jobs that they'd frankly not rather do. In my view, the government owes it to those people to spend their taxes as effectively as it can.

Can I finish by thanking you again for inviting me here today? I hope what I have spoken about is both useful and relevant to you. While our two systems have some differences, they also have a great many similarities and we can learn a lot from each other. I can tell you that I myself entered parliament with no particular in-depth knowledge of public policy or public administration, but over time was excited and motivated by what can be achieved, and frankly sometimes disappointed and frustrated by what could not. It may not be the occupation for those who like instant results, but the long-term satisfaction of making things better, especially for those who need it, is hugely rewarding.

Can I wish you all the very best for the rest of your conference, and thank you for having me in Australia.

Sir John Key GNZM AC delivering the Garran Oration at the Great Hall in Parliament House


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National Conference: Different Perspectives

DUNCAN LEWIS AO DSC CSC

DIRECTOR-GENERAL OF SECURITY
AUSTRALIAN SECURITY INTELLIGENCE ORGANISATION

'We are entirely dependent on the Australian community to carry out our function. We get our leads and our information from the community, and without that support and trust we would be nowhere at all.'

DUNCAN LEWIS AO DSC CSC
Director-General of Security, Australian Security Intelligence Organisation

I'd like to thank the Institute for the invitation to be here, and to compliment the Institute on its good work. You've probably been hearing, this morning, about the extraordinary loss of community confidence, certainly across the western world, in a lot of our institutions and particularly in government institutions and public institutions.

In fact, the annual Edelman Trust Barometer, this year, worryingly indicated that there was an implosion of trust, with CEO credibility at the lowest level on record. Intelligence agencies notoriously, are pessimistic - and so you're probably wondering what I'm doing here today, and you would think that I'm going to stand here and say, 'Yes, the world is going to hell in a hand basket'.

Indeed, Sir Jonathan Evans, who was the previous head of MI5 in the UK, in a celebrated speech at the London Town Hall said that when intelligence folks smell roses, they look for the funeral. But I'm with Peter Shergold, who, like me, has the point of view of being eternally optimistic about where we're going. So - I want to talk to you about optimism.

ASIO's story runs rather counter to this reported deterioration in optimism in our community. I want to talk about three things. First, the public trust in our business and our enterprise. Second, the trust that we the leadership group in ASIO have in our workforce. Third, the trust that I hope our workforce has in our leadership group - although you need to talk to ASIO people to get a better feel for that.

Turning to the business of trust. In 1973 the former Attorney-General Lionel Murphy together with some burly Australian Federal Policemen led a raid on the ASIO headquarters in Melbourne to discover what he believed to be Secret files. Ladies and gentlemen, it doesn't get much worse than that. To be raided by your own minister shows you have reached the bottom of the trust scale!!

Mercifully, in the intervening 40 years, we've recovered. The Lowy Institute ran its regular poll a couple of years ago and it showed that nearing 70% of Australians had confidence in the security intelligence services. We feel rather comforted by that, but we obviously don't want to rest on our laurels.

I want to talk to you for a moment about accelerated anxiety. My friend Jim Comey who was recently, and I think sadly, dismissed from his position as Director of the FBI spoke about 'accelerated anxiety'. We have adopted that term in our organisation. This is the notion that a rice farmer in the Ganges delta will have his or her device available to them and they will routinely for example see that people died in a Paris terrorist attack or there was a bombing in London and hundreds killed; somebody drove a truck through Nice and killed a large number of people; there was an earthquake on the border between Iran and Iraq and hundreds of people were killed. This rather voyeuristic technology causes, in that individual rice farmer anxiety about issues which have little to do with him/her and no direct bearing on their lives.

'We [ASIO] are probably the most oversighted organisation in the federal government. We have laminates of oversight which you would find hard to believe. That is not a complaint; that is a reflection of the fact that if you have enormous powers of intrusion you should actually have enormous levels of oversight, and we have that and we derive trust from it.'

DUNCAN LEWIS AO DSC CSC
Director-General of Security, Australian Security Intelligence Organisation

‘We have a highly specialised workforce … we have to place trust in specialists. Some of the dumbest people I’ve ever met are ones that know it all, and when you get bosses that know it all and reject specialist advice then the alarm bells start to ring.’

I am perhaps a sad little person, as my wife Jenny points out, I leap out of bed in the morning and look at my devices to see what’s happened in the world overnight, and I worry about stuff that I read, which has actually got nothing to do with me, but you have this sort of reflected anxiety as a result of knowing what is happening in the world.

I want to talk for a moment about oversight. We are probably the most oversighted organisation in the federal government. We have laminates of oversight which you would find hard to believe. That is not a complaint; that is a reflection of the fact that if you have enormous powers of intrusion you should actually have enormous levels of oversight. We have that, and we derive trust from it.

I want to say a couple of things about our investigations. We are entirely dependent on the Australian community to carry out our function. We get our leads and our information from the community, and without that support and trust we would be nowhere at all.

Our failures, of course, go up in lights: security intelligence failures. Our victories are seldom spoken about. That’s a cross we bear, but nevertheless we are enjoying this period of trust with the community, perhaps driven by ‘accelerated anxiety’; I don’t know.

We investigate in secret in ASIO, and that causes a great deal of nervousness among the commentariat in particular, but we investigate in secret to protect the integrity of innocent Australians. ‘We investigate in secret to protect the innocent’, and that’s a very important concept.

