

IPAA PRESENTS

IPAA SPEECHES 2019

A YEAR OF PUBLIC SECTOR SPEECHES

INSTITUTE OF
PUBLIC ADMINISTRATION
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OUR BOOK

'IPAA Speeches 2019'

Institute of Public Administration Australia (IPAA)
ACT Division.

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All speaker roles are as at the time of the address. All honorifics and postnominals are as at the time of publication.

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 1953. We are governed by an elected Council under the leadership of the President, Dr Steven Kennedy PSM. Our funding comes from membership fees, events and sponsorship.

CONTACT US

Drew Baker
Chief Executive Officer
IPAA ACT

Unit 4A, 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 (IPAA) promotes excellence and professionalism in public administration. IPAA provides a platform for the discussion and debate of issues of relevance.

Each year, we deliver a program of events to the public sector across Canberra. *IPAA Speeches 2019* allows us to share with you the thoughts of leaders who addressed our audiences during the year:

- We were pleased to host the Prime Minister of Australia for an Address to the Australian Public Service
- Our year included prominent addresses by departmental secretaries Greg Moriarty and Frances Adamson
- We were honoured to host valedictory addresses by Dr Martin Parkinson AC PSM and Duncan Lewis AO DSC CSC
- We celebrated International Women’s Day in the Great Hall at Parliament House with an address by Senator the Hon Marise Payne
- The second annual Williams Oration was delivered by Dr Megan Clark AC
- We closed the year with the 2019 Address to the APS by Philip Gaetjens.

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

Thank you for supporting IPAA. We look forward to sharing more great speeches with you.

A handwritten signature in black ink, appearing to read 'SK', written in a cursive style.

Dr Steven Kennedy PSM
President IPAA ACT

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NATIONAL PORTRAIT GALLERY
TUESDAY 19 MARCH 2019

INDEPENDENT REVIEW OF THE AUSTRALIAN PUBLIC SERVICE

DAVID THODEY AO
CHAIR OF THE APS REVIEW PANEL

'The APS is wrestling with significant changes: rising public expectations and declining trust; political volatility and geopolitical shifts; new ways of working; and the opportunity and challenges of new technology.'

INDEPENDENT REVIEW OF THE AUSTRALIAN PUBLIC SERVICE

DAVID THODEY AO

Chair of the APS Review Panel

I begin by acknowledging the traditional custodians of the land on which we meet today, and pay my respects to their Elders past and present. I extend that respect to Aboriginal and Torres Strait Islander peoples here today.

Thank you Drew Baker and your colleagues at IPAA for hosting us today. I would also like to thank:

- today’s chair Elizabeth Kelly, acting Secretary of the Department of Industry, Innovation and Science
- Secretaries Dr Martin Parkinson, Michele Bruniges, Liz Cosson, Kerri Hartland, Philip Gaetjens, Renée Leon, Chris Moraitis, Greg Moriarty and Daryl Quinlivan
- Australian Public Service Commissioner, Peter Woolcott
- my review colleagues, including Gordon de Brouwer who is here with us today
- and all of you—in particular the many public servants here today, participating in this important discussion on the future of our nation’s public service.

Today, on behalf of the independent panel, I will lay out our *Priorities for Change*—the transformational shifts we believe will transition the public service to be fit-for-purpose in the decades to come. I will also discuss some of the initiatives and ideas on how we might get there.

This is our current thinking and there is more to come. Your feedback will help us shape practical recommendations in our mid-year report to the Prime Minister.

When I last spoke to the public service, in November 2018, I set out the panel’s views on what a confident, independent and impactful APS looks like. I recognised the rich history of the APS and the fact that for over 100 years it has been integral to Australia’s security, prosperity and welfare. The APS is integral to the wellbeing, prosperity and security of all Australians. We have always known that. However our engagement with the community has brought this into even sharper focus.

Our world is changing, the question is: How can the APS best continue to efficiently and effectively serve the Government, the Parliament and the Australian public?

We have been grateful for the constructive and positive engagement from right across the APS staff. Thank you—your insights are helping us enormously. We also thank the secretaries—particularly the APS Reform Committee (ARC)—for their enthusiasm in modernising the APS. Last week I attended their expo and was impressed by the ideas and energy of the people and projects there.

AN APS THAT IS FIT FOR THE FUTURE

Our terms of reference ask for ambitious ideas to ensure the APS serves Australia well for coming decades.

Like many other traditional institutions and big organisations, the APS is wrestling with significant changes: rising public expectations and declining trust; political volatility and geopolitical shifts; new ways of working; and the opportunity and challenges of new technology. To best serve Australia in this environment, the APS cannot stand still. Over coming decades, the APS will need to meet, and I would say—exceed—these expectations. You will need to provide outstanding advice to governments on the complex policy issues Australia will face. Your service delivery and your regulating will need to be of the highest standard. You will need to be trusted to help find the right solutions. And you’ll need to provide stability and continuity—regardless of any volatility around you.

So our challenge is to determine how the APS can best inspire and serve in the future.

OUR ASPIRATION FOR THE APS

We need a **trusted APS, united in serving all Australians**. This is our aspiration—it forms the organising principle for the ideas we’re sharing with you today.

What does it mean?



Left to right: Dr Gordon de Brouwer PSM, Jo Evans, Dr Martin Parkinson AC PSM, Kerri Hartland, David Thodey AO, Peter Woolcott AO, Elizabeth Kelly PSM and Matt Yannopoulos PSM

First, the APS must be **trusted**, by government, parliament and the people of Australia. Trust is founded on integrity, transparency and reliability. This is essential.

Second, the APS needs to be **united in service**, harnessing all the insights, resources and energy across its different parts, in pursuit of a shared purpose.

And finally, the APS needs to have the interests of the **Australian people** at the heart of all it does, as it serves the government and parliament. This means designing and developing solutions *with* people, not just for them.

That's our aspiration for the APS of the future.

This review isn't just about institutional change. At the centre of these initiatives are people: you. You play a critical role in how we, as a nation, advance. Each and every one of the 150,000+ people that make up the service. The commitment and enthusiasm of the many people we have spoken to is very encouraging. We have been impressed with their appetite for change and we hope this appetite for change endures.

PRIORITIES FOR CHANGE

To be truly fit for purpose in the years and decades ahead, we are focusing on four priorities for change. Let me touch on each of them—and give you a flavour of the specific ideas or initiatives we have in mind.

Culture, governance and leadership model

First, we believe the APS should **strengthen its culture, governance and leadership model**.

More than ever, our nation needs an APS that is more than the sum of its many parts. This means a service that instinctively works together to tackle complex challenges. One that brings all its expertise, perspectives and resources to bear.

The people of the APS should understand and have confidence in what they are striving to achieve and how well they are performing. In practice this means settling a common purpose and vision to unite and inspire the APS. This can only be developed through genuine engagement across the service.

It also means ensuring the Secretaries Board is collectively driving outcomes across the service. This Board already has a powerful legislated mandate but there is great opportunity to strengthen its role. As part of this we need well defined and empowered critical leadership roles. In particular, this includes the Secretary of PM&C as ‘head of service’ and the APS Commissioner as ‘head of people’. These roles and their responsibilities should be clearly understood by all.

The APS and the wider public also deserve to be clear on exactly what is expected of our APS leaders. They should have confidence in the processes that inform decisions on who those leaders are.

Finally, the APS culture must invite and welcome scrutiny—and provide transparency, making the most of the insights others can provide. A good start would be reinstating capability reviews of each department and large agency, and publishing the full results of the annual census.

APS operating model

Our second priority is to **build a flexible APS operating model**.

You all know that the service will be asked to take on new responsibilities—requiring you to reconfigure your teams and deploy your skills where and when most needed. This means having rules, systems, structures and ways of working that empower, not encumber, each of you. It also means being able to meet government priorities quickly and adeptly, by bringing together the right people, insights, resources and energy from across the service to get the job done.

As you would expect, we have heard a lot about machinery of government changes. These are ultimately decisions for government to make—but wouldn’t it be great to reduce the need for ‘MoG’ changes in the first place? This is why we see great potential to apply dynamic ways of working and different structures across the service, regardless of department or agency. The objective is to make collaboration the norm.



The APS must be trusted, by government, parliament and the people of Australia. Trust is founded on integrity, transparency and reliability.

We all know that budgets are tight and will remain so. But we think there are options to be more strategic in allocating funds and resources to the highest priorities. Governments and the wider community rightly have great expectations of the public service. You should be resourced in a way that allows you to meet those expectations as efficiently as possible.

A genuinely flexible APS operating model will rely heavily on common processes and networked enabling systems. There is much happening in this space. But it can be taken to the next level, particularly through initiatives to deliver a digitally-enabled APS—with sophisticated systems and deep capabilities in big data, artificial intelligence (AI) and automation.

Capability and talent development

The third priority for change that we are setting out today is about people. The APS needs to **invest in capability and talent development**. This recognises a simple truth: the APS cannot fully deliver upon its priorities if we do not also prioritise the APS itself. This means investing in its leadership, capability and diversity—and supporting all staff to be ‘professional public servants’ in the 21st century. It also means undertaking strategic workforce analysis and planning as a matter of course. Planning ahead, and understanding not only current capabilities, but also future capability needs. Our people deserve nothing less.

So we are developing proposals to build and maintain the necessary skills, innovate across the service, and provide fulfilling work opportunities. This includes formal, focused professionalisation of all APS roles. This should encompass delivery, regulation and policy, as well as key enabling functions such as HR, procurement and IT.

We are also looking at empowering people managers, so they are able to devote the time to develop and nurture staff and teams—and are recognised for doing so.

There are great opportunities for more strategic approaches to recruitment and people development.

Mobility is important but must be carefully planned. It should include career-defining opportunities for all staff—perhaps through overseas postings or exchanges with state and territory equivalents.

These approaches to talent and capability development will ensure we have a workforce of capable and empowered people. New recruits and old hands alike will see great change.

This workforce will also spearhead a renewed focus on the foundations of outstanding policy and delivery excellence. The opportunity is to reprioritise time, effort and resources for deep research, analysis and evaluation, and big data and analytics. This will underpin your capacity to provide high quality advice to governments. We also see a heightened need over the coming years to ensure policy advice integrates social, economic, security, and international perspectives.

Internal and external partnerships

Our final priority for change recognises the imperative to **develop stronger internal and external partnerships**.

The APS’s success in the decades ahead will rely heavily upon meaningful, lasting relationships. This will require quite a shift in mindset and approach. It means the APS bringing greater confidence in its role and contribution, but also greater humility in how it partners with others. These partnerships will be many and varied—including with state, territory and local governments, civil society, business, communities, service providers, and the Australian public. This gives rise to some exciting possibilities to rethink how the APS designs and delivers government services.

For example, a service-wide ambition to ensure people can access seamless and personalised services and support—irrespective of which agency, portfolio or even government is responsible for its provision.

INDEPENDENT REVIEW OF THE AUSTRALIAN PUBLIC SERVICE

DAVID THODEY AO

Chair of the APS Review Panel

Stronger partnerships must be predicated on being open and accountable for sharing information and engaging widely. Your stakeholders will appreciate an APS that is proactive in engaging with Australians on their views and expectations of the APS. Martin Parkinson's commitment to begin regular citizen surveys is a great case in point.

The importance of relationships extends to APS investment in goods and services from private and not-for-profit providers. This requires the knowledge and skills to expertly design, oversee and manage contractual arrangements with integrity. For this reason we are exploring approaches to procurement, to deliver better value and outcomes for Australians.

Finally, it is clear that the APS's critical relationship with the executive and the Parliament has evolved over time. We have identified some opportunities to strengthen the relationship. Key to this will be a commonly agreed understanding of respective roles. In particular we should formally recognise the important role of ministerial advisers. We also think there is scope to make it easier for ministers to access APS expertise and insights.

DELIVERING LASTING CHANGE

Finally, I want to turn to implementation of our final set of initiatives. We need to be realistic: organisational change is not straightforward or easy.

The history of reviews of the APS is instructive. We have examined many of these reviews—and their many excellent recommendations. What surprised us was that many solutions and innovations have not been fully realised. Some changes lost momentum, others were less effective—but many good ideas were simply not implemented. This tells us that it is one thing to recommend change but much harder to make it happen. We must be as focused on implementing change as on defining it.

This cannot happen in isolation. There is much that the APS can do to improve its own performance. You all know that. But you also know that the broader authorising environment does matter. The incentives must be clear. Strong support and active champions from outside the service are essential for lasting, transformative change. Government in particular has a vital role to play.



Left to right: Elizabeth Kelly PSM, David Thodey AO, Jo Evans, Matt Yannopoulos PSM and Katherine Jones.

To get this right, we need to get a few essentials in place. For example, senior leaders need to own and drive change. Implementation needs to be resourced and coordinated day-to-day by a dedicated leader. The entire service needs to be deeply engaged—at all levels and in all locations. This cannot be left to a few or just imposed from on high. And change needs to be focused on meaningful measures of success, not traffic light reports.

You can expect us to have more to say about the criticality of implementation in our final report.

NEXT STEPS

As I've said, the panel is struck by the deep spirit of service across the APS. There is a real groundswell for change at every level, from graduates to secretaries. This provides the basis for genuine transformation of the APS.

Ten months ago we were tasked with reviewing the APS, to ensure it is fit-for-purpose in the decades ahead. Now we need your help to shape, test and push the proposals I have outlined today.

We want your thoughts on how to strengthen our proposals, your advice on what's missing, and your insights on how to make lasting change for the APS.

I look forward to our discussion this morning. I encourage you to have a conversation with your teams when you return to your workplace today. Take this opportunity to influence the future of your public service, and through it, Australia.

As Abraham Lincoln and Peter Drucker said 'the best way to predict the future is to create it!'

I believe the APS has the opportunity to create an exciting and vibrant future for over the next two decades—it is a journey worth pursuing.

Thank you.

The history of reviews of the APS is instructive. ... many solutions and innovations have not been fully realised. Some changes lost momentum, others were less effective—but many good ideas were simply not implemented. This tells us that it is one thing to recommend change but much harder to make it happen. We must be as focused on implementing change as on defining it.





NATIONAL PORTRAIT GALLERY
TUESDAY 9 APRIL 2019

THE REFORM JOURNEY IN DEFENCE

GREG MORIARTY

SECRETARY OF THE DEPARTMENT OF DEFENCE

'For Australia's interests to be protected and promoted, the diplomatic, economic, and military levers of national power must be well coordinated. National security is a whole-of-government endeavour and the APS must develop stronger habits of collaboration to support it.'

'As leaders and employees of the APS, we must collaborate deeper and quicker, and we must exhibit the behaviours that facilitate that collaboration. Respectful, professional and collegiate behaviours build trust within and across departments and agencies.'

THE REFORM JOURNEY IN DEFENCE

GREG MORIARTY

Secretary of the Department of Defence

Good morning. I'd like to start by acknowledging the traditional custodians of the land on which we meet, the Ngunnawal people, and to pay my respects to their Elders past, present and emerging. I acknowledge all Aboriginal and Torres Strait Islander people who have or who are serving their country in the Australian Defence Force (ADF) or the wider Defence organisation. I also acknowledge Dr. Martin Parkinson, the Secretary of the Department of the Prime Minister and Cabinet (PM&C) and the many other departmental secretaries and friends, and distinguished guests here this morning. Thank you all for your support.

This is my first address as part of the IPAA Secretary Series and the timing couldn't be better from my perspective. We were all keen observers when a few weeks ago, David Thodey outlined how the APS must change to be fit for purpose in the decades ahead and for me, his presentation had particular resonance. And I want to talk a little bit about reform and the reform journey in Defence today.

As the Secretary of the Department of Defence, a department that is currently undergoing the most far-reaching reform program in its history, I was encouraged by the parallels between what Mr. Thodey said and what I'm observing happening at Defence. We are very conscious that these uncertain times demand reform and we in Defence are changing our mindsets accordingly. Of course, that is not to say that Defence has a template for best practice reform, but I think we do have some insights from our journey that are worth sharing. So, in the spirit of this series, I want to share some of those with you in the hope that they will provoke thinking in the broader APS as we look at how the APS can better build capacity for the future.

Let me start briefly by painting a picture of Defence. We, as an organisation, have an incredibly rich history and we are rightly proud of that. But Defence is also by design a complex organisation. We manage over \$100 billion in assets, ranging from military equipment and built infrastructure to property and training facilities.

We now have a total permanent workforce of over 74,000 people, that's ADF and APS, and over 26,000 reservists located across Australia and in many countries around the world. The Defence estate includes around 400 owned properties and various leases with a net book value of around \$28 billion. The Defence workforce is home to sailors, soldiers and aviators as well as scientists, academics and engineers. We have lawyers, cyber experts, policy makers, intelligence analysts and project managers on our books. So too linguists, behavioural experts and health professionals. The list goes on and is representative of a broad cross-section of the entire APS.

But we grew out of separate and distinct organisations. At one stage there was a Department of Navy, a Department of Army, a Department of Air, and a Department of Defence Coordination. While we amalgamated long ago into a loose Defence federation, we had fundamental cultural differences and different internal operating models which were inefficient. To change this, Defence has been through review after review. There have been 35 major reviews since the 1973 Tange review, which brought the services and the department together.

The most recent, the First Principles Review, commenced in 2014. It was the 17th review of Defence in a five-year period. You could say that by then, Defence was suffering from review fatigue and unable to achieve significant change ourselves. The review findings put it more bluntly. It said that we were a change-resistant bureaucracy. The review also found Defence was suffering from a proliferation of structures, processes, and systems with unclear accountabilities. This was causing institutionalised waste, delayed decisions, flawed execution, duplication, over escalation of issues for decision and low engagement levels amongst employees. Defence was clearly not an organisation fit for purpose. We were not an organisation that could respond effectively to growing security challenges and a fast changing environment.

We have come a long way since then. Since the First Principles Review, Defence has become a more united outfit and I believe reform is now a much more significant part of our DNA. It's worth having a closer look at a couple of the lessons that the review, the First Principles Review, gave to us.

The recommendations of the First Principles Review centred on creating a more united, strategic, transparent and collaborative organisation with a high performing workforce. There were 76 recommendations and government accepted 75 of them. As of today, Defence has implemented all but two of those recommendations, and what Defence has achieved is nothing less than fundamental enterprise reform. Time doesn't permit me to discuss all 75 changes and you're lucky for that, but I do want to talk about three critical changes to our operating model, collaboration and culture.

At the core of the review were the guiding principles of what was described as 'One Defence'. That is, an identity and ensuring that Defence was a strategy-led organisation. The interrelationship between those two is where I believe deep reform occurs. The review recommended that Defence create a strategic centre—that might appear self-evident, but it certainly wasn't the case for us. If you'd like to think of the strategic centre, it's the table where all of the really big decisions are made.

The structural change plays a frontline role in coordinating operations and decision making across the Defence enterprise. In other words, we tightened it up and made it more centralised to achieve a better result. Sitting around that table now are the Chief of the Defence Force, the Associate Secretary, the Vice Chief of the Defence Force, the Deputy Secretary Strategic Policy and Intelligence, the Chief Financial Officer and myself. Now there are six people.



Secretary colleagues listen to the address by Greg Moriarty.

The national naval shipbuilding enterprise is one of the largest capital investments ever undertaken in Australia and it requires an unprecedented whole-of-nation, whole-of-industry and whole-of-government approach.



Greg Moriarty delivering the keynote address.

Previously there were 17 people sitting around that table to be involved in key decision making.

This somewhat simplistic example or description illustrates the need for streamlining in order to yield efficiencies. Even in our complex organisation supported by clear roles and responsibilities as well as strengthened accountability, it's still a challenge to manage the organisation even with that smaller strategic centre. At the departmental level, the accountability of the senior leaders has been strengthened through the adoption of an enhanced Defence enterprise committee framework, which has further reduced the number of enterprise-wide committees from 25 to 11. This also has been critical to the reform success, specifically this centralised and representative centre facilitates a culture of unified decision making and one that is able to provide tighter and quicker support to government.

Although the sums of money that Defence is dealing with are large, Defence operates in the same constrained fiscal environment as other departments. So managing resource allocation and reallocation to respond to government direction in the face of emerging security challenges is an operating imperative. The reduced number of spans and layers that we now have post-First Principles Review allows us to do that much better.

Another area of great reform has been capability acquisition. For starters, we stopped the acquisition process being the responsibility of an entirely separate agency, the Defence Materiel Organisation, known as the DMO. So the DMO and their responsibilities have been moved in-house to a new Capability Acquisition and Sustainment Group within the department. Bringing that capability acquisition process into the department has allowed much better alignment of priorities and resources.

Before the First Principles Review, capability development was a series of handoff points between different parts of Defence. It involved roughly 7,000 Defence staff spread across numerous areas within the organisation.

Simply put, it was too fragmented and too cumbersome. We didn't think holistically or systemically about the infrastructure skills or maintenance required to fully operate our platforms and assets, nor did we think about what we would do with them when they were no longer required. This has changed.

Capability acquisition is now aligned with defence and strategy, and future resource projections, and the focus is well and truly on One Defence. Capability is also better integrated and more joint across the services. A key reform from my perspective has been the expansion of membership of the Defence Investment Committee to include representatives from central agencies. The participation of officials from the Department of the Prime Minister and Cabinet and the Department of Finance has been critically important to us and has contributed substantially to the improved quality of capital investment proposals put to government.

Our capability proposals now fit within a whole-of-enterprise investment plan that is directly linked to the government's agreed policy settings articulated in the 2016 White Paper. This makes it easier for Cabinet to assess our proposals against a framework and to make decisions with advice from PM&C and Finance. Those central agencies are involved in the development of capability plans from the outset, from the time that the services say we need a particular capability in 10 years. We have PM&C and Finance involved from that point until the delivery of the submission to Cabinet and then beyond.

This engagement has made a huge difference to us. This financial year, government has approved over 160 Defence policy submissions and capability investment proposals. It's an extraordinary number and it wouldn't have happened without the improved consultation mechanisms that these reforms have delivered for us.

THE REFORM JOURNEY IN DEFENCE

GREG MORIARTY

Secretary of the Department of Defence

Our engagement with industry has also significantly improved and we now see industry as a fundamental input to capability. Defence now engages industry much earlier in the capability life cycle in recognition of the key role it plays as a partner in the delivery of capability. Projects are now better managed in a way that balances operational demands and delivers best value to the Australian taxpayer. The reforms are designed to both support delivery of defence capability and strengthen Australia's industrial base. The APS Review has also identified that the APS should make collaboration the norm and this has also underpinned Defence's recent reform agenda.

Threaded through all the recommendations of our First Principles Review is the requirement for greater collaboration—within Defence, across government and with industry and partners. If you take only one thing from my speech today, make it this: we have to work together better to meet the challenges of our time. The security challenges Australia is facing rarely, if ever, fit neatly into one lane. National security issues are evolving and becoming more complex.

For Australia's interests to be protected and promoted, the diplomatic, economic, and military levers of national power must be well coordinated. National security is a whole-of-government endeavour and the APS must develop stronger habits of collaboration to support it.

In Defence, we've always worked with other departments and agencies to protect and advance our national interests. We are getting much better at that and I hope that people in this room who worked with us have noticed the improvement. But we are still not where we need to be in today's increasingly complex, challenging and contested security environment. The challenges facing us such as cyber and counter terrorism require a coordinated whole-of-government, whole-of-nation response. Defence needs to work alongside and support PM&C, the Department of Foreign Affairs and Trade, the Department of Home Affairs and other domestic agencies to respond to these challenges.

But the type of collaboration required challenges to the traditional APS mindset and the traditional APS model of inter-departmental committee meetings. These are still important, but in my view, no longer sufficient. It's part of the reason why APS reform is critical to Australia's future success. We have to find ways to work more closely together and with partners outside the APS. This has been a huge focus for Defence. We've worked hard to embed collaboration within our culture and as part of our operating model, and we are making some gains.

We're also working with a number of new and different departments as part of the national naval shipbuilding enterprise. We're now working with Infrastructure, Regional Development and Cities, Jobs and Small Business, Education and Training, Industry, Innovation and Science.

Threaded through all the recommendations of our First Principles Review is the requirement for greater collaboration—within Defence, across government and with industry and partners. If you take only one thing from my speech today, make it this: we have to work together better to meet the challenges of our time.

The national naval shipbuilding enterprise is one of the largest capital investments ever undertaken in Australia and it requires an unprecedented whole-of-nation, whole-of-industry and whole-of-government approach.

There's demand for innovation and advanced manufacturing, for employment, skillings, research and development. You can throw regional development and international relations into that mix. Defence cannot deliver this endeavour alone. It is simply too big and too complex. There's also the example of what our Defence Science and Technology Group is now required to do. It is now partnering with Industry, universities and research organisations to deliver game-changing technologies as part of the \$730 million Next Generation Technologies Fund. Under this program, Defence is working with 24 universities, 15 small and medium enterprises, three major defence primes and the CSIRO to deliver breakthroughs in areas such as cyber, space and quantum technologies. There are currently 140 research projects under way and this is only one example of how we are strengthening our relationship with industry, academia and research organisations.

Defence has always been an organisation that has partnered with the rest of government, industry and academia, but never to the extent that we are doing it today. We know that to meet the challenges ahead, we have to leverage the expertise and resources of whole of government and of our nation. Which brings me to my next point, which is creating the right environment for this. And by that, I'm talking about culture.

Underpinning Defence's reform agenda has been a cultural change agenda, fostering the right attitudes and behaviours across our organisation. I want to make the point that creating consistent behaviours isn't easy for an organisation as complex and diverse as ours. A few years ago,

my predecessor Dennis Richardson painted a picture of the cultural complexities at Defence. He said,

Try telling an SAS¹ person that they belong to the Army. Try telling a fighter pilot that he or she is the same as an engineer or a navigator.

Try telling a submariner that they're the same as somebody up above.

Truth be told, we do different jobs, but in order to achieve the same mission. Defence is fostering a culture that reinforces that message, a concept that is encapsulated by a One Defence reform agenda.

We've introduced a number of initiatives to help achieve cultural reform. To hold leaders accountable for a more unified culture, the performance of the Senior Executive Service (SES) is assessed equally on the basis of outcomes and how those outcomes are delivered. I require upward feedback on the performance of senior managers so that all performance assessments for the Senior Executive Service include a clear view from staff as to how the leadership group are engaging, developing the capabilities of their teams and bringing the enterprise reforms forward.

Our 2018 APS employee census results point to some progress. Across all questions investigating the engagement and communication of senior leadership there has been significant improvement. The most significant jump of eight per cent was in regard to how my SES set a clear strategic direction for the agency. My Deputy Secretary People continues to remind me that a jump of eight per cent within a year is rare and a significant result, but it may tell us more about where we came from than where we are.

This is combined with a more positive result with regard to organisational culture, with people feeling valued for the contribution they are making—that's up six per cent—and more recognised for the new and innovative ways that they are working, which is up nine per cent.

1 SAS – Special Air Service Regiment

THE REFORM JOURNEY IN DEFENCE

GREG MORIARTY

Secretary of the Department of Defence



Frances Adamson thanks Greg Moriarty for his address.

... the First Principles Review centred on creating a more united, strategic, transparent and collaborative organisation with a high performing workforce. There were 76 recommendations and government accepted 75 of them. ... what Defence has achieved is nothing less than fundamental enterprise reform.

I am particularly interested in the demographic changes in the workforce. It does give us an insight into how others might see us and how we're attracting a broader range of people and skills, as well as how we are now viewing ourselves.

Diversity of the Defence workforce is another area we have improved over the last two years. Today we have more women across our APS workforce and more women in our Executive and SES ranks. We have also seen an increase in the number of APS Indigenous staff over the past two years. Results are similarly encouraging for those within the ADF. But while the numbers have gone up, improving the diversity of our workforce remains a priority.

We want to foster a culture of trust and respect, and unity. Importantly, as our national security landscape changes, as technology advances the way we conduct operations, the operations have and will continue to evolve, often in ways that are not linear.

Recently at the Lowy Institute, the Director-General of the Australian Signals Directorate, Mike Burgess, painted a picture of the complex tasks Defence undertakes. He told a story of how cyber operators in Australia helped shape a critical battle in the Middle East at the height of the fight against Daesh. As coalition forces prepared to attack a terrorist position, back here in Canberra they interfered with Daesh communications. Terrorist command couldn't connect to the internet, or communicate with each other, which meant they couldn't coordinate a response. It was a highly successful operation.

Many of the people involved in that operation were civilians. Future Defence will rely more and more on the enabling functions such as cyber and complex analytics. These just don't support defence capability, but increasingly deliver it.

The development of future cutting-edge defence capabilities will require the development of new skills in both our ADF and civilian workforce. This influences Defence workforce composition. We need diversity, creativity, and flexibility. We increasingly will need people from all walks with diverse skillsets, and competition for talented and skilled individuals will only intensify in the years ahead. The future success of Defence and our nation's security is linked to our ability to attract and retain a motivated, engaged, and innovative workforce and have that workforce serving in different ways from which they've served in the past. It's about having the right people with the right capabilities and the right attitudes and behaviours to achieve the right effect. Our cultural reform agenda will go a long way in helping us achieve it.

When I commenced as Secretary in 2017, I was an outsider returning to Defence after many years away. My view about the organisation was that we excelled at our core business, our strategic and policy advice is of good quality.

We operate effectively in times of crisis and the ADF is a highly capable military organisation.

But we face great challenges. We are responding to ever-increasing and rapid technological change including the development of space surveillance capabilities, unmanned aircraft and air combat capabilities.

We're also observing a changing geopolitical landscape, shifts in regional power and rapid military modernisation program. Today, we are much better placed to respond, but we'll have to continue to change to meet the challenges ahead. In his address to IPAA, David Thodey said, 'Organisational change is not straight forward or easy', and he's right. Defence knows that, but we are at a juncture in history where reform is no longer optional. As leaders and employees of the APS, we must collaborate deeper and quicker, and we must exhibit the behaviours that facilitate that collaboration. Respectful, professional and collegiate behaviours build trust within and across departments and agencies. If we can get the collaboration and behaviours piece right, I am confident that we will be well placed to deliver the coordinated national power that future governments will need to deploy to successfully protect and promote our interests in the world.

Thank you.



Left to right: Michael Manthorpe PSM, Renée Leon PSM, Rob Stefanic, Dr Martin Parkinson AC PSM, Frances Adamson, Greg Moriarty, Kerri Hartland, Liz Cosson AM CSC, Philip Gaetjens, Glenys Beauchamp PSM, Peter Woolcott AO and Kathy Leigh.





MUSEUM OF AUSTRALIAN DEMOCRACY
OLD PARLIAMENT HOUSE
TUESDAY 2 JULY 2019

NAIDOC 2019: A WHOLE-OF-GOVERNMENT INDIGENOUS EVALUATION STRATEGY

ROMLIE MOKAK

COMMISSIONER, PRODUCTIVITY COMMISSION

'The NAIDOC theme, by definition, seeks for all Australians to work together to build our nation's future. 'Voice, Treaty, Truth' puts forward a proposition to the Australian people about a shared future.'

INTRODUCTION

Today, I stand here on the lands of the Ngunnawal and Ngambri people. I am deeply grateful for the warmth and the generosity in allowing this country to be home for my family over the past 20 years.

I honour your ancestors, your Elders and your young ones yet to come.

I honour your sacred places and the wisdom and teachings held and shared in these places.

I aim to speak to two things today—NAIDOC and the Indigenous Evaluation Strategy.

NAIDOC THEME

This year's NAIDOC brings into focus the theme of 'Voice, Treaty, Truth: let's work together for a shared future'. The NAIDOC theme, by definition, seeks for all Australians to work together to build our nation's future. 'Voice, Treaty, Truth' puts forward a proposition to the Australian people about a shared future.

These three elements from the Uluru Statement from the Heart speak to the call by Aboriginal and Torres Strait Islander people to have a greater say in their lives.

I quote:

When we have power over our destiny our children will flourish. They will walk in two worlds and their culture will be a gift to their country.

We call for the establishment of a First Nations Voice enshrined in the Constitution ...

We seek a Makarrata Commission to supervise a process of agreement-making between governments and First Nations and truth-telling about our history.

In 1967 we were counted, in 2017 we seek to be heard.

NAIDOC week is a time to commemorate, as well as a time to celebrate. It is a time to remember and honour those who have come before, to honour those who have worked tirelessly and endlessly for our benefit.

NAIDOC week is a time to place our—and by our, I mean Indigenous—knowledges, our cultures, our science, our strength, our achievements at the centre. NAIDOC invites you into this space—beyond raising flags, beyond exhibiting art, beyond consuming native foods.

NAIDOC is not just about NAIDOC week. In fact the spirit of NAIDOC really is about what we do during those remaining weeks of the year.

TWENTY-FIVE YEARS IN POLICY

This week begins my 12th week at the Productivity Commission—it is still very much early days for me.

My road to the commission has been travelled via community, state, Commonwealth and Indigenous organisations from beginnings in the New South Wales Public Service 25 years ago as a junior policy officer in ageing and disability to the Commonwealth Department of Health, working in Indigenous policy and program areas such as health inequality, substance use and financing.

For the past 14 years I've headed national black organisations:

- nine as CEO of the Australian Indigenous Doctors Association
- the last five as head of the Lowitja Institute.

The learning over these years is that those who are most invested and most impacted must not be assigned to policy render, they must also be designers, architects, builders and evaluators for impact and change.

INDIGENOUS EVALUATION STRATEGY

The Productivity Commission has been asked to develop a whole-of-government evaluation strategy to be used by all Australian Government agencies, for policies and programs affecting Aboriginal and Torres Strait Islander people. The project will have three main components.



Left to right: Alison Larkins, Romlie Mokak, Bobby Maher, Professor Ian Anderson AO and Dr Jill Guthrie.

The Commission has been asked to:

- establish a principles-based framework for the evaluation of policies and programs
- identify priorities for evaluation
- set out its approach for reviewing agencies’ conduct of evaluations against the strategy.

The Commission has a broad remit to recommend changes to improve the use and conduct of evaluation in Australian Government agencies. This goes beyond guiding stakeholders during the commissioning and conduct of evaluations. The evaluation strategy should also make recommendations on how evaluation and evidence-based decision-making can be embedded into policy development and program delivery.

The problems with existing evaluation practice that have motivated this project are not just that evaluations have been rarely or poorly conducted, but stem from the lack of influence of evaluation practice and results on policy-making.

It is clear that the value of evaluation will be limited in the absence of strong and sustainable mechanisms to feed evaluation findings—and Aboriginal and Torres Strait Islander knowledges,

perspectives and priorities—into the policy-making process.

The evaluation strategy must cover both mainstream and Indigenous-specific policies and programs if it is to properly examine those that have most impact on, or potential benefit for, Aboriginal and Torres Strait Islander people.

We will make recommendations on how evaluation efforts should be prioritised, both within agencies and across the Australian Government.

Aboriginal and Torres Strait Islander peoples’ perspectives on what policies and outcomes matter most will be vital when identifying priorities for evaluation.

EARLY INSIGHTS

Our project is in its early stages: we will deliver a draft report in February 2020 and a final report to government in around 12 months from now.

However early discussions around the country have provided insights into the challenges we may face when developing the strategy, and the areas where the strategy can add the most value.

Existing evaluation efforts are often narrowly focused rather than systematic, and many agencies do not publish evaluation reports in a timely manner (if at all). Aboriginal and Torres Strait Islander people and voices have been largely absent from evaluation design and conduct.

The dearth of evaluation of policies and programs affecting Aboriginal and Torres Strait Islander people has been well-documented.

It is clear that evaluation practice in Australian Government agencies varies considerably. Existing evaluation efforts are often narrowly focused rather than systematic, and many agencies do not publish evaluation reports in a timely manner (if at all). Aboriginal and Torres Strait Islander people and voices have been largely absent from evaluation design and conduct.

Even where there has been leadership and considerable resources devoted, experience shows that changing the evaluation culture in government agencies is hard.

The then Department of the Prime Minister and Cabinet (now National Indigenous Australians Agency) and the Department of Health are two agencies that have made inroads into better incorporating Aboriginal and Torres Strait Islander perspectives and priorities into their evaluation efforts.

Implementation matters, and considering likely implementation road blocks—such as capability and culture in agencies and service delivery organisations, data availability, and knowledge translation—will be a key consideration for the strategy.

We are also encountering many positive examples from outside government of how evaluation can be used to improve decision-making and program implementation.

We have much to learn from Aboriginal and Torres Strait Islander organisations – such as the Institute for Urban Indigenous Health (IUIH) in south east Queensland. IUIH has been active in commissioning and conducting research and evaluation to build the evidence base on what works, and demonstrate its impact to the community and government.

Last week, we published an issues paper, which outlines some of the key questions we'd like your help to answer.

These include:

- How can Aboriginal and Torres Strait Islander knowledges, priorities and values be better integrated into policy and program evaluation?
- What principles should guide Australian Government agencies' evaluation efforts?
- What should be the priority policy areas for future Australian Government evaluation efforts?
- How can evaluation results be better used in policy and program design and implementation?
- What ongoing role should the Productivity Commission have in monitoring agencies' implementation of the strategy, and in evaluating policies and programs affecting Aboriginal and Torres Strait Islander people more generally?

FURTHER ENGAGEMENT

We are seeking submissions from interested parties between now and 23 August 2020.

You can send us a written submission, make an oral submission or leave a brief comment on our website: www.pc.gov.au/indigenous-evaluation

In the second half of the year we will be engaging widely across Australia to inform the development of the strategy. We will travel to urban, regional and remote areas, to hear from individuals, groups and organisations. We hope to hold a series of roundtable discussions on topics related to the evaluation

strategy. This will be to draw on the experience and expertise of people and organisations who have been involved in evaluation or have insights into how policy-making and program implementation can be improved.

CONCLUSION

As NAIDOC's impact must surely go well beyond a single week in July, so too a future Indigenous Evaluation Strategy must have value in a lasting way.

I invite each and every one of you to be an active part of the discussion, debate and design to make this a reality.



The audience at the Museum of Australian Democracy at Old Parliament House.



▶
GANDEL HALL
NATIONAL GALLERY OF AUSTRALIA
MONDAY 12 AUGUST 2019

THE IMPORTANCE OF COLLABORATION

FRANCES ADAMSON

SECRETARY OF THE DEPARTMENT OF FOREIGN AFFAIRS AND TRADE
PRESIDENT OF THE INSTITUTE OF PUBLIC ADMINISTRATION AUSTRALIA ACT

*'It's about creating a workplace where people can bring their best selves—
their unique experiences, perspectives and thinking—and apply all
of those attributes to the problems they're solving.'*

THE IMPORTANCE OF COLLABORATION

FRANCES ADAMSON

Secretary of the Department of Foreign Affairs and Trade
President of the Institute of Public Administration Australia ACT

Thank you, Carmel McGregor, for that kind introduction. It has been a pleasure working with you as one of our two Deputy Presidents on the Board and Council of IPAA ACT over the past two years. In fact it's been a pleasure working with a talented and committed Board and Council and a dream IPAA team under Drew Baker's leadership as CEO.

I acknowledge also my distinguished predecessors as IPAA Presidents and fellow secretaries. One of the things that struck me almost immediately I was appointed as a secretary three years ago was the generosity of spirit amongst my colleagues in terms of stewardship of the Service. And that has been true also in your support for IPAA, not just through our Secretaries Series but in all aspects of IPAA's engagement with our members. And a personal thank you for stepping in to chair or be a panellist or speak to our emerging leaders or our executive assistants, on the (too) many occasions when I've been on planes and unable to be here.

As our members know, it has been a busy and productive period. We have overseen, with strong input from Michael Manthorpe, also Deputy President, the development of the IPAA Strategic Plan to 2022, which sets out how we will promote excellence and professionalism in public administration over the next three years.

We brought together emerging leaders from across the sector to build networks and discuss future challenges.

We worked with the Department of Industry, Innovation and Science on the Public Sector Innovation Awards, to recognise and promote creativity and fresh thinking across the Australian Public Service.

We held more than 100 events, attended by over 14,000 people—though I suspect there might be some repeat customers there—which the IPAA team should take as an endorsement of its hard work.

We also made an important change on the corporate side, adopting a new constitution and governance model—and again I thank Michael Brennan from Minter-Ellison for supporting us throughout.

IPAA occupies a special position in Canberra life and it has been my privilege to work with the 19 other members of its council to shape its agenda. I couldn't be happier that Steven Kennedy has agreed to become President of IPAA ACT following our Annual General Meeting on 4 September 2019.

A defining feature of IPAA is that it brings together people—today is a good example—with different perspectives and strengths in the pursuit of improving public service and the lives of Australians. That is what I'd like to talk about this afternoon: the importance of collaboration in our work, and of drawing on a spectrum of views and experiences to shape and implement policy in a world where we face serious and consequential challenges.

As machine learning becomes more advanced, our most human qualities will become our most valuable assets. These are characteristics such as creativity, empathy, imagination and integrity; the ability to form meaningful connections with people; the curiosity to ask questions; the courage to challenge entrenched ways of thinking; and the vision to lead.

AN INCREASINGLY COMPLEX WORLD

For, our world, not just our region, is undergoing a profound transformation. Economic, demographic, technological and geopolitical shifts are changing how states perceive and promote their interests, how business is done, and even how people relate to one another.

The trends identified in the government's 2017 Foreign Policy White Paper are accelerating in ways that challenge Australia's interests.

The big story in our own region, with reverberations beyond, is, of course, the changing balance of strategic power. The relationship between the United States and China is strained. Trade tensions between them are putting the entire global economic system under pressure.

Around the world, there is growing disillusionment at what some see as the empty promises of liberalism and globalisation. Trust in democratic institutions is being eroded. At the same time, technology is drastically changing how we live and work.

The confluence of these forces raises the stakes for governments and, across our region for the officials who advise them and who implement policy. As challenges grow more complex and more difficult to meet, the ways we address them must become more sophisticated.

So, what does this all mean for the Australian Public Service?

I'd like to speak today about our place in this bigger picture. How our changing times require us to work together more collaboratively than ever before. And I'll explain why we must bring to bear the best of our human qualities—in all their diversity—to support the government in shaping Australia's future.

I'd like to focus on what I think is fundamental: trust, cooperation and inclusion.

TRUST

Firstly, trust.

Around the world trust in democratically elected governments is at a low point. That is now well known.

We can debate how fair that is.

From a personal standpoint, as a public servant who has worked with successive governments, I can say that ministers, MPs, and public servants take their duties seriously and think deeply about the effects of their decisions.

But we need to appreciate that as public servants living in Canberra, our perspective is not the same as that of many Australians. Despite almost 28 years of economic growth, Australians are less inclined to trust their elected representatives, are sceptical of institutions and are somewhat disenchanted with democratic processes. The Museum of Australian Democracy's 2018 report, *Trust and Democracy in Australia*, found that 48 per cent of Australians distrust MPs in general. Worse for us, their polling indicates public servants are trusted by just 38 per cent of the population.¹ This same report states that 'satisfaction in democracy has more than halved in a decade and trust in key institutions and social leaders is eroding'.