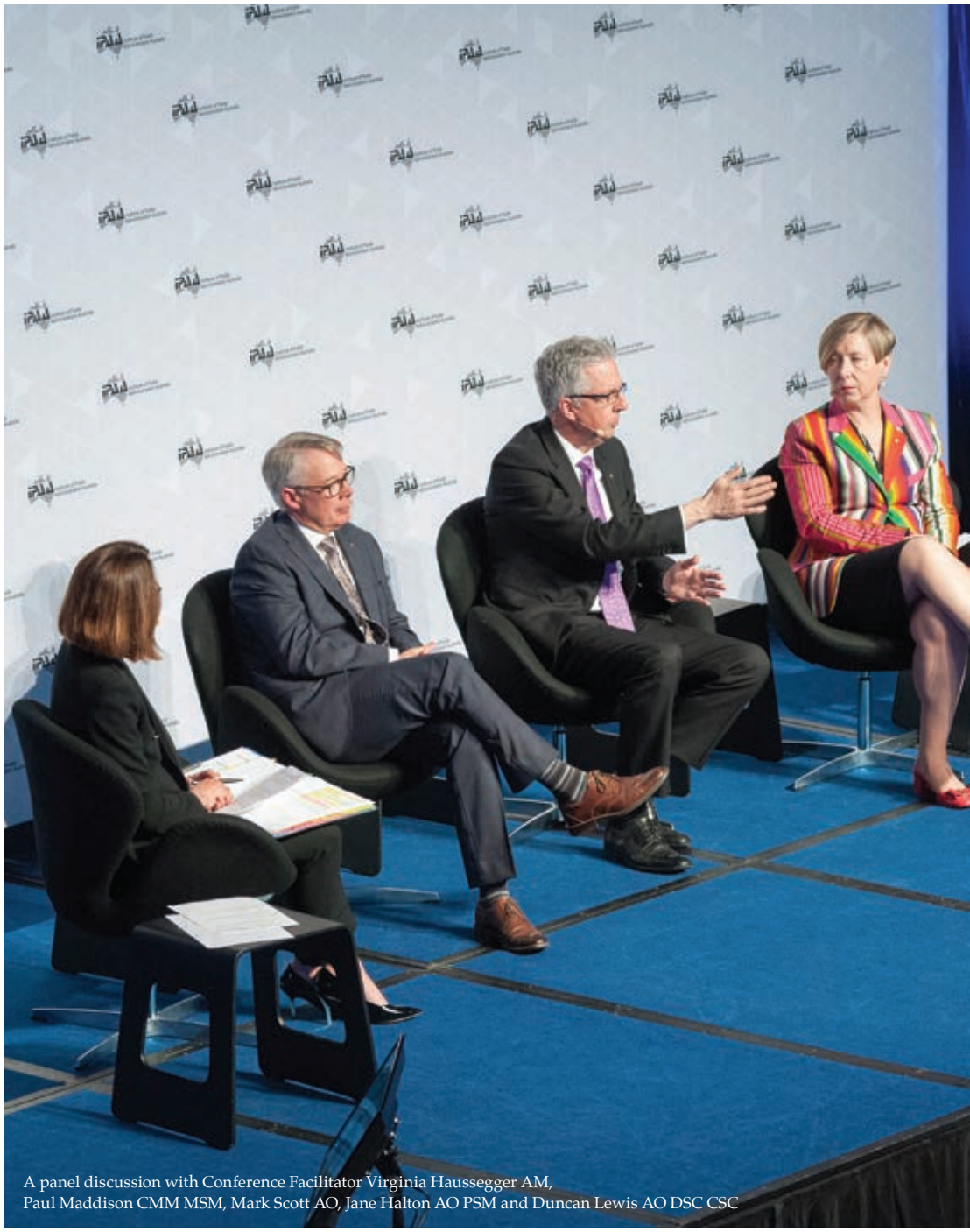
Let me move on now to the trust down through the workforce. In ASIO we do some very serious work. When I sign off an adverse security assessment on somebody, they’re done for, they won’t get a job anywhere in this country. When we cancel somebody’s passport or recommend to the Foreign Minister that she do so, when we get warrants signed to investigate and intrude on individuals, that’s a heavy responsibility. I trust those young officers who are in our organisation to produce the right material and the right judgements for me to sign off on those serious executive actions.

Specialisation: we have a highly specialised workforce and you must trust specialists. Now, it’s a double-edged sword of course, specialisation, but we have to place trust in specialists. Some of the dumbest people I’ve ever met are ones that know it all, and when you get bosses that know it all and reject specialist advice then the alarm bells start to ring.

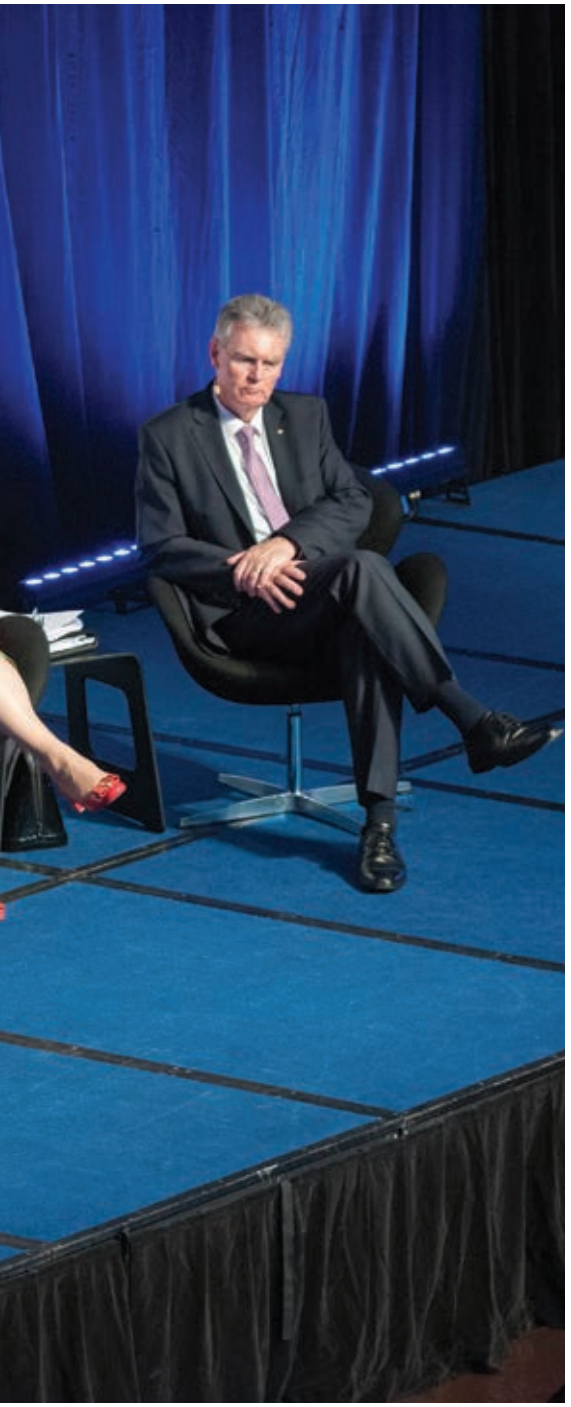
NATIONAL CONFERENCE: DIFFERENT PERSPECTIVES

DUNCAN LEWIS AO DSC CSC

Director-General of Security, Australian Security Intelligence Organisation



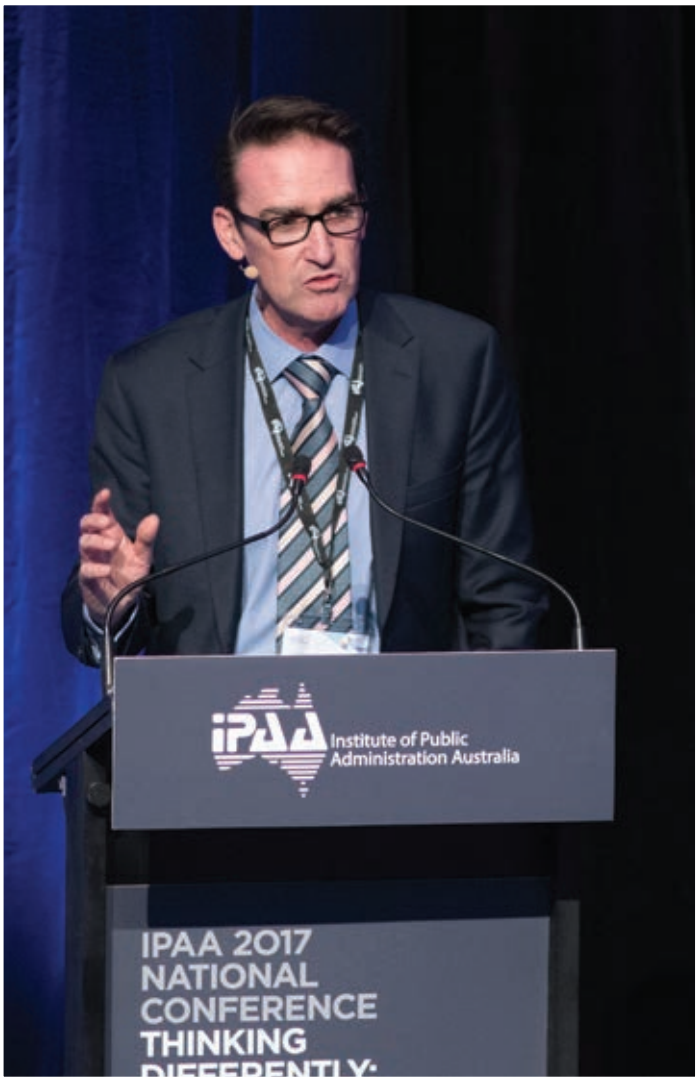
A panel discussion with Conference Facilitator Virginia Haussegger AM, Paul Maddison CMM MSM, Mark Scott AO, Jane Halton AO PSM and Duncan Lewis AO DSC CSC