This year's Lowy Institute Poll shows that while most Australians [70 per cent] are satisfied with the way democracy works, almost one in three [30 per cent] is not.²

1 MPs are trusted 'a little bit' or 'very much' by 21% of population (n=1,021). Ministers are trusted to some degree by 23% of the population. Democracy 2025 report, p.21: <https://www.democracy2025.gov.au/documents/Democracy2025-report1.pdf>

2 Lowy Institute Poll 2019, n=2,130: <https://www.lowyinstitute.org/publications/lowy-institute-poll-2019#sec37136>

THE IMPORTANCE OF COLLABORATION

FRANCES ADAMSON

Secretary of the Department of Foreign Affairs and Trade
President of the Institute of Public Administration Australia ACT

Martin Parkinson, Secretary of the Department of Prime Minister and Cabinet, who will be giving his IPAA valedictory in a fortnight, chose to speak about trust in his annual address to the Australian Public Service at the end of last year.³

As the interface between people and government, it is incumbent on us as public servants to seek to engender trust in government. That means providing astute advice and demonstrating unity and a driving sense of purpose in implementing the government's agenda. The Australian people expect no less and the Prime Minister has made that explicit. It means striving for excellence in all that we do, whether that's frontline service delivery or writing policy recommendations. And it means ensuring we remain worthy of the trust of our fellow Australians, and of each other.

We need to do this not only to advance, but also to maintain Australia's standing as one of the world's most desirable places to live, work, and pursue big ideas.

COOPERATION

Secondly, cooperation.

Today's challenges demand more of governments than ever before. Problems are more complex, often not lending themselves to one- or even two-dimensional solutions. They are not easily compartmentalised. Issues that may once have been the purview of a single department now demand attention across several, sometimes many, portfolios. Where the 'greenhouse effect' was once something of a specialist interest, climate change is now quite rightly a focus for multiple government departments.⁴



Left to right: Carmel McGregor PSM, Glenys Beauchamp PSM, Michael Pezzullo, Liz Cosson AM CSC, Rosemary Huxtable PSM, Kathy Leigh, Renée Leon PSM, Philip Gaetjens, Frances Adamson, Chris Moraitis PSM, Kerri Hartland, Rob Stefanic, David W Kalisch, Dr Steven Kennedy PSM and Michael Manthorpe PSM.

3 Parkinson, Martin, '2018 address to the Australian Public Service', in *IPAA speeches 2018: a year of public sector speeches*, Institute of Public Administration Australia ACT Division [2019], pp. 148–159

4 Australia's climate change policy chronology available at Parliament website: https://www.aph.gov.au/About_Parliament/Parliamentary_Departments/Parliamentary_Library/pubs/rp/rp1516/ClimateChron

Similarly, where once policy around ‘the Internet’ with a capital ‘I’ occupied a few agencies, anticipating the impact of emerging technologies is now on every secretary’s radar.

The world has changed, and we—as public servants—are still in the process of adapting.

We need to be able to think through issues holistically; to recognise that on the Venn diagram of departmental interests, the circles increasingly overlap—and not just in inter-departmental committees.

The only way the APS can support government to effectively address complex challenges is by employing all of our capabilities. This requires us to break down barriers, build relationships and share our expertise across departments (and we are), bringing all voices to the table as we seek to develop policy advice to address what seems to be a growing number of ‘wicked’ problems.

It is natural for an IPAA ACT Division President to bring a departmental perspective to the role, so let me draw on my own experience. In the Department of Foreign Affairs and Trade (DFAT) we have been seeking to transform ourselves to better address these challenges, especially since integration with AusAID. This is still a work-in-progress, but from an agency once dominated by foreign and trade policy generalists and consular and passport service providers, we are becoming a richer, more multi-disciplinary workforce that has embedded throughout it program managers, economists, expert sector specialists, and secondees from other agencies. As a result, we are a more flexible organisation—better able to collaborate across government to deliver solutions to the problems the government faces in its international engagement—but still needing to do more.

I’ll give you two examples of where this more open and cooperative approach is supercharging policy implementation across departments and agencies: the Office of the Pacific, and on cyber affairs.

THE OFFICE OF THE PACIFIC

The Office of the Pacific is delivering one of the government’s key foreign policy priorities: the Pacific Step-Up. The Step-Up builds on many years of Australian engagement with the Pacific to strengthen our support for the region’s stability, security and prosperity.

While the Office of the Pacific sits within DFAT, it is a genuinely whole-of-government endeavour. We have approximately 150 staff from 10 agencies applying specialist skills, experience and networks to solve the type of problem I have referred to. Such as Robyn, who transferred to us from the Attorney-General’s Department to support Pacific states in finalising their maritime boundaries and exclusive economic zones. There’s Sophie, who joined DFAT from the Australian Fisheries Management Authority, and Alex, seconded from the Australian Maritime Safety Authority, who are working on the Pacific Fusion Centre. There’s also Lachlan from the Office for Sport in the Department of Health, who is strengthening sports linkages between Australia and the Pacific.

This facility will strengthen the ability of Pacific governments to manage challenges such as illegal fishing, people smuggling and narcotics trafficking. Around the corner in the office that was redesigned especially to accommodate this new initiative are staff seconded from Defence, Home Affairs and the Australian Federal Police. They maintain close links into their home agencies so they can consult on the best ways to support our engagement with Pacific partners on security issues.

Experts in loan financing from Treasury, Finance and the Infrastructure and Project Financing Agency are working on our newly established Australian Infrastructure Financing Facility for the Pacific, which has \$2 billion in loans and grants for critical infrastructure. This includes the telecommunication, transport, energy and water systems our Pacific neighbours have identified that they need to support sustainable and inclusive economic growth.

THE IMPORTANCE OF COLLABORATION

FRANCES ADAMSON

Secretary of the Department of Foreign Affairs and Trade
President of the Institute of Public Administration Australia ACT



Carmel McGregor PSM and Frances Adamson during the question and answer session.

I'm told a recent coordination meeting chaired by the head of the Office of the Pacific, Ewen McDonald, was attended by colleagues from 17 agencies. It's about implementing policy not as a single department, but as an agile, cross-public service force. A crack team of sorts.

For DFAT, it is unprecedented in scale and scope. It hasn't come without challenges. Bringing government resources to bear on complex problems which urgently require solutions is hard. But it has been vitally important to realising a central aim of the Step-Up: to orient ourselves around not what we as individual departments can do for our Pacific counterparts—policing, defence training, legal drafting or capacity-building—but to provide the sort of coordinated support to our partners that responds to their development priorities. And in the process to become more flexible, more adaptive and more effective.

As the challenges Australia and the countries of our region face grow more multi-dimensional, our responses must be multi-disciplinary and developed consultatively.

CYBER AFFAIRS

Another area that has benefited from a whole-of-government approach is cyber affairs.

As emerging technologies have worked their way towards the front line of geopolitical competition, the number of DFAT staff working on cyber affairs has grown significantly. Australia's international cyber engagement is, in part, about shaping the future of cyberspace to ensure it remains a dynamic engine of economic growth and innovation for all; a space that is open, free and secure. DFAT's Cyber Affairs Branch draws in expertise from across government and outside the public service. Almost nobody in the branch

started out at DFAT, with the exception of one of our graduates, who is working in a department almost unrecognisable from the one I joined 34 years ago.

One of the most recent examples of cross-department collaboration in this domain was the Australian-led joint statement at the G20 Leaders' Summit, calling on social media companies to do more to combat terrorist and violent extremist content online.⁵ Colleagues in DFAT's Cyber Affairs Branch, along with the Counter Terrorism Branch and the Department of Home Affairs, provided advice to the Department of the Prime Minister and Cabinet from our global network, helping ensure the success of the Prime Minister's initiative.

The value in working collaboratively seems self-evident, but in fact it hasn't always been obvious. In 2001, the Attorney General's Department developed the rather quaint sounding 'e-security national agenda' to 'create a trusted and secure electronic operating environment'. Seven years later, 10 agencies sat on the E-Security Policy and Coordination Committee. DFAT was not one of them.

Today, it's a different story. We work closely with the Department of Home Affairs on cyber security policy issues. Cyber issues, in one form or another, command the attention of every agency, including of course the specialist Australian Cyber Security Centre. DFAT's Cyber Branch is headed by an ambassador with a mandate to lead whole-of-government outreach on a broad range of cyber issues. His team brought together 18 different government agencies, the private sector, academia and non-government organisations (NGOs) to develop the first iteration of the international cyber engagement strategy for Australia. I have no doubt that cooperation on this important policy agenda will only deepen as we think through the potential geostrategic implications of fast-developing new technologies.

COORDINATION AT POSTS

Of course, DFAT doesn't have a monopoly on the government's international engagement and nor should it. Twenty-seven Commonwealth Government Departments have staff in Australia's overseas posts. If you include portfolio agencies and other Commonwealth entities, the figure rises to 30. (I have that figure etched in my mind because it was only a few months ago that the heads of those agencies joined me in signing on to the One Approach Zero Tolerance Statement, affirming our shared expectation that all Australian Government staff serving overseas treat others with respect and courtesy, and reject bullying and harassment of all forms.)

Education, Agriculture, Treasury, Defence and Home Affairs are just some of those with staff abroad, often working even more closely with colleagues from across government to support a coordinated and unified Australian Government agenda in their host country. It not only makes us more effective; it reflects the reality of the world in which we live, where cross-cutting issues challenge us from many directions.

This idea emerges strongly from David Thodey and colleagues in the interim findings of their Independent Review of the APS. In determining the attributes the public sector needs to be fit-for-purpose for the coming decades, the panel determined that a flexible operating model was a priority. That includes dynamic ways of working and common digital platforms that make collaboration the norm.

INCLUSION

Finally, inclusion.

For the Australian Government to be effective abroad or at home, we also need to draw on the talents of our people. Implementing policy in a complex, changing and challenging world takes ingenuity, resourcefulness and insight.

5 Prime Minister's media release, 29 June 2019: <https://www.pm.gov.au/media/global-step-forward-terror-content-crackdown>

THE IMPORTANCE OF COLLABORATION

FRANCES ADAMSON

Secretary of the Department of Foreign Affairs and Trade
President of the Institute of Public Administration Australia ACT

For years, we've known that diverse teams are better at solving problems. Inclusive workplaces also have more engaged employees. We achieve better outcomes when staff know their views count; and when they feel empowered respectfully to contest policy and ideas. Diversity and inclusion matter for improved function.

Building inclusivity is also consistent with the Australian Public Service's values and our commitment to a positive workplace culture and something IPAA has strongly supported. That's why the Secretary-level Equality and Diversity Council exists, with all Departmental Secretaries meeting quarterly to discuss diversity and promote practical ways to drive inclusion across the APS.

The need for diversity is particularly pronounced in Foreign Affairs, where cross-cultural knowledge, language skills and the ability to build relationships with people from all over the world are vital.

Diversity and inclusion are so integral to advancing Australia's national interests, driving innovation and reflecting Australian values of fairness and equality, that the 2017 Foreign Policy White Paper identifies the diversity of Australian society as a core national strength.

This also means valuing experience from outside our agencies, something DFAT has at times been slow to recognise. But we're getting better.

The majority of DFAT's current APS workforce—three-quarters—did not start out in our graduate program. We are increasingly looking to workforce models that mix DFAT employees, contractors, and staff seconded from other APS agencies. Since the beginning of last year, there have been just over 130 permanent or temporary transfers to DFAT from other agencies outside of recruitment processes.

As a multicultural country, diversity also matters for better representation. Australia is fortunate to have diplomats of all levels serving in countries that reflect their heritage, or their religious or linguistic background. Among our ambassadors and heads of post there's James Choi in Seoul, Harinder Sidhu in New Delhi, Christopher Lim in Chengdu and Ridwaan Jadwat in Riyadh,

who is also Australia's Special Envoy to the Organization of Islamic Cooperation. When it comes to forming relationships and developing insights, our culturally and linguistically diverse workforce is Australia's not-so-secret weapon, one which few other countries possess.

Embracing diversity also drives innovation and enhances our ability to relate to modern Australia. To enable us to do this better, DFAT has a number of inclusion strategies. We recognise that for some groups, targeted action is needed.

WOMEN IN LEADERSHIP

DFAT has a longstanding commitment to achieving gender equality. We have made good progress since the launch of our Women in Leadership strategy under my predecessor Peter Varghese in November 2015. At that time, although DFAT had been recruiting equal numbers of male and female graduates since the mid-1980s, women made up only 34 per cent of the Senior Executive Service and 27 per cent of our ambassadors and heads of posts. Since then, the department has prioritised and resourced an agenda that has made headway in increasing the number of women in senior roles. Our aim has always been to create a workplace that maximises performance and capability by enabling men and women to thrive equally. It's about our values, but also about our effectiveness: studies show that organisations with a critical mass of women in senior management perform better than those with less gender diversity in these key roles.

I'm pleased to say that we met our 2018 target of 40 per cent of women at the SES band 1 level, up from 36 per cent in November 2015. We fell short of our SES band 2 target of 35 per cent, but still made an improvement on three years ago. And at the end of 2018, we had more women heads of mission and posts than ever before.

There are no roles in which women cannot serve overseas. We have female ambassadors across key security partners in the Indo-Pacific, the Middle East, Southwest Asia, Europe, and multilateral posts, where the international security architecture is debated and negotiated.

IPAA has also pursued its own Women in Leadership initiatives, strongly supported by my fellow secretaries, 50 percent of whom are female.

Women represent half the population, so it makes sense to have a focus on gender equality. But it's important we reflect the community we represent in all its diversity.

DIVERSITY IN ALL ITS FORMS

There is still a lot of work to be done on diversity across the APS.

In DFAT, we have trouble retaining Indigenous officers, who tend to leave us after they reach APS5—many drawn to attractive roles in the private sector or promotions elsewhere in the public sector. While I encourage our staff to broaden their professional experience and seize opportunities, I would like us to do better on retaining our future Indigenous leaders.

While we have reduced barriers to employment for people with disabilities in recent years, only 2.9 per cent of our staff identify as having a disability, compared to 3.7 per cent in the broader APS⁶ and 18 per cent in the general population.⁷

We want all our staff to feel included, whether they are sixth generation Australian or first, whether their parents were lawyers or labourers, whatever faith they follow—or don't, and whomever they love.

And we want to ensure that we include people who may not identify with any of those groups, to make sure they feel they belong, too.

It's about creating a workplace where people can bring their best selves—their unique experiences, perspectives and thinking—and apply all of those attributes to the problems they're solving. This becomes all the more important when we think about what advances in technology mean for the future of work.

Australia's international cyber engagement is, in part, about shaping the future of cyberspace to ensure it remains a dynamic engine of economic growth and innovation for all; a space that is open, free and secure.

CONCLUSION

As machine learning becomes more advanced, our most human qualities will become our most valuable assets. These are characteristics such as creativity, empathy, imagination and integrity; the ability to form meaningful connections with people; the curiosity to ask questions; the courage to challenge entrenched ways of thinking; and the vision to lead.

In the world I have described today, we must all endeavour to hone these qualities, to embody excellence and professionalism in all that we do, to engender trust in democratic institutions and confidence in government.

And to apply the best of ourselves—in all our diversity—to addressing the challenges of today, and to shaping Australia's future and that of our region and the world.

6 *APS employment data, 31 December 2018 release*. Australian Public Service Commission: https://www.apsc.gov.au/sites/default/files/aps_employment_data_31_december_2018.pdf

7 *Disability, ageing and carers, Australia: summary of findings 2018*. Australian Bureau of Statistics: <https://www.abs.gov.au/ausstats/abs@.nsf/0/C258C88A7AA5A87ECA2568A9001393E8?OpenDocument>



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PARLIAMENT HOUSE
MONDAY 19 AUGUST 2019

PRIME MINISTER'S ADDRESS TO THE AUSTRALIAN PUBLIC SERVICE

THE HON SCOTT MORRISON MP
PRIME MINISTER OF AUSTRALIA

'To meet the challenges of today and tomorrow the APS also must be, as it has been, professional, capable, flexible, technology-enabled, citizen-focused, and open to outsiders and diverse viewpoints, both within and without.'

Thank you very much Martin.¹ I also join you in welcoming my colleagues who are here today – Greg Hunt who is the Minister assisting me for the public service, Ben Morton, Zed Seselja, and those who may be linking in from other places.

Can I also, Martin, place on record my appreciation—and that of the government and all the governments (if I can be so bold) that you've served—for your service, can I thank you for your advice personally, and can I thank you for your dedication to the welfare of the Australian people over an outstanding public service career. Over almost four decades—we're having a dinner at the Lodge tonight for Martin and Heather² and a number of friends and we can reflect on four decades of stories I'm sure—that has included more than a decade at the helm of three different departments, great departments of this public service, you've been committed to fearless advice (no one can accuse you of not doing that), to policy reform and making this country a better place.

I wish you and Heather all the very best for the new challenges that lie ahead and we're a grateful nation – thank you very much.

I want to also acknowledge all the other secretaries who are here today, including the incoming Secretary of the Department of Prime Minister and Cabinet, Phil Gaetjens, who tells me his tie is where it's always been – at home! Not around his neck. There are many things I'm familiar with about Phil, not just that. And congratulations to you Phil and I'm sure you'll pick that up in the weeks ahead, and I look forward to working with you.

This place, our Parliament House, is on Ngunnawal land. I acknowledge the Ngunnawal people, their elders past, present, and importantly, those who are emerging, who we want to encourage and who we want to celebrate.

To any servicemen and women who are here today, to any veterans—particularly as yesterday we marked the commemoration of Vietnam veterans—I say to you, simply, on behalf of our nation: 'Thank you for your service'.

And today of all days I want to widen the circle to all who serve the Australian public in the APS, those of you in this room, or across Australia, wherever you happen to be in every state and territory as well as overseas, thank you for what you do for our country and all of your fellow citizens.

More than 240,000 Australians work for the Commonwealth Government in one form or another. About 80,000 are in the Australian Defence Force (ADF). Add to that another 16,000 or so in the civilian arm of the APS providing for our nation's defence. There are thousands more men and women in Home Affairs and our other security agencies, working every day to keep Australians safe through intelligence gathering, securing our borders, counter-terrorism, taking up the fight to those who would seek to do us harm. One of the greatest achievements of these agencies is 16 thwarted terrorist attacks and that's something that the heads of those agencies can be very proud to have been able to achieve.

Thousands more are devoted to growing our economy, because we all know everything else stems from that. And ensuring Australians get a fair go in their daily lives, delivering on our infrastructure program, making our industries more competitive, opening up new markets, enforcing our corporate laws.

The list goes on – some 19,000 people in the Tax Office ensuring everyone pays their fair share according to the laws of this country. We think people should pay less tax, but they should all pay the taxes that they are obligated to pay and to share support of the services – and to provide support for the services we all need by providing that tax revenue.

1 Martin Parkinson, former Secretary of the Department of the Prime Minister and Cabinet

2 Heather Smith, former Secretary of the Department of Industry, Innovation and Science

There are about 6,000 people administering \$85 billion worth in health funding a year, and more than 5,000 people running our legal and integrity systems at the Commonwealth level. And roughly 11,000 Australians in agencies working on cutting-edge science, from CSIRO to Geoscience Australia, from the tropical North to Antarctica.

I could go on, but this snapshot tells you we're a pretty big show. It's complex, it's extraordinarily diverse in all of its functions.

To meet the challenges of today and tomorrow the APS also must be, as it has been, professional, capable, flexible, technology-enabled, citizen-focused, and open to outsiders and diverse viewpoints, both within and without. All while upholding the best traditions of integrity at the same time – accountability and service that have been hallmarks of an apolitical APS for the past 118 years.

Today I want to place six guideposts out there to show the way forward as I see it as Prime Minister and for my government, for the public service, for the evolution of our public service and priorities for the future.

My remarks today are framed by a humble recognition that modern government is hard. Change is ever present. Expectations of the public have never been greater. And just as it is in business, the customer—and in our case, the public—is always right.

To support the government across multiple, fast-moving policy and implementation challenges, the APS needs to evolve. Nothing new about that. In some cases, conventional wisdom needs to be challenged.

And most importantly, in whatever role you have in the public service, we need to make sure you have a clear line of sight, from wherever you are—whether you're up in Bamaga, or over in Bunbury, whether you're here in Belconnen, wherever you sit, whatever you do—if there's something between you and the people you're trying to serve, in your view, then we've got to deal with that. You need a clear line of sight between what you are doing every day, every decision you're making every day, every contribution you're making every day, straight through to the Australian public. It's not about impressing your boss or impressing your minister – we're just people along the way. That clear line of sight is what I would want every single person who works in the Australian Public Service, whether it's me, whether it's Ben Morton or Stuey Robert, or whoever in ministerial ranks, secretaries, or the first-year recruit into the public service. A clear line of sight. So I hope my remarks today will give you a better idea, a greater understanding of how the APS can better support the government and through the government, our nation.

Good government is about receiving excellent policy advice. But that advice is only as good as the consideration in detail that it gives to implementation and execution. ... It's about telling governments how things can be done, not just the risks of doing them, or saying why they shouldn't be done. The public service is meant to be an enabler of government policy not an obstacle.

The best teams are the ones where everyone knows what their job is and they do their job well rather than being in a constant running commentary about the job someone else should be doing.



The Prime Minister of Australia, the Hon Scott Morrison MP, delivers an Address to the Australian Public Service.

Now my first guidepost is one I spoke of when I announced Phil Gaetjens' appointment. It goes to the heart of the relationship between the Executive branch and the public service that enables all of us to do a good job. We have to get our relationship right between ministers and the public service.

Because the best teams are the ones where everyone knows what their job is and they do their job well rather than being in a constant running commentary about the job someone else should be doing. I've seen those teams. They lose. The teams where everyone knows what their jobs is, what their role is, and focus on that, those teams win. And we're going to be a winning team.

It's been my great privilege to have served as a Minister for Immigration and Border Protection, as a Minister for Social Services, as the Treasurer and of course now as Prime Minister. I have enjoyed wonderful relationships with the public servants that I have worked with at senior and junior levels. And my approach has been based on a simple, straight-forward formula for managing that relationship – respect and expect. Respect the experience, professionalism and capability that the public service brings to the table, both in terms of policy advice and implementation skills. And then having set the policy direction, expect them to get on and deliver it.