Let me move on to the third thing, which is trust in the workforce, the trust our workforce has in the leadership group. As I say, you need to talk to ASIO people about this, but we are very, very dependent on getting trust coming up from below. Our people spend about a third of their life in our care, if you like, at the work place, on the tools, and so that trust is important.

I want to make one last point, because this might be something for discussion. I want to raise the issue again of the social contract between the intelligence agencies and the community. Government has an obligation to protect citizens, and some people see a conflict in the fact that at the same time citizens have rights to privacy and the quiet pursuit of happiness.

Now, these two things don't actually sit in conflict; they sit in harmony, in my view. Perhaps that's something we need to explore. It's being challenged by technology; a person's digital footprint is now wide and easily followed although encryption of data has become a problem for us. I find it passing odd that Australian citizens would put greater trust in sharing their personal data with Woolworths, Coles, Amazon or Google than they would with their own government, which is subject to all sorts of levels of oversight. That might also be something for discussion. Thank you very much.


IPAA
Institute of Public
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IPAA 2017
NATIONAL
CONFERENCE
THINKING

IPAA NATIONAL CONFERENCE

THE GREAT HALL
PARLIAMENT HOUSE, CANBERRA
WEDNESDAY 15 NOVEMBER 2017

National Conference: What's Next?

DR STEVEN KENNEDY PSM

SECRETARY OF THE DEPARTMENT OF
INFRASTRUCTURE AND REGIONAL DEVELOPMENT

'The public service has a particular role in not only being able to generate good ideas itself but being able to understand what good ideas and what good practices are being generated by others so they can translate those into action, and they can advise and deliver policy.'

I'm going to make just three sets of remarks. One, I want to talk about good ideas still being the currency of good government. Two, I want to talk about collaboration and communication skills, and thirdly, I want to talk about a trend. My first two remarks are really going to be about what I regard as foundational things, not only to underpin trust, but for good public service. The third comment I want to make is about a trend that I think we need to respond to.

Let me go back to the first one. Good ideas are still the currency of good government. It was fascinating to see the response to your poll before which focused strongly on communications, which was my second element. One of my enduring, ongoing concerns about the public service is our capacity to maintain the expertise, or generate the good ideas that we need to generate to be able to both advise the government and deliver high quality policy. From my perspective when I sat up here in parliament and worked with prime ministers, one of the perspectives or insights I had looking back at the public service, and sometimes in areas where I noticed politicians or leaders were quite disappointed, was really our paucity – not only of new good ideas to respond to the problems that our governments were trying to address, but secondly not even understanding what the latest good ideas might be.

The public service has a particular role in not only being able to generate good ideas itself but being able to understand what good ideas and what good practices are being generated by others so they can translate those into action, and they can advise and deliver policy. I think we can spend a long time thinking about those trends that are sweeping past us, be they around trust, and other sorts of things, which I think are crucial for us to understand; but unless we have the capacity to be expert, we will not be at all influential. I'll come to my second point now around those issues.

It will not be enough to be expert. Being involved in the climate change debate for seven or eight years has brought that home to me very strongly. There are points in a debate when expertise is highly valued, when people look at it carefully to try and understand how a debate is unfolding. There are other points in a public policy debate when expertise becomes less valued, and in fact a lot of the literature shows that at those points, where people have taken either political, or personal, or value-driven views on a policy position, expertise is no longer being listened to, rather it's being used to confirm their existing position.

We need to be expert to understand what our best evidence and our best ideas are, but we also need to be able to understand how the community shifts, and how it engages with that expert knowledge, and how we have that conversation within the community. I have worked with many highly talented senior staff whose greatest strategy for convincing the community or even a politician about why they have a good idea is to keep explaining to them why it's a good idea, or why their idea was a bad idea. That's not a great strategy for us being influential.

So, my second point is that the manner in which we have – on the basis of expertise, on our ability to drive good ideas, and implement good policy – the conversation. How we communicate not only to ministers, but to the community more broadly. How we respect them when we have that conversation, is absolutely crucial for that expertise and our capacities and advice to be respected.

One of the things I've noticed in the trust barometers, and I think you have talked about it earlier today, is those people who deliver services to the public remain as trusted as they have in the past, but other parts of government are far less trusted. Nurses, hospital workers, in some cases police – in part I think they are continuing to be respected for the quality of the service or the expertise they bring. The loss of trust in government often comes when there's a loss of trust in the capacity of people to deliver services. That translates I think more broadly to us in the federal or state sphere where we're trying to policy advise even where we're not directly delivering services, if they cannot trust that a) we have the expertise to deliver, or b) that we've engaged them seriously along the way.

'Good ideas are still the currency of good government.'

They are my two comments about what we need to be as public servants, and they're not new. They haven't come along because of technological change or even because of a shift in trust. They're enduring features of the public service; I don't think we can meet all the other needs or challenges that will arise around the public service, unless we continue to meet those fundamental needs.

A trend I wanted to mention is the increasing focus on individuals or the consumers in the delivery of policy. In particular and coming from my sector, a lot of the way we've engaged in responding to problems is to deliver through providers, or to deliver through a party who will provide service or focus on the service provision. Increasingly, and this does respond to digital trends and other trends, we will need to be focused on consumers; and I think the NDIS reforms are obviously a really clear example of moving towards a more consumer-centric reform.

It will be a very difficult and bumpy process to move away from the model that focuses predominantly on funding through and delivering through providers, to one that allows consumers to draw from a range of options, and it will be complex and a difficult change to make; but it will sweep by us regardless because that is exactly the trend that's already happened in the delivery of private services for example, and it's certainly one I think that's sweeping through the public service. I might leave my three comments there and look forward to the questions and answers.

Steven addressing the audience at the IPAA National Conference.


Institute of Public
Administration Australia

IPAA NATIONAL CONFERENCE

THE GREAT HALL
PARLIAMENT HOUSE, CANBERRA
WEDNESDAY 15 NOVEMBER 2017

National Conference: What's Next?

DR MICHELE BRUNIGES AM

SECRETARY OF THE DEPARTMENT OF EDUCATION AND TRAINING

'Authority and power may often rest in legislation but true influence comes from community respect and trust.'