It is also about respecting the fact that responsibility for setting policy, for making those calls and decisions lies with the elected representatives of the people, and expecting ministers to provide that leadership and direction.

Now this imposes an important responsibility, I think, on ministers. And I've made this very clear to my ministers. They must be clear in what they are asking of the public service. They must not allow a policy leadership vacuum to be created, and expect the public service to fill it and effectively do the job of ministers.

One of the worst criticisms that one politician can make of another, in the locker room of politicians, is that as a minister they've become a captive of their department. Now that is not a reflection on the department, not at all, not at all, but indeed is on the minister. It speaks to a minister not driving their policy agenda. Nature abhors a vacuum just as much here in Canberra as anywhere else, and a vacuum will get filled. I expect my ministers to be driving policy agendas for their agencies and departments. So I've selected and tasked my ministers to set and drive the agenda of the government. I believe the public have a similar expectation of my ministers as well.

This is very important for how accountability is designed to work in our Westminster democracy.

Ministers are accountable to the Parliament and to the public through our democratic process for the policies of the government. Now I know you all know this but it bears repeating in the context of this principle, a public servant providing advice in a well-prepared brief will and must exercise all due diligence and professional care in its preparation, and be absolutely certain and passionate about what they put in that document. But ultimately it is the minister who must decide, whether to approve or not approve, to provide comment, feedback, because ultimately it is the minister who will be held accountable by the public. And that's how it should be. Only those who have put their name on a ballot can really understand the significance of that accountability. As much as you might appreciate the Westminster system, once you put your name on a ballot, that changes everything.

So I know that sometimes you may feel frustrated, or think 'How on earth – my brief was so perfect!', as I'm sure they all are, but at the end of the day our ministers, I, my colleagues, have got to look constituents in the eye, face the public, and be responsible for those decisions. And that gives you a very unique perspective.

PRIME MINISTER'S ADDRESS TO THE AUSTRALIAN PUBLIC SERVICE

THE HON SCOTT MORRISON MP

Prime Minister of Australia

When I played Rugby, my coach used to describe this difference as the bacon and eggs principle, the chicken is involved, but the pig is absolutely committed to the task. It'll catch on.

That is why under our system of government it must be ministers who set that policy direction. And it is why, having set that direction, they will have high expectations, as they should, of the public service when it comes to implementation and delivery of the government's agenda.

You are our professional partners in this undertaking. The public service is the indispensable engine room for any successful government in delivering on its commitments to Australians. I mean this most sincerely. I have always believed that, guided by clear direction from ministers, the public service is at its best when it is getting on with the job of delivering the services Australians rely on and ensuring governments can implement the policies they have been elected to deliver for the Australian people.

It's important not only to establish clear lines of accountability. It is also fundamental to ensure our democracy keeps faith with the Australian people. That's what 'respect and expect' is all about.

My second guidepost is one I spoke to secretaries about with the Deputy Prime Minister, in May, even before I had recommended my Ministry to the Governor-General.

You'll remember President Clinton and his famous line 'It's the economy, stupid'. Well for us, 'It's the implementation'. That's an important guidepost.

We need a step-change on service delivery. Ensuring services are delivered seamlessly and efficiently when and where they are needed is a key priority, the key priority, of my government. Just as good business strategy is always about how you execute it, the same is true in government policy. It's only ever as good as its implementation. And you are the implementers.

I don't know how many beautiful strategy documents I've seen in my life, in public service and in other fields. People can celebrate these strategy documents, they can be incredibly impressive, but I tell you what, the only strategies that are any good are the ones that are implemented and work. And the ultimate test of a strategy is not how pretty it looks, but how well it's done.



Left to right: Greg Moriarty, Liz Cosson AM CSC, Finn Pratt AO PSM, Renée Leon PSM, Rob Stefanic, Kerri Hartland, Glenys Beauchamp PSM, the Hon Greg Hunt MP, Rosemary Huxtable PSM, Chris Moraitis PSM, Frances Adamson, the Hon Scott Morrison MP, the Hon Stuart Robert MP, Dr Martin Parkinson AC PSM, Philip Gaetjens, Kathryn Campbell AO CSC, Senator the Hon Zed Seselja, Mike Mrdak AO, Dr Michele Bruinges AM, the Hon Ben Morton MP, Dr Heather Smith PSM, Michael Pezzullo, Nick Warner AO PSM and Dr Steven Kennedy PSM.

Good government is about receiving excellent policy advice. But that advice is only as good as the consideration in detail that it gives to implementation and execution. And this is not an exercise in providing a detached or dispassionate summary of the risks that can be logged in the 'told you so' file for future reference in memoirs. It's about telling governments how things can be done, not just the risks of doing them, or saying why they shouldn't be done. The public service is meant to be an enabler of government policy, not an obstacle.

The Australian people need to be at the centre of APS service delivery. That is the thinking behind Services Australia. This isn't some fancy re-branding exercise. It's a message to the whole of the APS—top-to-bottom—about what matters to people. It's about what I call 'doing the little things well' – everything from reducing call waiting times and turnaround on correspondence, right through to improving the experience people have as they walk into a Centrelink office or any other government service office around the country.

I want to send a message to everyone who is in the service, in whatever role you have – you can make a difference to the lives of the Australian people. We all have a job to do and that is to serve them.

I've talked about the need for a culture of regulatory congestion-busting in our bureaucracy. That doesn't mean cutting corners or not meeting regulatory requirements. But it does mean being relentless in finding ways to help Australians make things happen and reach their goals. Not sitting passively while families and businesses struggle to navigate unnecessary rules and unnecessary regulations.

We need interactions with government to be simpler, more human and less bureaucratic, whether it be in delivering services like the National Disability Insurance Scheme (NDIS), or rolling out our ambitious infrastructure program, or removing unnecessary barriers to business investment. It's why I have tasked my Assistant Minister Ben Morton with revitalising our regulatory reform and deregulation agenda, with a new Deregulation Taskforce which is being led by the Treasurer, out of Treasury. A key focus is on working with business to identify and remove unnecessary barriers to investment, with a focus on sectors and activities which have the most to gain.

At the departmental level, secretaries will need to be proactive in identifying ways to bust congestion in the Commonwealth bureaucracy. And all ministers will continue to remain responsible for ensuring that regulations in their portfolios are fit-for-purpose.

I believe a commitment to diversity should encompass diversity of viewpoints within the APS. There is compelling evidence that this helps teams find answers to complex problems by bringing together people who approach questions from different points of view.

I also want congestion busted in the public service hierarchy – congestion which can block your contribution. You don't have to be in the Senior Executive Service (SES) to have a good idea. Did anyone know that's true? I saw this in Treasury when I used to do budgets.

I used to love going down to the Treasury building in those weeks before the Budget. People there eating pizza well into the night, working really hard, and taking great pride in their work. I remember one night I sat down and I spoke to one of the officers who was working on one of the statements in the Budget which had to do with good debt and bad debt. And I remember meeting one of her parents one day, her father, I forget where it was around the country, and he reflected on this conversation I'd had with his daughter that night. He was terribly proud of the work that she was doing. And there she was, crunching away there in the bowels of Treasury, in the middle of a Budget process making a big difference to understanding how we treat debt in this country—really changing the conversation, taking pride in the work.

It was the same when I would go out to the Social Services when Finn Pratt was the Secretary and I remember talking to that wonderful little team that was working on distribution modelling when we were going through some social services reforms a few years ago, and one of them—on an internship I think at the time or they were a recent recruit—couldn't believe that in their first year in the service here they were sitting down with a minister crunching through distribution modelling processes.

More recently I visited the Department of Foreign Affairs and Trade (DFAT)—and I particularly want to commend Frances on the outstanding job she's doing as Secretary of DFAT—to thank the officers who had worked in difficult situations regarding getting children out of some of the most unsafe places in the world, who had secured the safe release of one of our citizens from North Korea and—I could almost say my favourite part of the public service, I'm spending so much time with them recently—the Office of the Pacific, driving our Step Up initiative, to say thank you to Ewen McDonald and all the team there.

I mean this stuff, I get it, I see it, I appreciate it.

And, of course, during my time at Immigration and Border Protection, there were the remarkable and courageous efforts of everyone involved in Operation Sovereign Borders (OSB). Many of the most critical initiatives that came out of OSB were the product of the contribution of line officers in the public sector, working together in teams and focusing on solutions, not problems. Public service at its best.

I want to harness that to enable your meaningful impact on the decision-making process. I recently learned from a survey that just over a quarter of the APS does not really feel they can impact what's going on. That really does concern me. I want people in the APS to feel they can make a contribution. I don't want you to feel shut out. You need to feel that you can make a difference. Otherwise why are you here? I make the assumption that you're here to make a difference and I think that assumption is absolutely correct.

Now to be a bit harsh, I think that survey result represents a failure of public service management to enable real engagement. We've got to work harder on that. This is one of the things I expect to see our public service leaders change in the future.

For advice I want to draw further down into the public service to those doing things on the ground. I want more input from you, more visibly, in what's coming through to me in my office and the offices of my ministers. I want the gatekeepers who control access to ministers to ease up a bit and let you in. Let me see what others are thinking. So don't be surprised if you find yourself in my office or a minister's office in the future, wherever you happen to sit. And if you get a call and someone who says they're the PM, it may not be a prank call.

But after this speech, I suspect there'll be many such prank calls in the next 24 hours.

My third guidepost is called 'look at the scoreboard'. We must have a strong emphasis on delivering outcomes, with priorities, targets and metrics across all portfolios. That's not new.

Faced with scarce resources, setting priorities is essential. Setting targets and metrics at the same time helps us stay on track. And this is the point. Sure, it provides some necessary accountability when performance measures are in place for people management, but the real purpose is to ensure we are getting done what we set out to do.

There are three basic questions I would ask you all to consider every day at work:

1. What are you trying to do?
2. How do you know you're on track to get there?
3. What does it look like when you've got there?

In other words what does success look like, at the start, along the way and at the end?

This is the information that helps me and my Cabinet be informed to make the decisions and adjustments to policy that keeps us heading in the right direction, and providing you with the clarity you need to get on with your job.

A friend of Stuart Robert's and mine, General Jim Molan, used to have this great sign, stating that no strategy ever survives contact with the enemy. And you know, things have to be changed along the way. And the only way you know that is based on the data and information that's coming back. That doesn't mean that the program's failing, it just means that you need to constantly adjust and stay focused on your goal.

I want public servants to know and share in the success of public policy. I want you to feel good about what you do, the contribution you make and the positive difference you can make to the country and its future. Because otherwise, again, what is the point?

If your success is measured solely in career advancement through the seemingly infinite grades of the public service, I don't think that's enough. It's not what I want as a citizen from my public service, let alone as the Prime Minister. And I think the overwhelming majority of public servants feel the same way.



The Prime Minister of Australia, the Hon Scott Morrison MP.

Rather than complicating your life, I would suggest the three questions that I've outlined open the door to a more satisfying APS career for you and a better experience for the Australian public.

My government will continue to set clear priorities and strong targets for the APS. I have established, with Martin Parkinson's great assistance and leadership, a dedicated Priorities and Delivery Unit in the Department of the Prime Minister and Cabinet (PM&C) and all Cabinet Ministers are developing their own set of objectives and targets. This is something we've been doing a lot of work on since the election. We've made good progress, but there's a lot more to be done.

Now the fourth guidepost is called—I'm sure you'll love this one—'look beyond the bubble'.

There are many highly organised and well-resourced interests in our democracy. They come to Canberra often. They are on the airwaves, they're on the news channels. They meet regularly with politicians, advisers and departments to advance the policy ideas and causes on behalf of those whom they represent. Some will be corporate interests. Some will be advocating for more welfare spending or bigger social programs. Many will be looking for a bigger slice of government resources.

Yet the vast majority of Australians will never come to Canberra to lobby government. They won't stay at the Hyatt. They won't have lunch at the Ottoman. They won't kick back at the Chairman's Lounge at Canberra Airport after a day of meetings.

And what these Australians who don't do those things do every day is work hard. They pay their taxes. They put their kids through school. They look after their families. They give back to their communities and they are the centre of my focus as PM and the focus of my government. These are your stakeholders, not the myriad of vested and organised interests that parade through this place.

They rely, those Australians I'm speaking of, on the services that you deliver, services that make their lives just that bit easier and better. And they want value for money for those services, through the taxes that they're paying.

They expect governments to focus on what matters to them:

- a strong economy that generates more and better jobs and better paid jobs
- ensuring Australians are kept safe from threats abroad and at home. It's a convulsing world at the moment, and we all have a job to keep calm and to provide that reassurance to them
- making sure services are reliable and responsive to their needs.

I want the APS to have a laser-like focus on serving these quiet Australians. Those who don't meet here, and largely you never hear from, they're too busy doing life. Australians who just get on with it, but who often feel their voices get drowned out by the shoutier ones in the public sphere and parading through this place.

There is strong evidence that the 'trust deficit' that has afflicted many Western democracies over recent years stems in part from a perception that politics is very responsive to those at the top and those at the bottom, but not so much to those in the middle. This will not be the case under my Government. Middle Australia needs to know that the government, including the public service, is on their side.

My fifth guidepost—and forgive me all the Australian Football League (AFL) people in the room, but I'm going to use a Rugby League example, feel free to apply your favourite AFL player of all time (I know the Minister for Health is going to do this, but given I'm a Rugby League fan and my Chief of Staff is, we're using a Rugby League one from this podium today)—is called the Ray Price principle. Those of you who know of the Rugby League legend from Parramatta will know about this, he's known as Mr Perpetual Motion. Ray was everywhere. His work rate was unmatched. The conditions, his opponents, never fazed him. He could read the play and always stay ahead of the game.

The APS needs to be the same. It needs to evolve and adapt amidst constant change. Old ways of doing things need to be challenged and, if necessary, disrupted.

As you know, David Thodey is finalising now his major review of the APS and I expect his report to pick up this theme of how the service needs to change so it can respond to new and emerging challenges – economic, social, technological and geopolitical.

We need the APS to be an exemplar of innovation and adaptability. More agile and more responsive to the public where they live.

There are many dimensions to this challenge, let me focus on three quickly.

First, we need the public service to be more open to outsiders. Information has never been more available and expertise in our society has never been more dispersed. Citizens from all walks of life have never had more outlets to express their views – their likes and their dislikes. To succeed, government needs to tap these insights, and these skills and energy from more points on the compass than those who have only ever worked in the public service.

While some of our brightest minds will want a lifetime career in the federal bureaucracy—many of you here—many Australians won't. And we need to find ways for smart, dedicated Australians to see a stint in the public service as part of their career journey.

And likewise for those who've chosen a life as career public servants to see that time outside of the APS in the non-government sector and in the business sector is also an important part of their career journey – and their career choice, their life choice. The APS system should reinforce and reward these choices, and I'm not confident it currently does.

This is about reinforcing two important values as the Health Minister and Assistant Minister, Minister assisting me for the public service reminded me just over the weekend:

1. the importance of outside and mid-career experienced recruits to informing the understanding of how sectors and the economy operate on the ground

2. the career development value for long-term public servants of their own experience in the private sector. In the same way as experience in a ministerial office is valued, so should be a private sector secondment.

The APS needs to be world-class at collaborating with external partners on all the challenges we face as a country – everything from grasping the productivity opportunity of the digital economy, to ending the export of waste to using big data to dramatically improve service delivery.

The second area where disruption and cultural change are needed is in breaking down the bureaucratic silos and hierarchies that constrain our capacity to fix problems. We've only had this problem in the public service for 118 years.

We need an APS that's more joined-up internally and flexible in responding to challenges and opportunities.

The model I'm most proud of in recent times, and there are many, is the way the APS responded to assist Australians in North Queensland hit by the devastating floods earlier this year.

It highlighted the way I like to work as well: pulling the right people together, removing obstacles to the delivery of programs, engaging with those most affected on the ground, and demonstrating that the government can be there for them when they need it most.

This **really** made a difference. It saved lives, literally, and it saved livelihoods. And it saved a way of life in Australia that has been there for hundreds of years.

This is the sort of agile and responsive public service we need, creating small teams such as the drought relief team that Shane Stone most recently had the privilege to lead. That is the sort of attitude we need to further build across all arms of government as Australia navigates rapid change and a more uncertain world. It will require departments to become more adept at reallocating resources to fit changing priorities.

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Not just asking for more, because Mathias³ will say 'No'. I know it can be done because I have driven it myself in three different portfolios prior to service as Prime Minister.

The third area of disruption is obviously greater use of digital technology, in which Minister Robert is very closely involved.

The digital revolution—with the exponential rise in connectivity, data generation, processing power and personalised service delivery—continues to reshape our jobs, industries and lives on a daily basis.

With our fellow Australians among the most enthusiastic early adopters of technology in the world, harnessing the power of digital technology is not an option for the Australian Government. It's the future. Government needs to connect instantaneously and seamlessly with Australians to answer questions, provide services, make payments and solve problems. I like the way Martin Parkinson referred to it – when people engage with the public service they ought not feel like they're going back in time.

So providing a roadmap for our work on data and digital transformation is important, and that's what the Digital Transformation Strategy did last year. Our goal is to have all government services available digitally by 2025. This is part of a broader transformation, a challenge that includes tailoring policies and service delivery to individuals and local communities and using data and analytics for better policy and service delivery.

Just as technology opens up new opportunities, it also creates new vulnerabilities. Whether it be working through the ethical and privacy dimensions of the digital revolution or protecting our systems and our national security from malicious cyber activity, the Australian Government cannot be anywhere but at the forefront, on the frontier, of that activity.

Now you'll be pleased to know, I'm getting to the end.

My sixth and final guidepost is 'honour the code'.

It's something that I observed amongst the veteran community, and I take, and I'd encourage you to take, a lesson from them and our serving men and women in the ADF. They are bound together by a code, an unbreakable code that sees them act at the highest levels of integrity under the most extreme levels of pressure. It is that code that keeps them together and where that code fails or where that code breaks, then we know what the consequences of that can be.

It's about governance and integrity across the service. I want to reaffirm my government's and my personal commitment to an APS that is apolitical, merit-based and committed to the highest standards of integrity. These core elements of the Westminster tradition are as important as they have ever been, not least to securing the trust and legitimacy of democratic government that is needed to implement good policy and to deliver services successfully.

And on the critical relationship between ministers, their staff and the bureaucracy, let me underscore what I have said directly to all of my ministers: I expect my ministers to be demanding; I also expect them and all of their staff to discharge their responsibilities with the highest standards of professionalism and within a values framework of mutual respect. And where that isn't occurring, there are ways and processes to deal with that.

It's important we value diversity in the public service. This is right in and of itself. It is in keeping with the more diverse, pluralistic society Australia has become over many decades. And it chimes with our national ethos of 'live and let live'. I believe a commitment to diversity should encompass diversity of viewpoints within the APS. There is compelling evidence that this helps teams find answers to complex problems by bringing together people who approach questions from different points of view.

The American academic Jonathan Haidt has made this point powerfully in challenging worrying trends toward conformity in the university sector.

3 Mathias Cormann, Finance Minister



The audience in the Great Hall at Australian Parliament House.

And I think his observations are relevant to the future of our public service. It's vital that the APS avoid the sort of stale conventional wisdoms and orthodoxies that can infuse all large organisations.

I expect there will be more debate on the issues I have raised today when the Independent Review of the APS, the Thodey Review, is formally received by the government. The review will be finalised shortly and I want to thank in particular David Thodey, who I've already had an opportunity to meet with, and the review panel for their time and commitment to this exercise. It's been a big undertaking. And it's been a fair dinkum effort. Once the report has been received, I will be asking the Secretaries Board under Phil Gaetjen's leadership to evaluate the review's recommendations and to report to Cabinet on relevant issues and findings.

So as we gather here in this Great Hall, I want to remind you of a poignant feature of this house of democracy. This is one of the few parliamentary buildings in the world where you don't have to walk up steps to enter it.

Our Parliament isn't a Parliament over the people or above them, but one that people, that Australians, can freely and easily approach.

I want this to be a metaphor for how Australians see their government. And our government. Our work is not governing over people, but to humbly govern for people. With a clear line of sight always to those people—working with people, governing for all Australians, delivering for them and never letting anything get in your line of sight between you and the people you have chosen to serve, much as I have.

It is a privilege to serve the Australian people and I am grateful for the enthusiasm and passion of our public service who share this good, and decent and honourable vocation.

Thank you very much for your attention today, I know I've unloaded a lot on you, but I thought it was really important, at the outset of this term, for me to give you a very clear understanding of where I'm coming from, and where my team's coming from. And we very much look forward to working with you in the years ahead.



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GANDEL HALL
NATIONAL GALLERY OF AUSTRALIA
MONDAY 26 AUGUST 2019

VALEDICTORY SPEECH— THE PAST IS A FOREIGN COUNTRY

DR MARTIN PARKINSON AC PSM

SECRETARY OF THE DEPARTMENT OF THE PRIME MINISTER AND CABINET

'Valuing diversity as something inherently Australian should increasingly be seen as a strength of this country and a comparative advantage in the region in which we live.'

VALEDICTORY SPEECH—THE PAST IS A FOREIGN COUNTRY

DR MARTIN PARKINSON AC PSM

Secretary of the Department of the Prime Minister and Cabinet

INTRODUCTION BY FRANCES ADAMSON

Martin has served as Secretary to three departments. He was Inaugural Secretary to the Department of Climate Change from its establishment in December 2007. From 2011 to 2014, Martin was Secretary to the Treasury. Most recently, he commenced as Secretary of the Department of the Prime Minister and Cabinet (PM&C) in January 2016.

In 2017, Martin was made a Companion in the Order of Australia AC. The citation reads

For eminent service to the Australian community through leadership in public sector roles to innovative government administration and high level programme delivery to the development of economic policy and to climate change strategy.