Good afternoon everybody and could I too acknowledge the traditional owners on the land on which we meet this afternoon, pay my respects to the Elders both past and present and all Aboriginal and Torres Strait Islander colleagues here in the room this afternoon.

Now, let me start from a position of saying I believe that stewardship is critical to ensuring that we as public servants are equipped to continue to provide sound forward-looking policy advice to government now and in the coming decades. We must build the attributes required to navigate an increasingly complex world to enable us to continue our critical and privileged role in informing decisions taken by government, which shape the society in which we live, and in which our children and grandchildren will live, play, learn, and work.

The first point that I'd like to make is the importance of maintaining and protecting the unique qualities of the public service; that is, reflecting our community and its diversity in our policy deliberations and actions. While we must adopt business-like practices in our organisational management and delivery practices, this should not overshadow our unique role and identity. I believe that our identity is critical for us to rise to meet the challenges before us. It is a solid base built on the ethos of public good, accountability, and contribution from which to develop and change without losing sight of who we are. We must not change all that we do, but we have to change the way we do much of it especially in relation to policy formation, implementation, and delivery. We will not be effective or seen to be so if we lose sight of service to public as our underpinning tenet.

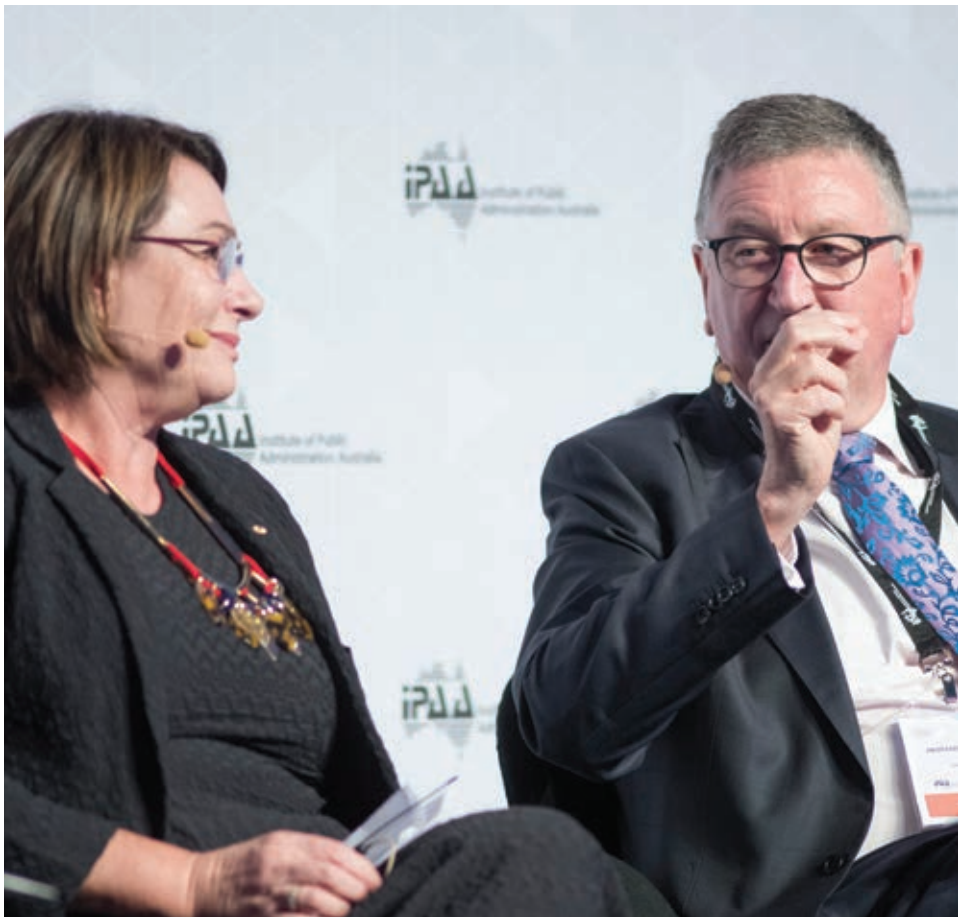
My point two relates through our capacity to connect and engage whether it's State–Commonwealth relations settings, inter-departmental committees, industry partnerships, community group alliances, we must grow in our readiness and willingness to be more solution-focused rather than adopting a stance of patch protection. In times of major crises, we rise to the challenge really well. We respond quickly. We marshal resources. We cooperate. Indeed, we collaborate in the best interest of the people and communities who are impacted. Why does it take a crisis to put our best foot forward?

I believe that we need to have a proportionate sense of urgency, momentum, and commitment to deliver, as hallmarks of how we work together to plan and develop a stronger public sector network for the future, as an integrated service across organisational structures and levels of government; a public service that needs to be most of the time transcending those geographic borders and administrative orders to better serve community. The world will be very different from what it is now with increasing complexity and ambiguity.

Working within this world will not be enough. We have to collectively own it, take responsibility for shaping it where we can, and not allow borders to become barriers to our thinking. The complex nature of issues will in fact require us to be less insular in our deliberations and to have the courage to make more than incremental changes. The ways in which we work and engage must fundamentally change without us losing sight of our fundamental purpose. We must increasingly look to activate the principles of co-design, and build and use strategic alliances and partnerships within, across, and beyond the public sector.

Changes to the nature of how we work won't be driven by technology alone. We are facing many more external drivers of change than ever before, including technological disruption, an ageing and more culturally diverse population, urbanisation, and increasing public expectations. The traditional sequence and order of expectations, events, and our capacity to predict based purely on evidence generated from the past is indeed severely compromised, challenged, and disrupted. It is therefore incumbent upon us in leading the service to look towards better relationships and effective partnerships and alliances, to close the perceived and often real distance between the public sector and the community.

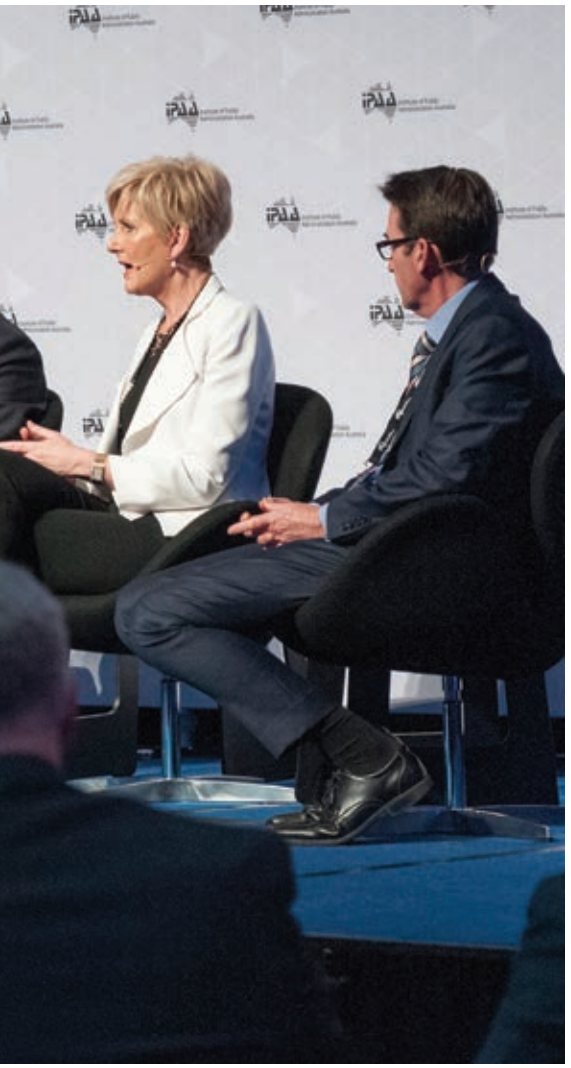
'Changes to the nature of how we work won't be driven by technology alone. We are facing many more external drivers of change than ever before, including technological disruption, an ageing and more culturally diverse population, urbanisation, and increasing public expectations.'