In 2008, Martin was awarded the Public Service Medal for his contribution to the development of economic policy. Martin is a member of the Male Champions of Change, a life member of the Australian Business Economist, a National Fellow of the Institute of Public Administration of Australia, a fellow of the Australian National Institute of Public Policy, recipient of the ANZSOG Institute of Governance Public Sector Award for Excellence and was awarded the Australian National University's inaugural alumnus of the year in 2013. These are just the highlights.

What Martin says, though, matters. His views are typically well informed, evidence-based and advocated with real commitment and passion. They're forward leaning, focused on citizen-centric policy making and service delivery and in my experience, they are listened to.

THE PAST IS A FOREIGN COUNTRY

Thank you all for coming, and I echo Frances' excellent acknowledgement of country, and extend my own respect to the traditional owners of the land on which we meet, as well as to all Aboriginal and Torres Strait Islander people here with us today. Let me also acknowledge my Secretary Board colleagues here today, and others from across the public service.

I'm always surprised and, indeed, thankful when people turn up to hear me speak, particularly now at the end of my public service career. George Bush Senior once said the biggest difference he noticed about no longer being President was losing more golf games. After today, I guess the audiences for my speeches are going to be much smaller.

While my career has had its ups and downs, this is my first, and certainly last, valedictory speech. I was tempted to title this speech 'Don't do a valedictory the first time around'. In preparing this speech I thought a lot about the reason for delivering a valedictory and why you all might be here today. Some of you may have come along to hear me settle some scores, justify my failures or burnish my legacy. Well I'm not going to do that—at least, not intentionally.

The great comedian Steven Wright says 'I like to reminisce with people I don't even know'. Well I don't like to reminisce much, and certainly not with people outside a close and trusted circle, and not without a red wine or two. Except perhaps, today, where my personal experiences in some small way may be of interest to you in your future endeavours—endeavours vital to making this country an even better and safer place to live.

One of the most important things I've learnt in my role as Secretary of the Department of the Prime Minister and Cabinet is how important history and culture is to an individual's sense of wellbeing. Indigenous Australians feel it in their attachment to country. In large part, where you come from helps define what you value.

Well, I grew up as a working class kid in the days when that meant something different to what it does today. Today, many middle class people like to think of themselves as working class, similar to how tracing your convict ancestry enhances your social status. Back in the 1960s, though, if you were a working class lad your meals could be variable, relationships insecure and entertainments sparse—more akin to how many chronically disadvantaged people live today. I was born in Stawell and my early life was one of itinerancy, not of opportunity, but necessity.



Mike Mrdak AO, Chris Moraitis PSM, Kathy Leigh, Philip Gaetjens, Kerri Hartland, Dr Steven Kennedy PSM, Dr Martin Parkinson AC PSM, Peter Woolcott AO, Frances Adamson, Dr Michele Bruniges AM, Greg Moriarty, Nick Warner AO PSM, Renée Leon PSM, Rob Stefanic and Glenys Beauchamp PSM.

My life was laid out—people like me shouldn't aspire to a university education, and back then that meant being streamed into a technical school to learn a trade from year 7.

But when my parents moved to Adelaide in 1975 I ended up in year 11 at a high school for the first time. In one of those fortuitous disfavours, I was limited to studying economics, given I had none of the prerequisites for other subjects. If you have ever read Samuelson, Marx or Keynes' General Theory, you would at least acknowledge they are challenging, even confounding in parts. To a young country kid they were indecipherable, except in one important way—reading them let me glimpse a much wider world than I had ever known. I could feel that these were 'big ideas', written and read by people having conversations I intuited were important, even though I didn't understand what was being said—the equivalent of putting my nose up to the window in order to try to lip-read the conversations inside.

I was particularly interested in why people were poor, particularly how poverty was endemic through generations. Samuelson's work suggests that if society values everyone equally, then we only need enough income inequality that encourages people to work and innovate. Inequality can only be justified by incentives that make society better off over time. But did the chronically disadvantaged—and their children—really need that much encouragement?

My parents wanted better for their kids than they had it. My grandmother particularly guided me towards the education that she was denied due to a mix of her class, gender and income. It's not hard to see where my work ethic, desire to prove myself, concern for the unheard, and priority on getting things done—sometimes to the neglect of due process—comes from.

But if I've achieved anything, I owe this success more to the fantastic mentors and colleagues who've helped guide and shape me as a leader—and none more so than the fabulous executive assistants who've been with me every step of the way, especially my colleague and good friend, Bev Sims.

VALEDICTORY SPEECH—THE PAST IS A FOREIGN COUNTRY

DR MARTIN PARKINSON AC PSM

Secretary of the Department of the Prime Minister and Cabinet

As they say, the past is a foreign country. It was an Australia of accepted commercial sexism, smoking behind the sheds and casual racism. But it was also an Australia where a kid from a family without means could be the first in their extended family to finish high school. A country where what mattered for success is how good you are, not who you know. Where whatever your cultural background, if you could punt a footy forty metres you were alright. To me, this is the part of Australian culture that is most worth preserving.

Call it whatever you want; merit, opportunity, fairness—this country more than any other is built on giving everyone a ‘fair go’. It’s not only driven our success: a culture that rewards merit has driven human advancement wherever you find it—from progressing as a legionary through the Roman army, completing the test to become a Chinese mandarin, to debates during the Enlightenment. While we don’t yet know what caused the industrial revolution, a society that let metal worker James Watt tell his idea of how to make a steam engine surely had a lot to do with it.

More recently, you can trace it to the UK Northcote-Trevelyan civil service reforms of 1854 that proposed a politically neutral service, replacing cronyism with the merit principle and a bureaucracy able to run the largest empire the world has ever seen with the technology of sails and paper. These precedents have flowed through time to our own Australian Public Service and are the foundation of the current APS Review to which I am committed. But they are anchored the only way they can ever be—in the Australian culture.

What is unique about Australia is that you find the merit principle almost everywhere. This is one of the few countries in the world where passengers regularly sit next to Uber drivers, rather than be driven around in the back seat. It doesn’t matter if you have an AO after your name or not, the person able to tell the best story gets centre stage. The Nobel Prize winning economist George Stigler once said that competition is a tough weed not a delicate flower.¹ It has always stuck with me because that kind of describes what it’s like to grow up in Australia. We don’t like tall poppies, we value the hardy weeds.

As they say, the past is a foreign country. ... an Australia where a kid from a family without means could be the first in their extended family to finish high school. A country where what mattered for success is how good you are, not who you know. Where whatever your cultural background, if you could punt a footy forty metres you were alright. To me, this is the part of Australian culture that is most worth preserving.

¹ George Stigler (2007), ‘Monopoly’, in *The concise encyclopedia of economics*, edited by David Henderson, Econlib: <http://www.econlib.org/library/Enc/Monopoly.html>

This is not something we imported from overseas, certainly not from the socially stratified UK. It has evolved uniquely, blossoming in these hard, dry soils.

It's no coincidence that Australian football (AFL) is probably what economists call a 'weak link' sport.² Unlike sports, such as basketball, where if you have the best player you are more likely to win, weak-link sports depend on how the team works together to support the less able. You can lose a Buddy Franklin and still win the game. It's how you play together, not how many stars you have. This is the sport of a country kid wanting to fit in, a culture where you need to work together to survive, and a sport worthy of the name 'Australian Rules'.

Like my team, the Essendon Football Club, I've taken a few knocks and had to rebuild. I received the 'wooden spoon' as head of the Treasury in 2013—a job I enjoyed and in which I aspired to follow the nation-building work done by predecessors such as Chris Higgins, Ted Evans and Ken Henry. It was a drawn-out departure, and I couldn't even look forward to sitting on the couch to watch a care-free game on the weekend as the Essendon Bombers also had a terrible season, plagued by the supplements scandal.

Apart from my time as Treasury Secretary, my personal 'highlights reel' would include being the first Secretary of the Department of Climate Change in 2010 and becoming head of the Department of the Prime Minister and Cabinet in 2016.

Each of these jobs has taught me something.

The Treasury taught me just how hard it is to change an institution, even from the top. There are many more women in the Treasury who now see it as a viable career, after the introduction of the Progressing Women Initiative. I appointed the first female Deputy Secretary the Treasury ever had—in 2013, forty four years after man landed on the moon and 112 years after Federation.

I look forward to the day when we see our first female heads of Treasury, PM&C and of our national security and intelligence agencies.

Economic policy not built on individual wellbeing is simply bad economics which is why the Treasury Wellbeing Framework was such an important initiative. Not only that, the Wellbeing Framework helped Treasury engage with stakeholders who otherwise equate economics with hieroglyphics and think of Treasury officials as if they are aliens from another planet.

I don't think I really comprehended the challenges of leadership until faced with setting up the Department of Climate Change. Not only were there organisational challenges in setting up a department from scratch, but I was serving ministers responsible for the most divisive issue in the country. Notwithstanding the obvious ability of the ministers and their Opposition counterparts—especially Wong, Combet, Turnbull and Macfarlane—they could not stop the debate from bifurcating to the extremes. Many environmentalists couldn't acknowledge that adaptation was needed, because they couldn't let anyone think mitigation wouldn't work. The deniers couldn't admit the importance of adaptation without acknowledging any climate change was actually happening. So we ended up in a 'conspiracy of silence' that inhibited our nation from preparing for the inevitable change.

Division may be death in politics, but it's also debilitating to society. We do have some deep chasms in Australia, and the public sector has an important role to play in helping to bridge them, particularly in marshalling the evidence base for what works, and what does not.

As Noel Pearson reminds us, our nation has been born out of an amalgam of 65,000 years of continuous habitation by our Indigenous peoples, British laws and institutions and the dynamism injected by our post-war settlement. When you think of it that way, it's quite incredible that it works. We have much to be proud of—not in a jingoistic, nativist way—but we also have more to do.

² David Sally and Chris Anderson (2013), *The numbers game: why everything you know about football is wrong*, Penguin.

VALEDICTORY SPEECH—THE PAST IS A FOREIGN COUNTRY

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Secretary of the Department of the Prime Minister and Cabinet

Discrimination is not just inconsistent with my values, it runs contrary to my professional training. You have probably heard economics referred to derisively as the dismal science. Well it is, and I am proud of it. The phrase was coined by Thomas Carlyle in 1849 when referring to economists who had the temerity to think of slaves as equal to everybody else. Economics is based on the idea that social value is built on the wellbeing of individuals, all of whom are of equal value. What a dismal science indeed!

Economists hate waste, but again if you really unpick that, it means making sure all your resources are fully employed—in short, we want to see people who want to work able to do so, to create opportunities for everyone to contribute to society in some way, and to lead lives they have reason to value, to use Amartya Sen's memorable phrase. We don't like unearned privilege because it creates barriers that exclude people from being the best they can be.

If values and philosophy don't capture you, maybe numbers will. A rather ingenious recent paper³ found that roughly 40 percent of US GDP growth per person between 1960 and 2010 can be explained by improved allocation of talent from removing discrimination. In 1960, 94 percent of doctors and lawyers in the US were white men; by 2010 the proportion was just 62 percent. Presuming the distribution of innate talent didn't change through those years, a lot of productivity was wasted in 1960 from not letting the best succeed on merit.

Last year's Productivity Commission report⁴ on trends in inequality found income inequality in Australia had been relatively stable since the late 1980s. We have not experienced the rising income inequality at the top end seen in the United States and much of Western Europe—although wealth has become more unequally distributed off the back of rising house prices.

While this stability should be applauded, that is a low bar. Our history has bequeathed a degree of entrenched disadvantage that should be seen as a disgrace in any country, but particularly one as developed as Australia. More than 50 percent of those in the bottom decile in 2000 were still in the bottom 20 percent 15 years later. Ideally, people should only be at the bottom of the income distribution spectrum temporarily due to life events, not whole families and communities sentenced to it for generations. If you want a single thing to blame for the disadvantage we see in Australia, particularly in our remote areas, look no further than an understandable lack of hope. With those kind of odds, anything else would be irrational. Education is a key way for us to even-up those odds but to do that we need the best education system we can build and a culture that values learning.

Valuing diversity as something inherently Australian should increasingly be seen as a strength of this country and a comparative advantage in the region in which we live.

When I first came to Canberra in 1981 I didn't have much idea about the wider world. Having spent all my life in school I assumed I would become an academic, with Treasury a stepping stone to the Australian National University (ANU). Yet Treasury gave me opportunities to see the world—four years at the International Monetary Fund (IMF) and a PhD in Economics at Princeton. I was no longer at the window, but now contributing to the conversation inside.

An international perspective should be essential to doing your job right in many parts of government. If you don't understand how little sway we have over international financial markets and after-tax returns to investment, you won't understand the case for cutting taxes on foreign investment to boost jobs. If you don't understand just how important international trade rules are to restraining managed trade arrangements between the major economic powers,

3 Chang-Tai Hsieh, Erik Hurst, Charles Jones, Peter Klenow (2019), *The allocation of talent and US economic growth*, BFI Working Paper 2019-93, University of Chicago, pp. 1, 31.

4 Productivity Commission (2018), *Rising inequality? A stocktake of the evidence*, pp. 37–43, 96: <https://www.pc.gov.au/research/completed/rising-inequality>



Dr Martin Parkinson AC PSM delivering the address.

you won't worry so much when the future of the World Trade Organization (WTO) is threatened. And if you don't understand the interplay of the economic and the strategic, you'll be destined to only ever see half the challenges and half the opportunities available to us.

I was lucky to have worked with world class political leadership, particularly the Hawke/Keating and Howard/Costello governments, that cut tariffs and opened up this country to the world in the 1980s, 1990s and early 2000s. They managed to turn around the incoherence and populism of protectionism so that today most Australians see the benefits of openness. This is not a theory but a lived experience of 28 years of continuous economic growth. It is also almost a uniquely Australian experience.

With technology and the rise of emerging countries the world is getting even closer. To some, it may seem as if it is closing in. We are also facing a much more contested region with heightened strategic competition between the USA and China likely to be with us for decades.

This will shape the environment in which governments, business and citizens operate in the years ahead, constraining some options while creating others.

Looking back it now feels that to do reforms in the 1980s and 1990s, all we needed was to open the economic textbook to the right page and leaven it with some political realism. The exceptional political leadership of Treasurers Keating and Costello made it look easy, in retrospect: Float the dollar, done. Cut tariffs and liberalise investment, OK. Fix the institutional underpinnings of monetary and fiscal policy, no worries. Deliver tax reform and balance the budget, not much of a problem.

Today there is no such consensus on what reform looks like. Some of the economics we now need is not even in the textbooks. How should we regulate the new platform technologies that provide free goods to consumers? What is critical infrastructure and what are the dual-use technologies where we should be wary of foreign engagement? How do we deliver the social benefits from open data, while dealing with individuals wanting to protect their privacy?

VALEDICTORY SPEECH—THE PAST IS A FOREIGN COUNTRY

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Future public servants will have a much more difficult time than I ever had in navigating these and other questions—and continuing to provide frank and fearless advice while doing so.

Some of this is due to the new opportunities that technology now provides to answer questions we had no hope of answering in the past. Today we have the very real prospect of linking data to help people suffering chronic disadvantage. We can potentially assess the programs that work in delivering real lifetime benefits, particularly those that require personalised or coordinated care across multiple services. The government sector can and should be operating more like the Apple store or other online service providers, rather than how it operates today.

There are huge opportunities from open data and the new economy. But you don't survive a Victoria state school education in the 1970s, or become head of the public service, if all you see are upsides. In fact, I'm a hard-headed realist—and have been criticised by some for that. I have a rather dim view of how individuals and nations interact with each other absent sound institutions. By 'sound' I mean institutions that

get incentives right—both for members to participate faithfully, and for the institution itself to be run effectively.

It's fair to say that right now many of our regional and global institutions are struggling. It's hard for the IMF and World Bank to protect the global financial system and address poverty when their membership doesn't come close to reflecting the GDP shares of emerging countries. It's hard for the G20 and the Asia-Pacific Economic Cooperation (APEC) to demonstrate consensus in facing the opportunities and challenges of globalisation when the two largest countries are locked in geo-strategic competition. It's particularly hard for the WTO to enforce trade rules when the largest countries are openly flouting them. The United States largely built this order in its own image, under-writing it with security guarantees. We benefit immensely from this order and must help support it wherever we can. During my career, I've sent officials to many places in support of the rules-based order, including the IMF, the World Bank, the Organisation for Economic Co-operation and Development (OECD), the Asian Development Bank, and the Solomon Islands as part of the Regional Assistance Mission (RAMSI).



Secretary colleagues listen to the address by Dr Martin Parkinson AC PSM.

Economists hate waste ... in short, we want to see people who want to work able to do so, to create opportunities for everyone to contribute to society in some way, and to lead lives they have reason to value.

To Papua New Guinea as part of the Enhanced Cooperation Program, the Coalition Provisional Authority in Baghdad following the Iraq war, and on exchange with many other countries, especially in our region.

Most of the cracks in the international rules-based order are due to the shift in economic weight from the trans-Atlantic to Asia. Some emerging countries are dissatisfied with the operation of the post-War rules and institutions they had little say in writing and that now fall short of serving their interests. The USA is also increasingly dissatisfied, seeing its own progeny as insufficiently attentive to its interests. Some of the cracks are due to the downsides of economic interdependence, such as increased scope for economic coercion and undesirable technology transfer. We don't yet know what any new international order will look like. But when it arrives, it will have to reflect the twin realities 'on the ground' of the changed economics in our region and continued US strategic pre-eminence.

What we cannot allow to happen here in Australia is the kind of retreat from openness and vilification of differences that we are seeing overseas. We will need to make use of every one of our advantages in coming decades if we want to sustain our prosperity and security. Our diverse multicultural society gives us unparalleled advantages in our region. Our merit-based culture means we take the best ideas from anywhere in the world and apply them to stay close to the technological frontier. We allow markets to innovate and diminish privilege if a better service comes along. We make sure any kid, no matter where they come from, has the possibility of rising to the highest level of public service.

I have directly served under 10 Prime Ministers and over a dozen Cabinet Ministers in my career. Every single one has had the best interests of the country at heart, although they have had different visions of what that means, and different means of achieving it. Most Australians don't realise just how well served we are by our politicians, the high standards they uphold and how difficult politics really is. More recent PMs have been criticised in comparison to those of the past as achieving less or somehow having a lower stature, but I wonder whether legacies can only be assessed with the passage of time, and against the backdrop of the times. For one thing, many of their big strategic calls and judgments can only be assessed once the consequences have played out. For another, today we lack the perspective to see the full context in which they are operating, and that only history can provide.

There are really only two choices for this country: We can take pride in our diversity and use it as an advantage when interacting with the world, or we can hunker down behind borders and slowly gnaw at each other. Again, to their credit, our parliamentary leaders have maintained a remarkable commitment to an open economy and social cohesion, despite immense pressures the other way.

Kissinger once said that every road will get you nowhere if you don't know where you are going. I finish my service having done my best to help our political leaders find the right road. And, after nearly four decades, and from the lofty peak of retirement, I will continue to watch you all do the same.

Good luck, and thank you.



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NATIONAL PORTRAIT GALLERY
WEDNESDAY 11 SEPTEMBER 2019

VALEDICTORY ADDRESS— IT'S A PRIVILEGE TO SERVE AND TO LEAD

DUNCAN LEWIS AO DSC CSC

DIRECTOR-GENERAL OF THE AUSTRALIAN SECURITY INTELLIGENCE ORGANISATION

*'Your first responsibility as a leader is to create atmosphere ... an atmosphere
in which people feel they are important and cared for.'*

VALEDICTORY ADDRESS—IT'S A PRIVILEGE TO SERVE AND TO LEAD

DUNCAN LEWIS AO DSC CSC

Director-General of the Australian Security Intelligence Organisation

INTRODUCTION BY PHILIP GAETJENS

I associate myself with the acknowledgement of country and pay my respect to any Aboriginal or Torres Strait Island members present. I also acknowledge my Secretary's Board colleagues here today and senior members of the intelligence community and the APS more broadly. It's a great honour to introduce Duncan Lewis AO DSC CSC and make some opening remarks on behalf of the secretary's group.

Duncan will reflect on his 47 year career, and will give us some insight into what he's seen and done in nearly five decades of service to this nation. Before he does that and without wanting to steal his thunder, I wanted to give you a sense of just how remarkable that career has been and the impact he has had. It started when he was only 17, just down at the road at Duntroon. There were early signs that Duncan was going to stand out—he was in an officer cohort that included a Governor-General to be (His Excellency General the Honourable David Hurley AC DSC) and the future King of Thailand.

Duncan's military career, including time in the Special Air Service Regiment (SAS), took him to some of the most remarkable and challenging places: Lebanon in the early 1980s, East Timor in the early 2000s and in that same decade, Iraq and Afghanistan. Significantly, Duncan became Special Operations Commander at the beginning of 2001, a watershed year in modern global history. Today on this anniversary of the September 11 attacks in the USA, it's worth reflecting on how much the world changed on that day, and on the way so much of Duncan's work since then has focused on keeping Australians safe.

It's not all been about the military. In 2005 Duncan switched gears and took on a civilian role in the Department of the Prime Minister and Cabinet (PM&C), and was ultimately appointed the inaugural National Security Adviser to the Prime Minister. As Secretary of Defence and later as ambassador to Belgium, Luxembourg, the European Union (EU) and NATO, he continued to serve with military efficiency and civilian pragmatism.

It is this straightforward no-nonsense style that has been the hallmark of his time at the Australian Security Intelligence Organisation (ASIO) over a period that has seen an increasingly volatile global context. In a career marked by extraordinary courage and conviction, Duncan has shown great resolution in the public arena, in offering a more nuanced account of the national security threats facing this country. And just last week we saw in Duncan's speech to the Lowy Institute, the important role played by our independent agencies in identifying new and growing challenges, and putting these on the collective radar of the government and the broader Australian community.