Dr Michele Bruniges AM in discussion with Professor Ken Smith

'It is incumbent upon us in leading the service to look towards better relationships and effective partnerships and alliances, to close the perceived and often real distance between the public sector and the community.'

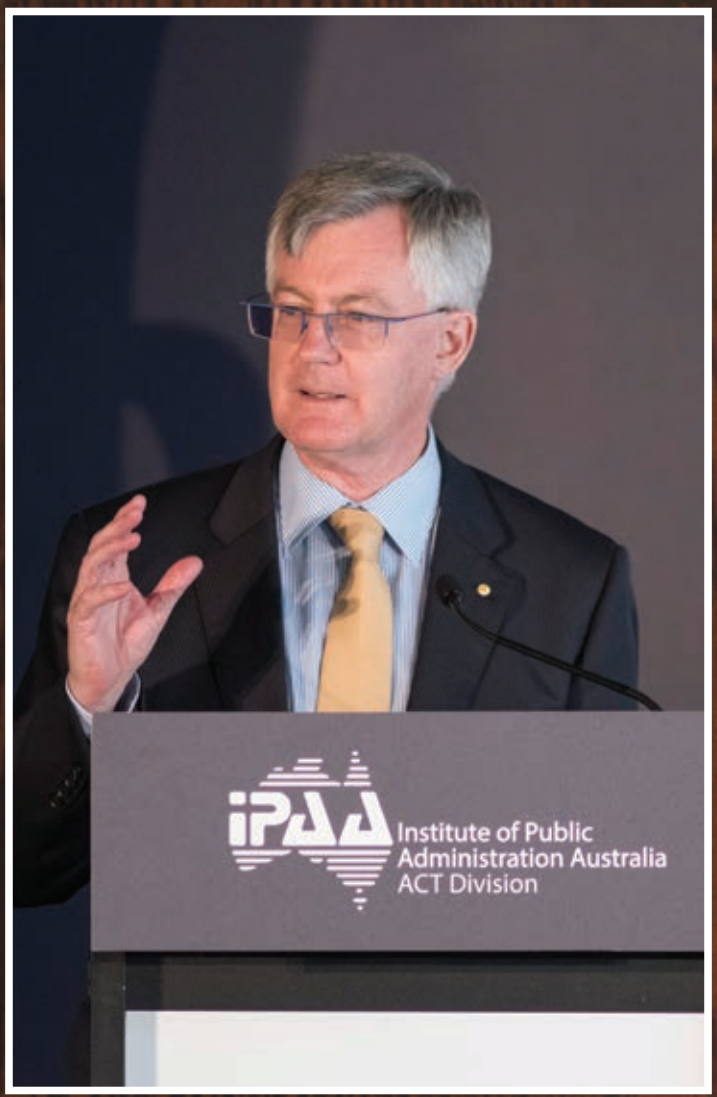
A panel discussion with Conference Facilitator Virginia Haussegger AM, Dr Michele Bruniges AM, Professor Ken Smith, Gill Callister and Dr Steven Kennedy PSM



We do need to look to develop a culture of co-design, genuine engagement, and actively seek connectedness, all based on the predisposition to 'Yes I can', rather than 'No, I can't'. We need to exercise increased diligence, the data, the evidence, the policy rationale, and the argument of differential options and impacts, provided to inform government of the day. Without this our primary position as policy advisers to government will diminish in the face of active interests from participants in both the public and private sectors. If the public service is not seen to be fulfilling this role, community trust in our profession will continue to erode.

In all settings, we must have a future where technological advances are managed and integrated into the social and economic life with deliberate ethical consideration, where we actively question the impacts and consequences of adopting particular technologies, and we use our professional judgement to balance the role of technological advances for replacement and augmentation of functions, processes, and systems. Our personal, organisational, and policy integrity is absolutely vital for our future.

In conclusion, authority and power may often rest in legislation but true influence comes from community respect and trust. It is how our community see us, perceive our impartiality, trust in our deep knowledge base, and regard our policy expertise that truly gives the service its authority. Better relationships and engagement will go a long way towards rebuilding some of that public trust lost in past decades. As stewards of a great public resource, we must look after the APS while positioning it for the future. We can do this by better reflecting community diversity and complexity, as part of our responsiveness to public issues depends on it, and so does our service to the public and community. Thank you.


IPAA
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ACT Division

IPAA AND AUSTRALIAN PUBLIC SERVICE COMMISSION

GANDEL HALL
NATIONAL GALLERY OF AUSTRALIA
MONDAY 11 DECEMBER 2017

2017 Address to the Australian Public Service

DR MARTIN PARKINSON AC PSM

SECRETARY OF THE DEPARTMENT
OF THE PRIME MINISTER AND CABINET

'Any good public servant should be well-read and well-informed, able to situate current policy and future trends in a longer timescale.'

It's a great pleasure for me to be able to speak with you this afternoon. Allow me to congratulate IPAA and the APSC for joining for this event – I think it actually strengthens both organisations in terms of the end-of-year event.

I acknowledge the Ngunawal people, the traditional custodians of the land on which we meet. Allow me to pay my respects to their Elders past, present and emerging and please allow me to extend that respect to any of our Aboriginal and Torres Strait Islander colleagues who are here today.

Let me start with an understatement. 2017 has certainly been a 'busy' and 'interesting' year. If it has been 'interesting' and 'busy' for me, it has been equally so for you. I want to take the opportunity to thank you – the Australian Public Service at all levels from all parts of our country and our colleagues serving overseas as well – for everything that's been done this year.

The Commonwealth Government and as a consequence the APS, is doing more than at any period since World War II. We're delivering major infrastructure like the NBN, Inland Rail, and the Western Sydney Airport. We're planning Snowy 2.0, the largest pumped hydro scheme in the southern hemisphere. We're starting to build a sovereign national defence industry, which includes the largest naval recapitalisation since the Second World War. We're rolling out the National Disability Insurance Scheme, one of the most ambitious social reforms in decades, while developing significant data-driven reforms with the objective of delivering more targeted, tailored and efficient services to all Australians in the areas of education, health and welfare, and beyond.

We've delivered our first foreign policy white paper in 14 years, a true whole-of-government effort, and we're supporting the government to strengthen national security and pursue Australia's interests overseas. We've rolled out new reforms in indigenous affairs – like the Indigenous Procurement Policy, which has exceeded all expectations. We've continued to support the government on important questions of constitutional law around, for example, constitutional recognition of the First Australians and the question of dual citizenship raised by Section 44 of the Constitution, of which we all know far more now than we did a few months ago.

Let me make a particular mention of the Australian Bureau of Statistics. It's great to see David Kalisch here, but let's be honest: the Bureau has had its ups and downs over the last 18 months. If the Census was a concern, that should be set against the consummate job that the Bureau did in delivering the Australian marriage law postal survey. The high participation rate in the survey was an extraordinary thing and testament both to the commitment of Australians to resolve the issue and the professionalism of the ABS. David, you and your colleagues deserve congratulations for that.

More generally though, let me say that I'm immensely proud of the work that you do. The public service is a vocation, and I'm gratified to lead an organisation that is dedicated to making Australia a better place for each and every one of our citizens. That's what it comes down to. You're here because you want to make circumstances better for all Australians. The government and the public, are in my view fortunate to be served by such a reliable, dedicated, diverse and motivated group of people.

We have only limited barometers of our success. We do not know, for example, what citizens think of our delivery of services. The partial data that is available to us is encouraging: the APS Employee Census for example, shows positive results about how we feel about our work and our agencies. In a new international index of Civil Service Effectiveness, we've been ranked third in the world behind Canada and New Zealand, but ahead of the UK, US, Sweden, Norway and Finland amongst others. As an economist, I can make two comments on this: New Zealand, yes; Canada, really? I think someone needs to take a good look at the methodology. Anyway, that friendly dig at our cousins aside, I think we've got a lot to be proud of in terms of our record and in terms of our

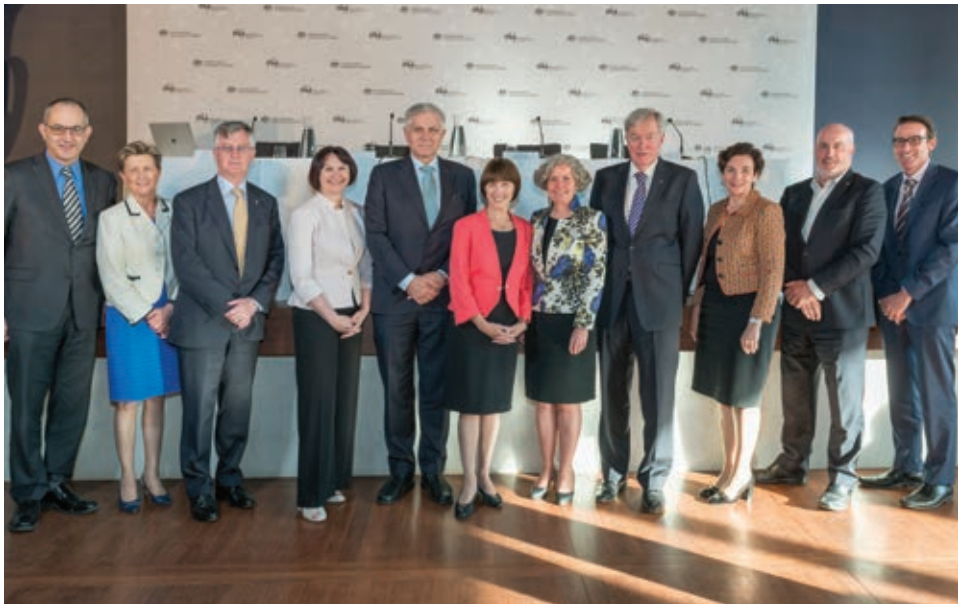
present scope of talent and responsibility. I don't think anybody should be allowed to tell us otherwise.

The big challenge for you and me, though, is whether we're fit-for-purpose for the next 25 years. The Coombs Royal Commission, which ran from 1974 to 1976, and subsequent inquiries like the one Gordon Reid led in the early 1980s, helped shape the modern system of public administration that we all work in and which has served Australians well over the last three decades. Now we've got to get ready for the next quarter century. The next 25 years will be different from anything that we've seen in the APS's 100 year history. The world has changed and more change is coming. Verities like a stable rules-based international economic order are suddenly less certain. Trust – the glue of democracy, markets and social cohesion – has been weakened. Democratic political authority has been weakened. We've experienced significant technological change in the last few years as well, yet this is only a ripple compared to what's coming down the pipe towards us.

In short, if we do not disrupt ourselves, we will be disrupted by someone else. In that spirit, I want to pose three questions for the service as a whole as we go into 2018. I think these questions go to the heart of whether we're genuinely ready to build a service capable of meeting the challenges of the next quarter century.

The first question is: How well do you know the public that you serve?

Last year, many supposed experts and commentators in the UK and the US were utterly confounded by the results of national votes that did not go at all the way they had expected. In hindsight, there were signs that upheaval was coming, but whether because of bias or blindness, those signs were missed and the results were seen as a shock. Many emerged



Left to right: Michael Pezzullo, Rosemary Huxtable PSM, Dr Martin Parkinson AC PSM, Kerri Hartland, Chris Moraitis PSM, Renée Leon PSM, Stephanie Foster PSM, The Hon John Lloyd PSM, Kathryn Campbell CSC, Simon Lewis PSM and Dr Steven Kennedy PSM

‘How confident are we that we know our fellow citizens? For private sector organisations, success depends on knowing their customer base intimately: knowing what they want before they know it themselves. Our clientele is the entire population of Australia. How well do we know what they want, what they think, how they engage and make decisions, what shapes and drives their daily interactions?’

from the Brexit vote in the UK, and the presidential vote in the US, with a disorienting feeling that they didn't know the country or the compatriots at all. Indeed, one famous book about the ground-swell for President Trump in the United States paraphrased Robert Heinlein, with a title Strangers in Their Own Land. That was talking about the white working class in the United States but it poses a question for us: Are we, in fact, strangers in our own land?

In the world we face today, when values seem to trump strategy, how confident are we that we know our fellow citizens? For private sector organisations, success depends on knowing their customer base intimately. Knowing what they want before they know it themselves. Our clientele is the entire population of Australia. How well do we know what they want, what they think, how they engage and make decisions, what shapes and drives their daily interactions? Do we understand their diversity – the challenges for communities in regional and remote Australia, the experience of minority groups, the perspective of big business, small business, and innovators?

In 2018, I want us to get to know the public that we serve better than we do today. There are many ways in which we can do this. We can improve our own diversity so that we better reflect the community we serve. That means including and valuing the contribution of LGBTI, cultural and linguistically diverse people, Indigenous peoples, and continuing the march of women into leadership positions. It also means welcoming and using the skills of those with a background in business, the community sector or academia, those with different professional skills and those with different cognitive skills. To state the obvious, indeed to restate what I've said to you before, we can also acquire diversity. We can do that by getting to know the people we serve by reading more widely, by being curious about others and talking to more people in our professional lives, particularly those who have differences of perspective to those that we bring to the table. If we do that, we're on a better pathway to making engagement meaningful.