To complement this reputation as an effective leader of strategy and policy, I became aware just last week of another side of Duncan that is less well known, at least publicly. I had the good fortune of travelling to Wellington with Duncan and other members of Australia's national security community for security dialogue with our New Zealand counterparts, and the appreciation shown to Duncan by our colleagues across the ditch was evident. Not just for his professionalism, but also for the pastoral care support and encouragement provided by Duncan in the aftermath of the horrific Christchurch incident.

If the respect shown by our New Zealand colleagues is anything to go by, it indicates the great regard in which he is held by the broader international community, as well as here at home. In the years since Duncan was appointed to head up ASIO, the challenges posed to Australia in the world have been many and varied. But it's part of the nature of Duncan's job, that when he and his team are at their most effective, we often see nothing at all.

Duncan once told the story that a former headmaster of his had actually called him on the phone to express his astonishment at the success Duncan had achieved over his career. He's not the man to say, I told you so, but I look forward to hearing what it was like to spend a long and stellar career proving that headmaster wrong.

VALEDICTORY ADDRESS – IT'S A PRIVILEGE TO SERVE AND TO LEAD

Phil, thank you very much for that generous but largely undeserved introduction. My thanks to each of you, every one of you, for being here this morning. So many people, so many familiar faces. Secretaries, agency heads, distinguished guests, ladies and gentlemen, good morning. Could I, Steven Kennedy, compliment the work of IPAA and congratulate you on your appointment leading that organisation. Could I also congratulate both you and Phil for your new daytime jobs as secretaries of Treasury and PM&C respectively.

As I speak to you this morning, it is indeed the 18th anniversary of the 9/11 attacks in New York City and Washington DC. That was an event that had such an extraordinary impact, not only around the world, but on this particular officer and the rest of his professional life because it was a real watershed.

On Friday I'm going to walk out of the beautiful ASIO building, the Ben Chifley Building, and try not to look back. But I know that my mind will be racing, and retracing the events and the people that I've encountered over the last 47 years. The message that I seek to leave with you today and the title of my address is 'It's a privilege to serve and to lead'.

It was dark, raining hard, very cold. I was 17 years old, a cadet at Duntroon, deployed in the hills somewhere between here and the coast, on a field exercise. I was freezing, wet, hungry, lying face down in the muddy ground, rain dripping off the front of my bush hat onto my rifle, and I didn't hear him ghost up behind me, but there was a tap on my heel and it caused me to turn around, and there was the gnarled shadowy figure of one of my instructors. And he said, 'Lewis.' And not knowing if I was in trouble, I said in a shivering probably high pitched voice, 'Yes, Sergeant Major.' And he growled, 'Always remember son, it's a privilege to serve.' Now, that moment, the word privilege was the furthest thing from my mind. Over the years however, I've come to recognise the power of his comments. It is indeed a privilege to serve. It's been my privilege to serve and to lead as a soldier, a bureaucrat, a diplomat, and a spy. Every step of the way I've been supported by my life companion, Jenny and our family, daughter Alison and son Simon, and I make the point now and I'll make it again later, that they also serve.

I always wanted to be a soldier, since I was a small boy living in a semi-rural environment on an orchard on the outskirts of Perth. My dad left school at 14, my mum was a senior nursing sister and later on nursing lecturer. And it was my grandfather who had the greatest influence on what was to become my life's journey.

The best thing I ever did professionally was to take a military education. It prepared me and my comrades to lead and arguably exercise one of the greatest privileges that one can have, to command and lead Australian soldiers, and in my particular case prepared me, for the second half of my life, holding the most senior appointments in the public service.

VALEDICTORY ADDRESS—IT'S A PRIVILEGE TO SERVE AND TO LEAD

DUNCAN LEWIS AO DSC CSC

Director-General of the Australian Security Intelligence Organisation

He was a doctor of medicine, and he interrupted his medical training at Melbourne University to join the 1st AIF and spent four years in France. He returned after World War I and completed his medical degree, and some years later during World War II he joined again as a medical officer. The two world wars left him with some emotional scarring, but a treasure chest of stories and yarns that all soldiers tell, and I was hooked.

My grandfather's life always struck me as being amazing. As a boy, he together with his own father, who was the Lloyd's shipping insurance surveyor of Australasia, visited the Williamstown docks, where the majority of vessels at the time were sailing ships. Later as a young doctor, he owned the first car in the Victorian town of Yea, and before he died he watched Neil Armstrong walk on the moon. So he went from sailing ships to the moon. What a life.

I began service at Duntroon in January 1972 and standing there with our newly shorn, short haircuts—which were not the go at the time I tell you—was very hard. We all had very long locks the day before. But I was there in the newly shorn group with the present Governor-General, the future chief of the New Zealand Defence Force and the Crown Prince of Thailand, recently crowned King. Now we always had some idea the Crown Prince was going to do okay in life, but we were not sure about ourselves.

Our foundational military education and training was a great launch pad for all of us. It's interesting when the famous American Civil War general Robert E. Lee was on his deathbed, he opined to a biographer that the worst mistake that he ever made was to take a military education. Now I can understand General Lee's sentiment, given that he commanded the Confederate forces and 600,000 of his countrymen died in that war. But my experience, given a very different context, has been quite the reverse of General Lee's. The best thing I ever did professionally was to take a military education.

It prepared me and my comrades to lead and arguably exercise one of the greatest privileges that one can have, to command and lead Australian soldiers, and in my particular case prepared me, I think, for the second half of my life, holding the most senior appointments in the public service.

The motto to this part of my story is that education and learning is never wasted and it can often lead to the most unexpected twists in life. Now, I owe much to those early military instructors and then the soldiers that I led as a young officer for the lessons they taught me. When I graduated—a 21 year old lieutenant, an infantry officer commanding a platoon of men, 30 guys overwhelmingly older than me, many of them just recently returned from the Vietnam War—I had to grow up very quickly. I learned that there were soldiers that were far less educated than me, who had not had the same opportunities as me, but were deeply knowledgeable and had an extraordinarily highly developed moral compass, and importantly an acute bull dust meter. We used a slightly more colourful variation on that term.

They taught me a great deal about myself and were a wonderful brake on a young officer who could from time to time think that he knew it all. The timeless principle that I took from this raw and basic level of leadership at the team level, was that you must know yourself and know your people. There's a lesson in that for all of us in the APS context here, and I frequently see young, and indeed sometimes not so young, leaders who do not make an effort to know their people. Sure, they may know them at work, but consider their private lives off limits. Now, I don't buy this.

We were as young leaders required to keep a thing called the platoon commander's notebook. You had a book that had all of the personal details that you could garner on your people. I'm not suggesting it be required in the public service, but the discipline that's forced by that exercise meant that you got to know all about your people. It was expected that you knew about your people and perhaps we can learn something from this.



Left to right: Dr Steven Kennedy PSM, Daryl Quinlivan, Glenys Beauchamp PSM, Philip Gaetjens, Kerri Hartland, Jenny Lewis, Duncan Lewis AO DSC CSC, Kathryn Campbell AO CSC, Mike Mrdak AO and Nick Warner AO PSM.

A second great lesson that I learned as a young leader was that you must give a lot of your private self to those in your team. Your workforce spends about one-third of their time in your charge, doing your bidding, supporting you, contributing to the targets and the objectives that you set. The lesson I learned is that they deserve to understand and know what it is that makes you tick. They are amazingly inquisitive, and I believe they have a right to know your views, your values, your fears and your interests. They are putting their trust in you and they want to know what flicks your switch. They want to know your boundaries. They are interested in your family and your private life, what makes you happy and what makes you sad. Now you can say, well that's my business, they have no right, no need to know. But it just doesn't work like that. You have a personal relationship with those that you lead, no matter at what level you're exercising that leadership. And like all relationships you need to put yourself into it.

I recall one of my early bosses saying, 'Mr Lewis, love your soldiers and they'll love you back'. And it's a concept that's worth reflecting on.

I had a soldier, Joe. He was very hard to love. He had an incurable stutter. I was the commanding officer, SAS Regiment. We're at a formal dinner and Sir Charles Court, the Premier of Western Australia and the honorary Colonel of the Regiment came to the dinner. I was very nervous about hosting this VIP, and I noticed with some anguish that he was talking to Joe over in the corner. I went over to get this and Sir Charles said to him, 'So Joe, what did you do before you joined the army? What made you join the army?' And Joe's stuttering and said, 'Well sir, I wanted to be a radio announcer'. And I thought, 'Oh my God, if the earth could just open up and swallow me, this is the end'. And Joe then continued on to say, 'But I was too tall'. I learned a lot from soldiers.

We do not have a highly credentialed, renowned, respected, dedicated public service college, for one of the largest workforces in the country. ... I think this sort of training may support public service leaders in better managing the attempted politicisation which we all face from time to time.

I came to reflect on leadership in far more depth in my career, later on when I was studying at the British Army Staff College where two young Australian officers a year are sent off to progress their education and learning. I recall learning at the time a lesson that's been central to my own leadership endeavours, and if I could leave you with only one thing this morning, ladies and gentlemen, it is this: your first responsibility as a leader is to create atmosphere. Just reflect on that for a minute. Your first responsibility is to create atmosphere.

Later in life I came to work closely with two of our country's most senior leaders, the late General John Baker, one of the most outstanding military leaders I served with, and Prime Minister John Howard. Both of these leaders in their different ways created atmosphere around them that encouraged—it is an atmosphere in which people felt they were important and cared for, it was an atmosphere where those two leaders knew and always remembered their people's names.

General Baker was an extremely humble man in the most disarming way. The memorable thing is that he had absolutely nothing to be humble about, because he was invariably the smartest man in the room. He would ensure this would never be apparent until it was too late for the hapless interlocutor. John Baker was an engineer and in the way that engineer mind works he could order things in his head. Those of us who used to marvel at his speeches will always remember his uncanny ability to do what I've chosen not to do this morning, and that is speak without notes.

He would stand up without notes and declare that he had 17 points that he wished to make. And he would turn to the first one and say there were five sub-issues that he wanted to address here. And so on he would proceed like a machine, paragraph, sub-paragraph, sub-sub-paragraph. And of course we would all be sitting at the back with notebook and pencil, recording the numbers to see if he missed anything, and he never did, it was extraordinary, he had a mind like a computer. But he always cared about his people.

I recall Jenny and I hosting John Baker and his wife Margaret in Jakarta while I was the Army attaché in Indonesia. Even though we were meeting with the President and a glittering array of who's who in Indonesia, the only thing John Baker was worried about was the welfare of his staff—his ADC, his driver, his valet and so on. He cared about people.

John Howard had a similar, rather disarming, manner, but was always in charge. And he always seemed to have time for his staff, and amazing patience for their shortcomings, particularly my own. His leadership in the Cabinet room was always something I admired, and he managed the various competing interests under great pressure. The tough decisions relating to the deployment of Australian military forces were the ones that were taken with the most sober, and the most careful consideration. And they exemplified to me a highly experienced and effective leader in action. I was deeply touched when after all these years, he sent me a handwritten note last week to wish me and Jenny well. John Howard understood atmosphere.

Leadership during crisis and in particular during military operations when people's lives are often at risk, provides a particular set of challenges. And having led teams in crisis—for example, when we did the job on the MV *Tampa* in August 2001 or planning, that same year, the first special forces deployment into Afghanistan, or indeed responding to the bushfires in Victoria in 2009 or the 2011 earthquake in Christchurch—there's a particular lesson to be taken from all of these, and that is the value of a studied stillness.

When crisis strikes, there tends to be a lot of rushing about, and this is a time when a leader should consider just being anchored in one spot. Where people know where to find you, they're reassured by your stillness, and calmness will become infectious. When the Tampa crisis broke, I recall having to restrain my natural inclination to rush off down to the operations room and to take over. I had to force myself to stay at my desk with the ability to speak to the Prime Minister, the Chief of the Defence Force (CDF), whoever was ringing. While my staff came to me with the unfolding issues, confident in the knowledge that they were free to do their job, and not have me looking over their shoulder and second-guessing them. Now clearly people have to hurry around in a crisis, but if you're in charge, take charge, anchor yourself and have everyone else run around.

I was able to further apply this technique during my time as commander on the border during the Timor operation in 1999–2000. I found that even when there was a firefight with the opposing militia forces, it was difficult but necessary to resist the temptation to rush into the operations room and start doing the job of the ops staff who were all trained and tasked with managing this situation. When engulfed in a crisis, the words of Rudyard Kipling's poem 'If' were always helpful. I used to carry a copy of that in my wallet.

If you can keep your head when all about you
Are losing theirs and blaming it on you,
If you can trust yourself when all men
doubt you,
But make allowance for their doubting too.

Now, this poem was written in about 1895, it's well over a hundred years old, but it still has resonance in leadership considerations today and I do commend it to you.

My period studying at the US Army War College in 1999 and 2000 was an inflexion point in my service. The college was designed to turn mid-ranking officers from men and women of action into men and women of contemplation. Having said that, it was always intended that the need to retain a bias for action would endure. Surely this is what we seek in the APS today: young men and women with knowledge and learning, but with a bias for action. Some of the learning at War College was delivered by the Harvard Business School, and it was there that I was introduced to a concept which stood me in good stead for future roles.

The concept, which some of you will know and some know very well, easily remembered for its acronym VUCA, V-U-C-A, is a concept to perfectly describe the environment in which a strategic decision making takes place: VUCA, meaning volatile, uncertain, complex and ambiguous. When you think about it, so much of the work we do here in the policy area of the APS fall squarely into the VUCA classification. I also learned at this time that while management and leadership as concepts have a great deal of crossover, there is a distinct point of difference. I'm concerned when I see leaders who believe management in itself is enough. Put simply, it's my view that management is about doing the thing right. Leadership is about doing the right thing. Many of you will, I predict, face a moment in time when you must decide between doing the thing right and doing the right thing. It's very nuanced, but it's very important and it will come to you.

While at War College, I was tutored by a general who led the SALT II talks, the Strategic Arms Limitation Talks with the Russians in the 1980s. He trained us in the art and the skill of making a deal, cutting an agreement. I found this knowledge to be extremely valuable when I was the National Security Adviser, when I was in the trenches with the states and territories. There we were, so many issues related to who was responsible and invariably of course, who was going to pay.

It is indeed a privilege to serve. It's been my privilege to serve and to lead as a soldier, a bureaucrat, a diplomat, and a spy.



Duncan Lewis AO DSC CSC delivering the address.

And I rate the ability to negotiate a deal and then sell it to those impacted as a high order skill for any young leader aspiring to high office.

I'd like to make a few more observations about leadership in the public sector. I have occasionally been appalled to see leaders put themselves first, first in queue, first to get away, first to take credit. I was taught as a young SAS officer the old British Army saying that at the end of the day when the work's done, you need to look after your horses, look after your men and look after yourself in that order. And this translates well into how the APS might approach leadership, the horses, the men and yourself. It can be adapted to looking after your mission-essential tools first, your people second and then yourself. It's not wrong to look after yourself because at the end of the day, if you fall over for one reason or another, either literally or figuratively, then the team is adversely affected.

Now, another observation I'd make is the requirement for leaders to be able to manage specialisation. As the world gets more complex, we find more high-order specialisations in the workplace. This is particularly noticeable in the public sector. And I was very fortunate as a young officer to achieve selection for the SAS. This experience placed me in charge of soldiers who had very specific roles and highly specialised skill sets. Notwithstanding I was in command of a small but intensely trained team, each member was an expert in some specific function and they expected to be treated and managed as such. The rest of the team, including me, deferred to the expert when it was his turn to perform.

The SAS selection course was the hardest thing that I've ever done. It taught me an amazing thing about myself and about my comrades. It introduced me to something quite foreign to most military organisations, and that is a flat structure. Where the value of contribution was not what rank you wore, but the level of expertise you brought to the party. My job as the boss was to harness the dynamic, and get Olympic-like elite performance out of the team. It was a huge challenge, but one of the most rewarding things I've done.

When in late 2004 John Howard and Peter Shergold together came to the view that I would be well positioned to lead the national security apparatus at PM&C, it was contemplated that I'd be seconded from the Army, and I acknowledge in the audience today, Andrew Metcalf, who was part of that plot. Thank you Andrew. In fact he was a central part of that plot, now I come to think of it. That was not how I saw things, about being seconded, and I asked: If the position was spilled, would it be acceptable for me to apply for the position? It was important for me that I had no strings back to the military or to Defence. I would have had Peter Cosgrove's hand up the back of my shirt—it would have been a bad look. I wanted to act as a member of the APS, free of influence, and without the daily awkwardness of my young APS staff struggling to relate to their boss being a general in the Army. And so it was, I applied for and won the position.

And the lesson for us all, I think in this chain of events is that things happen, and again, there is a stronger, more colourful expression around that, things happen. Just when you think your career may be coming to an end or conversely you're on the cusp of victory, events take over. This life truism was understood by the former British Prime Minister Harold Macmillan, who when asked famously, what was the most difficult thing that he had to manage as Prime Minister replied, 'Events, dear boy, events.' And so it is. You simply just don't know what opportunities or disasters are around the corner.

At any rate, I transformed from soldier to bureaucrat. And then to continue the theme of events, I move quickly into the Deputy Secretary job and then the National Security Adviser, working for Prime Ministers Rudd and Gillard. This work was indeed one of the great privileges of my public service. Proximity to the head of government was the experience of a lifetime. I had the opportunity to meet with kings and queens, presidents and prime ministers, bishops and billionaires.

VALEDICTORY ADDRESS—IT'S A PRIVILEGE TO SERVE AND TO LEAD

DUNCAN LEWIS AO DSC CSC

Director-General of the Australian Security Intelligence Organisation

My lesson, and one I leave with you today, is that you don't need to be the smartest person in the room to have influence and impact in that environment. In fact, it can be a distinct advantage to make your mark in those circumstances by watching more and speaking less. One priceless moment I recall while travelling with PM Rudd, speaking and meeting famous people, was a photo that was taken of me and Henry Kissinger. And some wag of a photographer titled the photo 'Two great national security advisers, Henry Kissinger and Duncan Lewis'. It's an extraordinary thing, that we would be in the same photo, but he was one of the most remarkable people that I've ever met.

My time at PM&C introduced me to some of the most memorable exchanges with honourable senators at Estimates. One's sense of the truth was frequently under challenge. As the Estimates Committee burrowed down one day into the ritual sport of questioning the number of days the Prime Minister spent out of the country, I recall one unnamed senator asking me if the Prime Minister had been to Singapore on a certain occasion. I answered the senator, 'Well, yes and no.' There was an uproar from the Opposition senators with assertions that I was dissembling and worse. I was finally able to explain that, by their own Senate rules, absences from Australia are measured in 24 hour blocks. And with this particularly fast moving Prime Minister, we had left and were back inside Australian airspace in 18 hours. Therefore, it was arguable that we'd not been in Singapore at all. It didn't seem to cut it, but I thought it was worth a try.

Later when I stated that I was not able to provide an answer to a question to which I had admitted earlier that I knew the answer, the comment was made by the most senior and distinguished Senator: 'Mr Lewis, you have taken the democratic process to a new low'. I had to remind myself at that moment that it really was a privilege to serve. Notwithstanding this exchange, I always try to answer questions truthfully, even when we all knew the intent of the question was either mischievous or even on occasions, dishonourable.

In 2011 quite out of left field, my then boss Terry Moran, the Secretary of PM&C, a leader who taught me a great deal—and Terry understood that leadership is in large part teaching—said, 'You're going to be appointed as the Secretary of Defence'. I would begin the job at about the same time as my friend and Duntroon classmate David Hurley became the CDF, so we came onto the field together. The Defence diarchy would be historically unusual, and indeed I would be the first former senior military officer to hold the Secretary's appointment in half a century. Later my time in Defence as the Secretary was cut short when I concluded at that point, with great difficulty, that my integrity was more important than staying in the top of the tree. I'm not prepared to discuss the details, but the Prime Minister at the time asked if I would consider taking the appointment as Ambassador to Brussels. I would replace Brendan Nelson whose posting had come to an end, and I agreed that for the good of the department and for the ADF it was better that I get out of the centre of government for a spell.

So I moved into my third phase of professional life, as a diplomat. I loved the work, came to admire the great stress that impacts their deployments—young officers all over the world, working hard, often in very trying conditions, serving the nation's interest.

One big lesson I took away from my time as ambassador was that when we as officials travel, some of us in very senior appointments, we should always appreciate the work that embassy staff do and put into official visits. From time to time when misplaced ingratitude was exhibited, I had to reflect on a phrase that I heard long ago: 'those who matter don't mind and those who mind don't matter'. It's worth reflecting on.

This sort of poor behaviour ties into another feature which concerns me, and that is upward management. It is my view that our community needs to pay far more attention to a group of leaders who make upward management an art form; they are worryingly common and not routinely called out. They progress beyond where they should, and cause a great deal of stress and staff anxiety wherever they operate.

They typically get the job done, but at what cost? This genre of leader doesn't invest in their organisation, they draw down on the available credit and leave a diminished organisational balance sheet for their successors.

Now, somewhere along the road in my APS journey, I began to realise that as a soldier, I had been lavished with a level and degree of training that was not always possible in the APS. This realisation often worried me. This is no reflection whatsoever on current APS training systems or training staff, but I must conclude that we could do better. I had in the military, nine years on the public purse being either educated or trained in the most expensive mediums and courses. Now in the APS in the last 15 years, I've had two three-day courses, and one of those interestingly was on leadership. The point I make is that while we can't expect to replicate entirely the way in which the ADF, for example, prepares its leaders, we have to do better. I think it's passing odd, for example, that there is no public service college

per se. We have schools and colleges and universities, to be sure, that cater for public sector training and education, but we do not have a highly credentialed, renowned, respected, dedicated public service college, for one of the largest workforces in the country. It's something to think about—perhaps in the finest tradition of the ancient Chinese, we might consider developing our humble public servants in a more deliberate way. I think this sort of training may support public service leaders in better managing the attempted politicisation which we all face from time to time. It helps you nuance some of those circumstances and those situations.