We are yet to really grapple with the opportunity to genuinely engage people online, rather than simply using online platforms as a way of pushing out information. Data also offers us a tremendously powerful way to understand the Australian people. Much of the data on indigenous development and wellbeing, for example, is presented at a national level. That's a useful barometer, but entirely misses the rich diversity and differing aspirations across Aboriginal and Torres Strait Islander peoples. We need, in just that particular area, to break

data down to regional levels so that the place-based decision-makers actually understand what's happening around them, so that we can work with Indigenous leaders in regions on their priorities and on real solutions that they want.

But it's not just that, in the case of Indigenous Australians – this applies equally in almost every area in which the Commonwealth operates. There is a tremendous amount of work underway across the Commonwealth through the Data Integration Partnership for Australia to integrate our existing data holdings and explore their insights. We need to get this right. In doing so, we need to earn the public's trust in our use of their data. The emphasis is that it's their data. To my mind, even if we succeeded on all of those things, it's probably not enough. I think a case can be made for the APS to conduct a regular, non-partisan citizen survey, as recommended by Terry Moran's 2010 public sector blueprint, *Ahead of the Game*. If it's non-political and focused on citizens' experience of, and engagement with, the APS, I think this would both help us frame policy better and alert us to where programs or other interventions are failing.

I'm not underestimating the challenge here, or the criticism that's likely to come my way if we did this. I think if we did, we'd be better off. If we were to do this, to get support for the idea, we'd need to ensure that the survey results were made publicly available, albeit with a lag. I just throw that out as a question: Would we be comfortable undertaking such a survey? I suspect it would take us into a whole range of areas which would be discomforting, but I think it'd be discomforting because we would actually find a set of results, public expectations or experiences of engaging with us that don't fit our preconceptions.

My second question for you in 2018 is this: Are you ready for disruption?

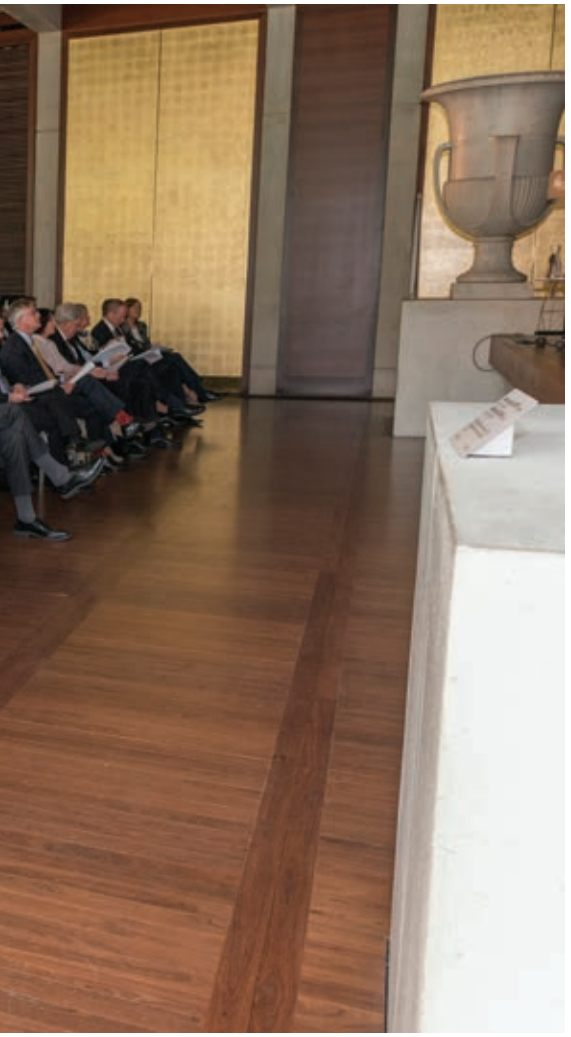
In a way, that question is already too late. Disruption is here and has been for some time. The question really is: How aware are you of what disruption means for societies and economies, and especially what it means for us? Do you see it as something that's happening out there? Or something with genuine ramifications for our whole endeavour and, in particular, for the work that you yourself do? The kind of disruption I'm talking about is not incrementalism, it's revolutionary. The digital revolution has changed the tools and massively expanded the capabilities we have at our disposal. We're now actually entering the next phase of that revolution, what some call the fourth industrial revolution: the phase in which new technology interacts with and fundamentally re-frames human lives and systems.

Klaus Schwab, founder and chair of the World Economic Forum in Davos, describes this exponential change as, 'disrupting almost every industry in every country' and transforming 'entire systems of production, management and governance'. Wherever you look in the world, we observe disruption – to industries, to communities, to government. When you talk about disruption, it's not just technological, it's also reflected in the international strategic order and political debate, and in our societies and our communities. Disruption of this magnitude offers us both challenges and opportunities. As I've said in recent comments, we're on the cusp of extraordinary technological revolution. Done right, if we can harness this, we could drive the next wave of change to deliver better jobs and more growth and higher living standards for Australians, and in the process transform the delivery of public services.

The challenge for us, and indeed governments, business, and the community, is to harness that revolution, to use it as a tool and use it on our terms, making sure we don't leave people behind. That begins by understanding what's actually happening. Let me come back to my mantra, any good public servant should be well-read and well-informed, able to situate current policy and future trends in a longer timescale. In my address last year, I talked about the fatal combination of ignorance and arrogance. I think the best defence against this malady is to inform yourself, and understand the larger context in which your contribution will take place.

The audience at Gandel Hall at the National Gallery of Australia

‘Wherever you look in the world, we observe disruption – to industries, to communities, to government. When you talk about disruption, it’s not just technological, it’s also reflected in the international strategic order and political debate, and in our societies and our communities.’



I don't want anybody to think that this is alarmist or disheartening. On the contrary, I think it should be inspiring. We should use it to embolden ourselves, to encourage us to think big, aim high, innovate and experiment, but also be ruthless. If what we're doing isn't working, ask the simple question: Can it be fixed, or do I need to junk it and try something else?

Let's be frank, much of what we actually try has a risk of failure. If it didn't have a risk of failure, why would we bother doing it, because it wouldn't be making things better. The challenge for us is that we need to be prepared to fail fast and pivot, and that needs to be a core attribute for us as a service. It's not just a challenge for us: the challenge for the political class – and the ANAO – is to recognise this and help us experiment, pilot, learn lessons, and get better. 'Gotcha' games, including at Senate Estimates, may give everyone a thrill but they fail miserably at improving the quality of public service, and instead they end up encouraging inertia and mass risk aversion.

That leads me to the third and final question that I want to leave with you today: What's your big idea? What big policy idea or program could you achieve for Australia?

I often ask the PM&C staff: What did you come here to do? What do you want your legacy to be? What does success look like in your area? I have a lot of messages for the public service, I know; I send too many messages. If I have to pick out just one, it would be this: I want us to be bold; I want us to be ambitious; I want our institutional integrity and pride to be the source of strident, creative ambitious thinking – not self-satisfied inertia or crippling risk aversion.

Former Prime Minister Paul Keating thinks it's unlikely the next big idea will drop from a public service printer. He told us that only a few weeks ago. That should be a call to action for us to prove him wrong. For starters, why shouldn't we be generating big ideas and ambitions for Australia? That's the core to our jobs: we deal in ideas. Sometimes we deal in their development, sometimes we deal in their delivery and sometimes we deal in their regulation. In every single case, we're dealing in ideas.

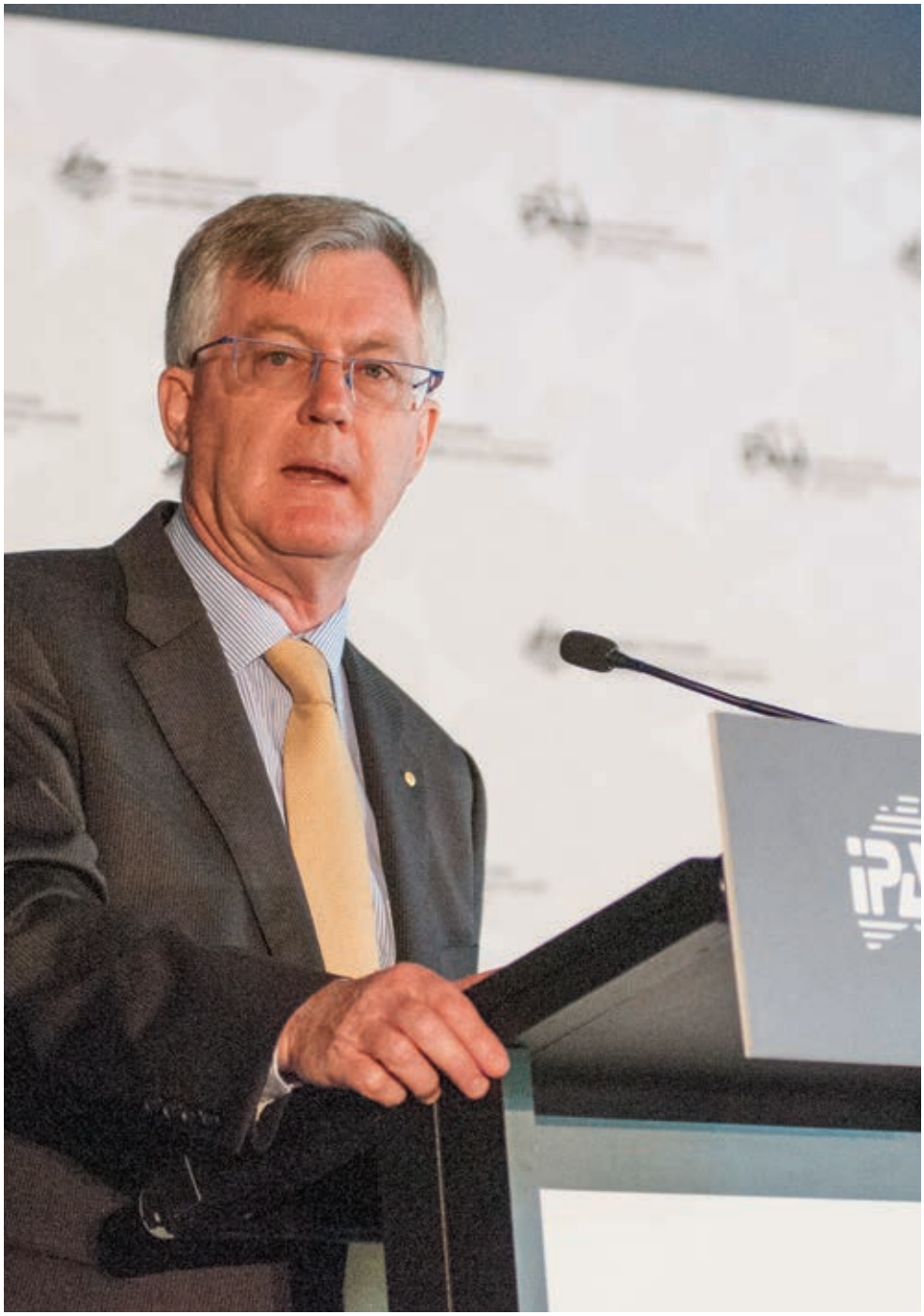
‘There is a steep challenge ahead for us if we’re going to keep pace with social, cultural, economic, technological and strategic change; if we’re going to remain relevant and attuned to the Australian public; if we’re going to be the source of bold and imaginative thinking to respond to the demands of changing times.’

As you reflect on the end of 2017 and what 2018 and beyond holds, ask yourself: What is my big idea? Will I be ready when the moment comes to actually step forward?

Let me conclude – to sum up, I’ll return to where I started. The APS has done a great job this year. We’re a high performing public service with a great record, we’ve got a lot to offer and a great deal to be proud of. Nevertheless, there is a steep challenge ahead for us if we’re going to keep pace with social, cultural, economic, technological and strategic change; if we’re going to remain relevant and attuned to the Australian public; if we’re going to be the source of bold and imaginative thinking to respond to the demands of changing times. I have great faith that we can rise to meet those challenges but it’s not going to be a task for the faint of heart.

Finally, if you’ll forgive me, I’d like to add one more challenge – not for 2018, not for the next quarter century, but one that’s enduring. We’re all custodians of this great institution, the heart of which is its people. I would urge you and all of your colleagues to think in 2018 what we can do to make the Australian Public Service a better, stronger institution. To me, it comes down to developing our people and supporting our colleagues; calling out what is wrong; including others, and welcoming their voices. In other words, going back to the 2010 blueprint, it’s about our stewardship and custodianship of this institution.

On that note, let me wish you a safe, refreshing and restorative holiday season. Have a great Christmas break, come back to work in the new year fully charged and ready to make your mark in 2018 and beyond. Thank you very much.



Dr Parkinson delivering an end-of-year address at the National Gallery of Australia

Abbreviations

AC
Companion of the Order of Australia

AFP
Australian Federal Police

ANAO
Australian National Audit Office

ANZSOG
Australia and New Zealand School of Government

AO
Officer of the Order of Australia

APM
Australian Police Medal

APS
Australian Public Service

APSC
Australian Public Service Commission

ASIO
Australian Security Intelligence Organisation

BIS
Bank for International Settlements

CEO
Chief Executive Officer

CFO
Chief Financial Officer

CIO
Chief Information Officer

COAG
Council of Australian Governments

CSC
Conspicuous Service Cross

DFAT
Department of Foreign Affairs and Trade

DSC
Distinguished Service Cross

DTA
Digital Transformation Agency

EL
Executive Level

Environment
Department of the Environment and Energy

Finance
Department of Finance

GDP
gross domestic product

GNZM
Knight or Dame Grand Companion of the New Zealand Order of Merit

GST
goods and services tax

Health
Department of Health

ICT
information and communications technology

Immigration
Department of Immigration and Border Protection

Infrastructure
Department of Infrastructure and Regional Development

IPAA
Institute of Public Administration Australia

LGBTI
lesbian, gay, bisexual, trans, and/or intersex

NAB
National Australia Bank

NCEA
National Certificate of Educational Achievement – the main national qualification for secondary school students in New Zealand

NDIS
National Disability Insurance Scheme

NGO
non-government organisation

OAM
Medal of the Order of Australia

PM&C
Department of the Prime Minister and Cabinet

PMO
Prime Minister's Office

PSM
Public Service Medal

quango
quasi-autonomous non-government organisation

SDO
Shared Delivery Office

SES
Senior Executive Service

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