Now, an apolitical public service such as ours doesn't just happen, it needs to be nurtured and defended. This is a complex and sometimes highly nuanced matter and we need to be specifically schooled and prepared to respectfully hold our ground. An apolitical public service is a precious jewel, and it must be a treasure that's preserved.



The audience at the National Portrait Gallery.

VALEDICTORY ADDRESS—IT'S A PRIVILEGE TO SERVE AND TO LEAD

DUNCAN LEWIS AO DSC CSC

Director-General of the Australian Security Intelligence Organisation

Now, while living in Brussels and on return to Canberra for my mid-term briefings, Tony Abbott called me to his office. He called me to his office twice in one day. The first to ask if I would agree to become the head of ASIO, and when I demurred, I was called back again an hour or two later, to be told I would be the head of ASIO. It was another learning experience. So I became a spy. I managed to get another six months out of him by telling him that I had a dog which was in quarantine, and I couldn't come back until the dog could. That worked actually, I got another six months, so I was very grateful.

But this most recent appointment as the head of ASIO and the one from which I'll complete my public service the day after tomorrow, has been an enormous privilege. I can't speak highly enough about the work the men and women of ASIO have done and will continue to do in these uncertain and unpredictable times. This year, ASIO celebrates the significant milestone of our 70th anniversary. We were formed in 1949 to face the then menace of communism, and ensure that Australia could protect our secrets and preserve our democratic institutions, free of foreign interference.

The tumultuous events of international terrorism beginning in the late 1970s and the early 1980s, magnified by the 9/11 attacks in 2001, had an enormous impact. And as a result, ASIO began directing increasing amounts of energy and effort towards counter-terrorism. That was at the expense of the counter-espionage mission. Today the pendulum is swinging back again to our roots, as we address the re-emerging issues of espionage and foreign interference.

In its first year, 1949, ASIO was an agency of 13 men—yes, men. And we've come a long way since then. As a committed and active member of the Male Champions of Change program, I'm pleased to report that ASIO has now for all intents and purposes reached gender equity with 46 per cent female staff, and around 40 per cent female SES staff. There's more work to be done. We have in total just on 2000 staff, positioned in every state and territory of the country, and in a wide range of overseas posts.

We are not, as commonly expressed in the media, the nation's domestic spy agency. We are the nation's security service, and like our partner agency MI5, we operate without geographic boundaries, to address threats to Australians wherever those Australians may be in the world. It's been one of my great privileges to have led ASIO and to work with my current staff. I want to note particularly today what wonderful support my three deputies have given me: Wendy Southern, Heather Cook, and Pete Vickery, and they're here today. Thank you very much.

I want to thank my young executive officers. They come in bright eyed but they leave broken. And particularly I want to thank Sharon and Esther, my two long serving and long suffering executive assistants. To Sharon in particular, my life would have been an administrative nightmare without your support and your friendship, and I thank you for putting up with me. As I come to reflect on our workplace, I can't help but think of a quote I heard long ago and it went like this, 'Life's journey is so much better when the pathway is paved with praise'. We could all do with giving a little more praise, it's so easily overlooked.

Finally, I want to say something about my family. It took me too long to realise what unqualified support families give to officers working in the public sector, and what impositions they face as you sail through your working life, particularly when you get to high office. To my wife Jenny, my companion and friend through life's journey, and to our two wonderful adult children, Alison and Simon, I say thank you. Thank you for your support, thank you for moving into 23 houses in five countries, in four states and territories, thank you for enduring the changes in schools, for the bravery of making new circles of friends every couple of years. Jenny, thank you for acting as my adviser, confidante, counsellor, and reality checker. While I can reflect on the privilege of service indeed, you also have served and I thank you.



Duncan Lewis AO DSC CSC listens to the closing remarks.

I want to conclude now by returning to where I began. To serve one's country is an honour which not everybody has the opportunity to experience. We're lucky in the public sector, we do. We have had the chance to serve and for me I have had the chance to serve as a soldier, as a bureaucrat, a diplomat, and then as a spy. It's been an honour, four careers in one working lifetime. To paraphrase our current Prime Minister, how good is that?

As I leave the Ben Chifley building on Friday, the memories of working with so many wonderful people in the service of this amazing country of ours will be racing through my mind. I see so many of them in this room today. I thank all of you for your support and your friendship and your service. I've come to understand, that it's not so much the success you achieve in life but rather, it's the people you have to share that success with.

As I cross the lake for the last time on Friday, one set of words will reverberate, and they'll be the ones of that sergeant major on that wet cold night, so many years ago: 'Mr Lewis, always remember it's a privilege to serve'.

Thank you.

You don't need to be the smartest person in the room to have influence and impact. In fact, it can be a distinct advantage to make your mark ... by watching more and speaking less.



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GANDEL HALL
NATIONAL GALLERY OF AUSTRALIA
THURSDAY 17 OCTOBER 2019

MAXIMISING VALUE FROM DATA: NAVIGATING THE OPPORTUNITIES AND CHALLENGES

PROFESSOR A. ABIGAIL PAYNE

DIRECTOR OF THE MELBOURNE INSTITUTE: APPLIED ECONOMIC & SOCIAL RESEARCH,
UNIVERSITY OF MELBOURNE

*'In an era of Twitter fake news, this is something that we have to
address. We know there's a lot of misinformation out there. ...
That's where data and good analysis can help us.'*

Thank you for inviting me to give a talk. It's a pleasure.

When I start working on new slides for a talk, sometimes I will refer back to other presentations that I've done. One of the things the Melbourne Institute undertakes, in partnership with *The Australian*, is a conference called the Economic and Social Outlook Conference. As part of one of those slides, I had used this quote:

In election after election we have seen conventional politics left standing at the polls. Entrenched cynicism. Widespread disconnection. Broad based economic frustration and disempowerment. Distrust of whether the system is working for them.

I thought it was actually not a bad motivation for this talk, especially for this group. This is the Honourable Scott Morrison when he was Treasurer, where he was talking more about politics and elections. As you look around the world, we know that a common phenomenon is this notion that government is disconnected with the public and that there's frustration, disempowerment and distrust by the public.

I want to say, 'Look, if voters think about their own economic and social circumstances when they're voting and they're concerned about trust, how can the government, and how can I as a researcher, help to inform policy? How can we connect, inform and develop transparent practices and policies where we build trust and eliminate frustration?' This is, to me, really what captures one of the values and benefits of data for the government sector.

Let's step back a moment. Why am I passionate about data and policy? I think if you understand where I come from, you will understand why I really do care about data and the use of data to support evidence based policy making. I moved to Australia from Canada three years ago to become the Director of the Melbourne Institute.

Why would I do that? Well, 40 years ago, I learned how to write computer programs and I fell in love with economics. I had this very strong technical background in math and computer science, but I also learned the importance of policy through the lens of economics.

Thirty-three years ago, I became a lawyer. I worked for a firm in Washington DC where a lot of our practice involved working with government and working with policy. We focused on understanding how best to shape policy and how one could use government policy for best practices. Now, maybe if I were in Washington DC today, I would have a different lens given the current climate. When I was there I firmly believed and I continue to believe in the good of government and the good of government policy.

After practising law for about five years, I decided that I was most passionate about economic policy. Thus off I went back for my PhD in economics. I was fortunate that I ended up at a very good university. This leads to my work for the last 20 years. I've been working with data, being creative about how you link data, how you bring the pieces together, not just for data's sake but to think about how you frame questions and frame hypotheses to try to understand a range of issues. I'm going to give you some examples from my own work around charitable giving. Noting I also do work on issues pertaining to educational attainment and how education policy affects student decisions. I've also used data to explore how judicial behaviour might vary based on the method used to select judges (election or appointment). In sum, I've worked on a whole range of topics related to public policy and government expenditure.

I'm fortunate I've come to Australia. I believe Australia has this wide-ranging availability of data and linking, and an interest and an appetite for deep and rigorous analysis of thorny issues. What I really want to be doing and I'm doing it through my researchers, through the Institute, is saying 'How do we open up that conversation around collaborating and making the best decisions?'

In this era of distrust, data helps to promote transparency and understanding the issues. Part of the transparency is making data available and being able to challenge our thoughts and our questions and having constructive dialogues on what is the best practice ...

Let's first think about informing and shaping policy and practice through the lens of data. When we are making decisions on what policies to implement, who are the active players? The first group is our voters and citizens, those that affect who gets elected. And who gets elected shapes the decisions of governments. We should always keep in the back of our mind what is in the best interest of making society better, whether it's individually or as a group or particular populations. After the voters, we should consider the perspectives and expertise of policymakers: members of parliament, ministers, and the department heads that get appointed by our top ministers. They're going to make decisions, but how do they get help to make decisions? Well, it's the public servants, the analysts, the service providers, and more that inform practice and policy. These folks understand what's working, and what's not working. Let us not forget the research analysis both inside government and outside government.

We need all of these players if we really want to help to inform and shape policy. But even with opinions and experience, there are things that are sometimes outside of our control or the external forces: a war erupts, a global economic recession, climate change—things that we can't necessarily predict but end up landing on our laps. When there is an unexpected event, we have to consider whether policy and practice should change course. We always have to be cognisant that we have to be adaptable, able to start changing course which includes adding in new information to continue to do a good job in our work.

Why should data help shape and inform government policy and practice? First of all, it should limit the use of anecdotal beliefs. For almost anything you work on, you will have either a personal experience of or you will know somebody who's going to give you a personal experience. When I work on education, often I think, 'Well, how do we get more students, especially from underprivileged areas, going to university or VET school?' When I was growing up, my parents chose to live in a neighbourhood that was half low income, half middle income, and so I saw a lot of those kids that weren't going on beyond high school. So I could just tell you, 'Well, based on my experience, this is what we need to do'. That was based on my experience, right? Each and every one of you might have different experiences. One of the values of data is that, while we want to use information we gather and learn from our experiences to help inform and shape the questions we ask, the data helps us to think about how we expand the base of information to determine if what we believe is based on a single unique experience or is that a collective experience.

Also, in this era of distrust, data helps to promote transparency and understanding the issues. Part of the transparency is making data available and being able to challenge our thoughts and our questions and having constructive dialogues on what is the best practice, what is the best way, what is the information. If we have a policy or practice, if it's working here, let's showcase that it's working here, but if it's not working here,

MAXIMISING VALUE FROM DATA: NAVIGATING THE OPPORTUNITIES AND CHALLENGES

PROFESSOR A. ABIGAIL PAYNE

Director of the Melbourne Institute: Applied Economic & Social Research, University of Melbourne

let's figure out why it's not working and not just say, 'Oh, well, it didn't work there, but let's just keep doing it'. This is where the data can actually help shape our future decisions. Data help to create a continuous framework for evaluation and insight and informing. It's rare that a single study at a point in time for a particular population is going to give you all the answers you need moving forward. Data should underpin much of what we do to understand and evaluate the effects of policy.

With 'big' data—'big' I put in quotation marks because what's big to me is not big to an astronomer who works with billions of observations—we can think about linked measures that capture the relevant populations and/or geographies. When we have lots of observations on people, and this is something we get with the census data, it allows us to target our policies and consider when to focus on place-based or universally provided policy or practice. For example, some believe every young child should be able to access daycare. That might be a universal policy. But the structure of daycare provision might vary across

communities. With lots of information on individuals within communities, we can consider how to provide universal policies but target the services provided under the policy to the needs and interests of communities.

What are the challenges? Why might there be resistance to the use of data for evidence based decision making? Good data development and analysis are not cheap. We have to invest. While there may be people in the audience who love to work with data, love to clean data, that's not the exciting part when it comes to policy analysis. The exciting part is using the data and undertaking analyses to make decisions. One does not get elected by saying, 'I'm going to build the best dataset'. That's just not going to happen. If you have a budget constraint, and we all have budget constraints, it's very easy to say, 'Oh, we can shave off the budget for data'. These types of short-term decision end up in long-term pain. We have to embrace data, and we need a voice to say, 'Data are important, and it's not just any data are important. The message should be for us to deliver on sound policy, we need to access good data. It's the good data that require money'.



Left to right: Phillip Gould, Rosie Hicks, Marion Hemphill, Dr Ian Oppermann, Professor Abigail Payne and Dr Jill Charker.

The other aspect is even if you have the data, you cannot rely on one study. I'll give you an example. In education, it is common to observe advocacy around reducing class size. Often the argument will go: 'We should reduce class sizes in schools because that's going to result in better student achievement'. Well, I can tell you, there's a range of studies out there that say class size has no effect and it's not the best tool. You need a range of studies and a way of prodding and pushing the analysis. Critical in any use of data is to explore whether a proposed policy will work in the context in which it will be used.

Another aspect of why it can be challenging to access data is based on something I like to term political will. If you don't do this study, you don't work with the data, then you can't be proven wrong. To combat this behaviour, our challenge is to have a conversation that promotes the idea that it's okay to learn that we were perceiving things incorrectly. Rarely will the data tell us a policy is 100% right or 100% wrong. Often data assist in understanding where a policy is effective and where it might not be working. If a goal of government practice is to promote trust and faith in decision making, we should be embracing understanding of where policy and practice work and where they do not work.

The importance of continuous feedback and refinement is an aspect on which we tend not to focus. We make the decision, we move forward, and then, maybe 10 years later, we say, 'Oh, should we think about changing the policy?' We need to embed in our practices how we are going to continue to refine and feedback.

In an era of Twitter fake news, data can support addressing claims that are wrong. Let's accept there's misinformation out there. If someone wants to yell, scream, and say, 'The sky is green', there will be people that will believe the sky is green, even though if you say, 'Can you go outside and look up? Does it look green to you?' Our responsibility is to do our best to present the evidence to support solid findings, that 'No, the evidence says the sky is not green', or maybe 'It's green one per cent of the time'.

There are many ways to collect data. I am agnostic on the best way to collect data. I tend to work more with administrative data, but we have administrative data, survey-based data, and experimental and field studies. They're all important sources of information. In fact, these methods of information collection are most powerful when you combine the use of measures collected in different ways. Instead of debating the issue of how to collect information, why not start first with the question—what's the question?, what's the issue you're trying to address?—and then you figure out the best practices to follow to collect the measures needed to understand the question or issue.

In terms of what type of data, we get cross-sectional snapshots—they're useful for certain types of questions. We can get snapshots over time, for instance, in census data we get snapshots every five years. We can put them together and say, 'How are things changing?' That's incredibly useful. We also get panel or repeated observations of the same people over time. That's really useful too, because you can drill down—whether it's an individual, it's a business, or it's an organisation, you can observe changes over time. In statistical analysis, repeated observations of the same individuals or groups open up more tools for analysis—for example, it is easier to control for un-observables or factors that we may not be able to address in our analyses.

The key starting point for evidence-based policy is the question and thinking about the framework for thinking about that question. It's not just grabbing the data, doing a machine learning algorithm and saying, 'Here's what the data say'. That stuff is important but you still need theory, framework, hypothesis to develop it. You need both a framing of the questions and data analysis to inform practice and policy.

Here's some usefulness of administrative data, but also some pitfalls that I'm going to give you as an example—charitable giving and service provision. Why am I using charitable giving? In part because I study it. Do you know that there's a tax benefit that you can receive? Yes.

Do you know that a lot of charities provide services that may have historically been provided by the government?

Charities and how people give is one area that's really tricky to study and understand. It's something I've spent my lifetime working on. One question you might ask is, 'Look, if the government is giving you a tax break on your taxes so that you give to charities, that means the government is giving up revenue'. A question that the government might want to ask is, 'If we are giving up that revenue, does this foregone revenue assist in supporting the organisations that receive the donations? In other words, are donors using the benefit of the tax break to give or to give more to charity? Because if the sector is not growing as a result of the tax break, maybe there's a better tax policy to put into place or a better incentive that can be implemented to achieve an objective of providing better support to charities.' If government says if we don't want to provide the service, we think that the service could be provided by another organisation—which is better? It's not clear. Those are questions for which we really don't know the answers. Sometimes, it's better to encourage the private provision of charitable goods and services. Sometimes, it's better to encourage the public provision of these services. Often, it's good to have both public and private provision.

How do we model giving? As I mentioned previously, we should start with a framework. Well, one of the challenges is that we have to think about how individuals think about giving. We can't think about it just like you might if you're going to buy a coffee. Philip and I, this morning, said, 'We really need a cup of coffee'. So, we went around and we found a cup of coffee and that made me happier. You're happy that I'm happy. I could value what's my value of coffee and I knew what my budget constraint was, that I had money in my bank account to cover the coffee, so I could do that.

Often in charitable giving, that's not always the case. Charitable giving is such that I'm not the recipient of the good or service I am supporting through a donation. If I give to this art gallery, maybe I'm benefiting because I like to visit the gallery but I'm also making a gift so that you too can enjoy the artwork. How do we value that? It turns out that's a really tricky question: What do we value? Do I get warm and fuzzy feelings because when I come here, I can say, 'Oh, I helped to support having that painting on the wall?' Alternatively, if I see that you're already giving and I can enjoy the artwork on the wall because of your gift, maybe my view is that 'if you're already giving to the gallery then there is no need for me to give.' In other words, I'm free-riding off your donation. What explains why people give to charity is a very tricky question.

To have informed practice and policy, we need data. Data are instrumental. ... Framing the questions is important, so having good modelling is really important. Curating the data, that is a critical component if we're going to make sense of data and analyses'. Then to be able to inform practice and policy, we need to be open, willing, and promote collaboration. Without all of these, we will be unsuccessful.

It turns out we have people of both types: those who give for the warm and fuzzy feeling of giving and those who will not give because they can free-ride off of other donors. We also have another type of non-donors: those who say, 'I don't care'.

We can think about questions about how we individually model giving. We can also think about how maybe we bend to social pressures. As you may know, the campaign to end prostate cancer, Movember, started in Australia. Have any of you ever received an email telling you that the person sending the email is growing a moustache in support of Movember. And then asking you to donate to the Movember campaign. If you received this request, was this your favourite charity? Maybe not. But did you give anyway because your friend said, 'I'm growing a moustache', and you wanted to say to your friend, 'Yes, I support you'. This represents another question we ask to better understand motives for charitable giving: How do we bend to social pressure?

An observation across all developed countries is that giving as a percentage of GDP has been flat. If any of you are economists, you know—maybe not this year, but generally—we have had economic growth. Shouldn't we see that, as economies have grown, giving as a percent of GDP has also been increasing? That's a big puzzle. We don't understand why giving is flat. Do tax incentives matter? I've already raised this question. Does economic growth change the nature of giving? Does economic growth increase giving? Lots of questions we can be asking about how a country's changing economy affects charitable giving. The big question that's really hard to answer: Can we measure the impact of charitable services? But I'm not going to get there in this talk. It's an important question, but it's also really hard to measure impact.

We have to think about how we measure giving. For individual donations, we can have tax filer data. But guess what? Only certain kinds of donations can be put on your tax return.

You're not going to observe 'all donations' through tax data. You're going to get a snapshot of certain types of donations, which is useful. And with this snapshot there are particular questions you can ask. If you look at charity level data, however, what you will observe is how much the charity received in donations. Alas, you don't know if the charity received it from a thousand people, or from one person. You don't know anything about the donors. Also, we can only observe donations to charities. Maybe I give my money directly to individuals. We never report that kind of donation on our tax return. We could ask about this type of giving in a survey. But maybe my asking you a question about your giving behaviour will result in a response that does not evoke truth. Would you want to be perceived as a selfish person by the person asking you the question? How many of you want to admit to being the Grinch, 'No, I don't care about giving?'

Most charitable goods are not completely privately provided. Thus, another measurement issue is how to best capture public support? Tax credits are a form of indirect support. Direct support might be in the form of a government grant or subsidy. I'm raising this as there's actually a lot of power in the data we collect on giving at both a government and charity level but we really haven't harnessed it to the best of our ability to study many of the questions we want to ask about the role of government in supporting charitable goods and services. I've been discussing some of the data sources used to study giving and charitable operations as I thought this was a nice example of how we can get some information, but there's a lot more we could be doing if we were working together.

One of the benefits to administrative data is that, generally, you capture close to a population whereas surveys, experiments and case studies, with the exception of elaborate surveys like the census, tend to capture parts of the population. When you use surveys, you have to worry about the randomness of the respondents so that you can draw conclusions that are representative of the population under study. But there are a lot of techniques around ensuring that you have a representative sample.

... a common phenomenon is this notion that we are disconnected with the public and that there's frustration, disempowerment and distrust by the public.



For any study, one should not only frame the question to be answered but also to consider the relevant population for the study. For instance, if I want to study who goes to university and I have university application decisions or data on applications, would this data source be sufficient if the question I want to ask concerns what happens if I change policies to encourage more applications from high school students? What information might I be missing? I'm missing the information on the students who aren't applying. I can only use the application data if I think the students who are not applying look like the students who are applying. Odds are, they don't. While I have a population of university-going students, if I want to study a question about getting into university, I need a population of high school students or a population of individuals who could go to university.

With any dataset, even though we have lots of observations, but we should not settle on a comment that we have 'lots of observations.' We always have to think about whether the data set is representing the population we want to study.

Another benefit to administrative data is that often we can capture information on what actually happens. We observe actual behaviour, which is useful. The caveat, however, is that we should also think about the set of choices that an individual faced to then take a given action.

Finally, administrative data allows for the drilling down of information. It allows us to drill down geographically and do more place-based analysis that you can't always get if you're relying on a small random sample of populations.

Is using administrative data cost effective? One argument is that if the data are already being collected, then it can easily be used for analysis. This is true but not always true. Much of it depends on the types of information being collected, the consistency of collecting the information across time and over individuals,

and the ease with which one could provide inaccurate information. Personally, I believe that spending time and money on understanding administrative data to then develop the data for analysis is cost effective and worth the expense, but we could have a debate on that.

For administrative data to be useful in analysis requires work at the beginning in terms of understanding how the information is to be collected and how one might minimize the risk of receiving mis-information. And then once the information is collected, work must be undertaken to understand what measures have been collected, the meaning of these measures, and the value of using the measures in analyses. For example, let me illustrate with what at first blush might be viewed as a relatively simple measure to create. I'm involved in a series of projects to understand entrenched disadvantage. One of the ways to measure disadvantage would be to capture individual or family income. What's income? First, we have to decide what is income? Salaries? Government benefits? Interest from savings? It turns out that if you use census data, you get one definition of income. If you use tax filer data, you get a different definition of income. If I use the HILDA¹ data, I get yet another definition of income. But it also turns out that one can use all three of these data sets to better understand how we might want to measure income and how each data set can be used to answer questions tied to understanding disadvantage. This, I hope, is a relatively easy example of the importance of using care when working with data. The importance of asking questions such as: 'What information are we capturing, and how do we frame our questions to reflect what we can measure?' That's where understanding the measures, the verification, the transformation, and the documentation of the data are really important. That's where you need care and time and, unfortunately, resources.

1 Household, Income and Labour Dynamics in Australia Survey, known as HILDA, is a nationally representative longitudinal study of Australian households..

Single data sets usually on the administrative front are not sufficient. You also should consider how to link measures across data sets.

Access to data currently can be very challenging. Why is it challenging? Sometimes, it's that sensitivity around protection of the data around privacy and security issues, but sometimes, it's 'If I don't give you access to the data, then you can't tell me I'm wrong'.

Then there's the funding of the development of the research-ready data sets. I have raised issues around access, measurement, and linking of data. How do we make the use of data we collect? We need to work on breaking down silos; we need to think about the importance of care when developing measures of analysis; and finally we should implement good frameworks for analysing data.

I would be remiss if I didn't talk about the new federal legislation that's under consideration. There are three critical things that I think are really important about what could come about through the proposed legislation. One is enabling greater linking of data—that's already being done but this is just going to make it easier to link data and allow departments to work together. I think linking is really critical.

Second, is emphasizing the importance around transparency. By transparency this involves not only transparency in analysis and decision making but also about knowing who's getting access to

data. Also, finally the new legislation could expand the ways to house and access data providing the opportunity to create value-added components. We can't have monopolies where only one unit holds all the data. While being mindful and respectful of privacy and sensitive information so that we can address risk and access issues, we do have to encourage multiple ways of being able to access the data. I'm very optimistic and enthusiastic about what may come about in the legislation.

How do we make the use of data to inform policy and practice work? Not only do we need data developers and data scientists, we need a range of analysts from within and outside of government. As you raised in the responses to the survey that was conducted this morning, capability is important. Having thought leaders and having folks that are saying, 'I'm going to champion this', is important. But also having what sometimes gets missed, the external-based social science oriented researchers that help to develop the theories and the models that structures the frameworks for testing ideas and understanding existing practice and policy, as well as having our capabilities around the statistics, the experts, so that we can use the best tools with the data. But critically it's not any one of these three types of experts—the important component is combination of these experts through collaborations and partnerships. If we're not working together, if we're not talking to each other, we will not achieve the best that we can.

... who gets elected shapes the decisions of governments. We should always keep in the back of our mind what is in the best interest of making society better, whether it's individually or as a group or particular populations.



Dr Jill Charker thanks Professor Abigail Payne for her address.

My final word is that in preparing this, I did a quick search to see what was going on in Australia. Many of you know Gary Banks. This is from a 2008 report he wrote:²

WHAT constitutes real evidence?



WHEN is adequate evidence available to inform decisions?



HOW can credible evidence be ensured?



A receptive policy environment.



Evidence-based policy.

Sadly, he captured pretty much what I just talked about. While we're thinking, 'Oh, this is all new, and we need to get on top of this', this was going on in 2008. It was also going on in 1998. It was going on before that as well.

Let's get on with it and let's make things happen, is really what I want to say.

In summary, to have informed practice and policy, we need data. Data are instrumental. That's just a fact. We shouldn't be debating this point. Framing the questions is important, so having good modelling is really important. Curating the data, that is a critical component if we're going to make sense of data and analyses. Then to be able to inform practice and policy, we need to be open, willing, and promote collaboration. Without all of these, we will be unsuccessful.

Thank you for listening and I look forward to what the future may hold around the use of data to support a strong Australia.

² Gary Banks 2008, *Evidence-based policy making: What is it? How do we get it?*: https://www.pc.gov.au/_data/assets/pdf_file/0003/85836/cs20090204.pdf





NATIONAL PORTRAIT GALLERY
THURSDAY 31 OCTOBER 2019

DEMYSTIFYING CYBER SECURITY

RACHEL NOBLE PSM

HEAD OF THE AUSTRALIAN CYBER SECURITY CENTRE,
AUSTRALIAN SIGNALS DIRECTORATE

*'Australia is continuing to be targeted by a range of actors who
conduct persistent cyber operations that pose significant threats to
Australia's national security and economic prosperity.'*

DEMISTIFYING CYBER SECURITY

RACHEL NOBLE PSM

Head of the Australian Cyber Security Centre, Australian Signals Directorate

Thanks so much, Heather. And thanks to IPAA for the opportunity to speak to you all today about cyber security. I think it's somewhat fitting that I'm speaking to you today on Halloween for what I'm about to tell you will spook you. But, the good news is that if we all work together, we can do something to reduce the risk of goblins in our computers and networks.

The Australian Cyber Security Centre (ACSC) is a group within the Australian Signals Directorate (ASD) and we provide cyber security advice and assistance to Australian governments, businesses and individuals. And we're here to provide actual help when governments, businesses or even individuals reach a point where they can't manage on their own.

The ACSC also performs activities to prevent and disrupt offshore cyber-enabled crime. We are well informed in this endeavour by the rest of our organisation, ASD, whose role it is to provide foreign signals intelligence. As we have since the Second World War, we continue to have a role to ensure that our own communications are protected and we are well placed to understand how to protect those communications from people like us.

We're in the Defence portfolio and we report to the Minister for Defence, Linda Reynolds. The Minister for Defence is also responsible for the Australian Defence Force, of course, which defends against cyber threats to the nation's war fighting ability and Defence information networks.

We work very closely and are in fact co-located with our colleagues in the Department of Home Affairs who have responsibility for developing cyber security policy and in doing so they report to the Minister for Home Affairs, Peter Dutton. This is a classical split of policy and operations and we work closely together to ensure that one informs the other.

There are other government departments who also play key roles in our nation's overall cyber security preparedness and posture.

The Minister for Foreign Affairs is responsible for leading Australia's whole-of-government international engagement to protect and advance our national security, foreign policy, economic and trade and development interests in cyber space.

The Minister for Industry, Science and Technology is responsible for the Department of Industry, Innovation and Science that supports cyber security industry development, cyber security research and development and cyber security advice for Australia's small to medium enterprises.

The Minister for Communications, Cyber Safety and the Arts has responsibility for online safety and protecting Australians from harmful online content. That includes online safety initiatives for Australian children and adults, education and awareness raising of online safety and addressing cyber bullying of Australian children, technology-facilitated abuse and image-based abuse.

Partnerships between the Commonwealth and the states and territories are key to advancing and protecting Australia's interests online. State and territory governments have primary responsibility for the protection of life, property and the environment within the bounds of their jurisdiction. Australia's Cyber Incident Management Arrangements outline the interjurisdictional coordination arrangements and principles for Australian governments' co-operation in response to national cyber incidents.

Vitaly important are also the Commonwealth's partnership with the private sector, including the important work that Telstra undertakes to play their part in protecting our nation's telecommunications.

So now to probably the more interesting and exciting part but it is important that we understand the government arrangements. They are very clear and they're well documented. I'm going to talk more about the threat picture and what we see in the ACSC. So, actually this year, and I think it's in the next couple of weeks, it's the 50th birthday of the internet, if you start counting at its very beginnings of ARPANET.¹

1 Advanced Research Projects Agency Network

We can certainly appreciate the wonderful benefits that the internet and online engagement have brought humanity, including the wonder of global connectivity and news and knowledge. And the magic of revolution in services such as my personal favourite, online shopping, especially as we get near Christmas.

Unfortunately, the internet does have a few downsides. Australia is continuing to be targeted by a range of actors who conduct persistent cyber operations that pose significant threats to Australia's national security and economic prosperity.

Last financial year, the ACSC responded to over 2,000 cyber security incidents, including our response to the now well-reported on compromise of Australia's major political parties and the Department of Parliamentary Services network. In the same year, our centre received over 6,000 requests for assistance and/or advice.

We conducted other activities such as the Stay Smart Online week during which events were held around the country to get people thinking

about security online and provide simple tips to help improve their security. And in the first quarter of the current financial year, we've seen over 13,500 reports made to us to our new online cybercrime reporting tool, ReportCyber, and that's an average of one report every 10 minutes.

We recently ran a survey and found that people lost on average \$700 to cybercrime and two-thirds of those victims, interestingly, were aged between 25 and 34 years. And up to one in three adult Australians are impacted by cybercrime.

So to give you an example to explain to you what this can mean for Australians, we recently received a report of a cybercrime case, involving an elderly gentleman who lost over \$60,000 when he transferred money to what he thought was a legitimate bank account. He's a self-funded retiree who said he contacted a dealership about buying a car and soon after received an email that appeared to be from that dealership with instructions on how to pay. He received an email with the invoice and the bank details were attached to that email.



Left to right: Marc Ablong PSM, Rachel Noble PSM, Heather Cook, Craig Hancock.

DEMISTIFYING CYBER SECURITY

RACHEL NOBLE PSM

Head of the Australian Cyber Security Centre, Australian Signals Directorate

He transferred the money but when he contacted the dealership the next day, he was told they hadn't received the cash. He questioned them about their bank details. It is possible a cybercriminal got into the dealership's computer network and sent the email to him or his own email account could have been hacked. The gentleman contacted his bank and it launched an investigation but he said someone had already taken the money.

He reported it to us via a handwritten note through that old-fashioned thing we call the mail because he'd lost confidence in the internet.

Sadly, we see cases like this every day. But, there are far more heinous cases of crime occurring on the dark web for which we provide support to law enforcement colleagues under our offshore mandate that I mentioned earlier. The most evil are those crimes perpetrated against children which involve pay-per-view services of online sexual abuse, torture and even murder. I know it's confronting to even hear about such crimes and I applaud the brave officers whom we support where we can, especially in the Australian Federal Police, who are working hard to disrupt these horrific crimes and rescue children.

I'll move on now to the protection of critical infrastructure. At last week's Senate Estimates, the Secretary of Home Affairs said that the Department of Home Affairs, Defence and ASD have been discussing for some time whether

Australia as a nation would be well postured on the day that the equivalent of a cyber Pearl Harbour comes. Perhaps not surprisingly, since then many people have asked me whether I think that it is truly a possibility. The short answer is yes. It's a very real possibility. There are a number of reasons why I think that's the case.

Firstly, I've outlined the threat earlier; it is real and growing. Secondly, as Secretary Pezzullo said, 'Our electricity grid, our gas and water supplies, sensitive data holdings, traffic management systems and other critical pieces of national infrastructure are mostly held quite properly for economic reasons in the private sector'. And also, quite properly, a CEO will rightly make risk judgements about the protection of their networks in the context of the resources that they have and the other risks that they must also address. They do this appropriately in the context of their commercial interests and their service to their customers. That means, though, that even in a perfect world where all private companies are mitigating their cyber security perfectly, there is still potentially a gap where those risks need to be addressed in our national interest and the gaps that perhaps exist between company boundaries. Thirdly, from a technical point of view, it may not take a determined state or criminal actor to significantly disrupt important services to Australians, given the way that viruses can spread and the pervasiveness of cheaply-available malicious tools.

This year it's the 50th birthday of the internet ... We can certainly appreciate the wonderful benefits that the internet and online engagement have brought humanity, including the wonder of global connectivity and news and knowledge. ... Unfortunately, the internet does have a few downsides.

In recent weeks, we saw a significant disruption to health services in Victoria and other states.

Critical computers that are used to manage medical appointments and patient information were infected by a virus called Emotet which opens a backdoor to a network which then enables criminals to insert ransomware.

Ransomware seizes up your computer and the criminal will ask for the owner to pay a ransom in exchange for unlocking the computer again. The initiating virus, Emotet, is called a worm because it then worms its way into other computers which interact with the infected computer. So the overall effect in this instance has been that the health sector across Australia has been impacted the most because they are doing what us patients expect and hope they would do, they're communicating with each other.

Worryingly in this instance, because large hospitals and organisations have better firewalls and gateways which can pick up the virus and block it, it's the smaller, regional providers that are more likely to be vulnerable and impacted. And as we speak, the criminals behind this are modifying their tradecraft to ensure the operations remain lucrative.

The ACSC has relied heavily on our state and territory partners to help us develop a national picture of what is happening here and we have jointly made a concerted effort to raise awareness nationally of this particular threat and get information out to people about how to stop it.

The government through the Cyber Security Strategy public discussion paper² has openly initiated a conversation about these very issues, including seeking views about the virtue of consistent but flexible cyber security laws for critical systems. I would encourage those who have some great ideas about how to address these issues and who haven't responded to that call for input to do so quickly.

On a personal note, I'll finish on this segment. Please do your part in helping to uplift Australia's cyber security. There is a need for each and every one of us to be vigilant to ensure that the integrity of our democratic system and way of life is not compromised by those who would do us harm. Just as you need to secure your home or business, you need to secure your computer and mobile phone.

In 2019, 1,000 Australians participated in a survey on the impact of cybercrime. Two in five said that they generally use the same password for all or most of their important accounts and they have used a common password type before. The most commonly used password types that have been used are names of pets or family members, a date of personal significance, followed by their date of birth and sequential numbers or letters like 12345 or abcde. While half of the respondents said they are most likely to fall victim to a cybercrime by clicking a link in a scam email or a text message or entering a username and password in a fake website, approximately one-third felt they are likely to have their home broken into or have wallet or car stolen.

So the comparison I'm making there is whilst they think they're more likely to fall victim to a cybercrime, they're less likely to do something about it than they are to lock their front door. Many of the steps you can take are extremely simple. Use different passwords on different devices, routinely patch your software, ensure social media privacy settings are turned on, and avoid easy-to-guess passwords such as 'password'.

We can uplift Australia's overall cyber security by all playing our part as individuals and we can make different choices about our security. So, tonight, when you go home and your iPad prompts you and says, 'Do you want to upgrade your software?', please click 'Do it now'.

If you would like any more information or any more tips to address some of the issues that I've raised today, please have a look at our website at cyber.gov.au.

2 Cyber Security Strategy 2020 discussion paper: <https://www.homeaffairs.gov.au/reports-and-pubs/files/cyber-security-strategy-2020-discussion-paper.pdf> and overview and consultations: <https://www.homeaffairs.gov.au/reports-and-publications/submissions-and-discussion-papers/cyber-security-strategy-2020>





NATIONAL PORTRAIT GALLERY
MONDAY 4 NOVEMBER 2019

THE WILLIAMS ORATION

DR MEGAN CLARK AC

HEAD OF THE AUSTRALIAN SPACE AGENCY

*'Our values needed to establish Australia as a responsible global citizen in space—
safe on earth and in space; showcase Australia's can do attitude; and build a diverse,
globally competitive team that could run through the legs of giants.'*

THE WILLIAMS ORATION

DR MEGAN CLARK AC

Head of the Australian Space Agency

ACKNOWLEDGEMENTS

It is an honour to give the second Helen Williams Oration. Helen Williams was a trail blazer becoming the first woman appointed Secretary of a federal government department in 1985 when she was appointed as Secretary of the Department of Education. She went on to be Secretary of four other federal departments and Commissioner of the Australian Public Service. A change agent, mother and leader, she created a pathway that many have followed including some of the leaders here today. This year Helen was awarded the Companion of the Order of Australia for her service to the nation. Tonight we celebrate her legacy.

Let me also pay respect to the knowledge and traditions of the Ngunnawal people who were great astronomers. In the Ngunnawal stories the Great Spirit called a meeting of the birds, at the end of the ice age, to give the birds coloured feathers and wings to fly. The emus missed the important meeting and arrived just as the Great Spirit was giving colour to the rosellas. The spirit managed to give the male emu some magnificent long feathers but could not provide any to the

female. He asked the male to share with the female emu, which he did, but the feathers were too short for them to fly. The Great Spirit instead provided the emus long and strong legs which is why the emu today is racing across the stars of the Milky Way.

Let me acknowledge:

- Frances Adamson – Secretary, Department Foreign Affairs and Trade
- Dr Steven Kennedy PSM (Host) – Secretary, The Treasury, IPAA ACT President
- Elizabeth Kelly PSM (Host) – Deputy Secretary, Department of Industry Innovation and Science, IPAA Councillor
- Glenys Beauchamp PSM – Secretary, Department of Health
- Kerri Hartland – Secretary, Department of Employment, Skills, Small and Family Business
- Rosemary Huxtable PSM – Secretary, Department of Finance
- Renée Leon – Secretary, Department of Human Services



Left to right: Elizabeth Kelly PSM, Dr Megan Clark AC and Amanda Story.

- Peter Woolcott AO – Public Service Commissioner, Australian Public Service Commission
- David W Kalisch – Australian Statistician, Australian Bureau of Statistics
- distinguished guests.

Tonight I wanted to do something I don't normally do and give you a look behind the curtain at the challenges and stories that have come from establishing the Australian Space Agency from a blank piece of paper. I also thought I might finish by taking you on a short journey to the Moon and Mars given the recent announcement that Australia will be joining NASA on the return to the Moon and on to Mars.

THE IMPORTANCE OF PURPOSE, ROLES AND VALUES

Let me start at the beginning, some 15 months ago when we had to establish the purpose, values and roles and responsibilities of the new Agency. I recall the Utopia-like moment at the beginning ...

'So Australia is going to have a new space Agency'

'Yes, that's right the government has just announced it.'

'So what will it do?'

'Oh we are not sure yet what it will do yet but we know we want one.'

'We do ...'

'Yes, well New Zealand has one. We just haven't worked out what it will do. That's our first job.'

I recall sitting on a plane to Perth in the middle seat, between two gentlemen asleep; arms tucked in, needing a draft charter before the plane landed. After some time I typed 'Charter' at the top of the page, and then roles and responsibilities and bit by bit, tap tap tap, ended up with a draft Charter.

Nations establish a space agency for different reasons: demonstration of global leadership in technology like the USA, Russia, China; inspiring a nation like India. In Australia's case the government purpose was to diversify the economy.

We set the purpose of the Agency to transform and grow a globally respected Australian space industry that lifts the broader economy, inspires and improves the lives of Australians—underpinned by strong national and international engagement. It is the most commercially focused purpose of any space Agency in the world.

Our values needed to establish Australia as a responsible global citizen in space – safe on earth and in space; showcase Australia's can do attitude; and build a diverse, globally competitive team that could run through the legs of giants.

As a newcomer, we needed to build trust by doing what we said we would do—every day—and be curious to learn more and do cool things. Our values are embedded in our Charter but the 'do cool things' didn't survive the final edit in the Prime Minister's office.

Our values thread through our strategy and everything we do. We test everything we do against our purpose and values. Nothing would make me happier than to know in 60 years' time the Australian Space Agency never lost a life pursuing our ambitions in space.

STRATEGY

All of you would have been involved in setting strategy, and in our first 10 months we announced the national civil space strategy which also outlined the seven national civil space priorities and a three phase plan to get there.¹

So at least by this stage we had got past the Utopia stage and we knew exactly what the Agency would do and how it would do it.

¹ *Australian Civil Space Strategy 2019-2028*, April 2019: <https://www.industry.gov.au/data-and-publications/australian-civil-space-strategy-2019-2028>

THE WILLIAMS ORATION

DR MEGAN CLARK AC

Head of the Australian Space Agency

ENGAGE THE NATION

Often we focus on convincing government of the merit of our policies but longevity requires the kitchens and lounge rooms of the nation to get behind us. At the Agency, we set the goal of engaging five million Australians in our first year. We blew by this in our first months and now over 100 million Australians have seen, heard or read about the Agency. I know we don't have that many Australians but our reach shows we are engaging people several times. The capacity for space to inspire the nation has surprised all of us.

Engaging the nation also meant the states and territories. If we were going to transform the space industry that was not going to happen in Canberra. Looking back on the things that built momentum I would say the one thing that stands out were these visits to every state and territory every 12 weeks. We did this through the Premiers' and Chief Ministers' offices.

We also tracked all planned capital investment in the sector and all companies and researchers, setting a goal of stimulating \$2 billion of capital investment in the sector with \$1 billion of that being in-bound capital. We are well on track to achieve that with a current pipeline of \$1.4 billion of forward capital investment with over \$700 million of this as in-bound capital from industry and international space agencies.

NASA PARTNERSHIP

I wanted to finish with a bit of fun. In September 2019 the Prime Minister announced an investment of \$150 million over five years into the Space Agency to join NASA on the return to the Moon and on to Mars.²

To be able to go beyond our Moon to live on another planet we must be able to fund and sustain missions of greater distance and duration, use the resources at our destinations, overcome radiation, isolation, low gravity and extreme environments like never before.

Getting to Mars starts with the ability to get larger heavier payloads off Earth and beyond Earth's gravity. NASA is working with Boeing to develop a new rocket Space Launch System (SLS).³ At 95 m high and able to lift 26 tonnes of payload, SLS will be one of the most powerful rockets. You will be able to feel it lift off from 3km away.

SLS will carry the Orion spacecraft with up to four astronauts riding aboard to lunar orbit. The astronauts will dock Orion at the small spaceship called Gateway. Gateway will balance between the Moon and Earth's gravity in a position that will be ideal for launching even deeper space missions.

Nations establish a space agency for different reasons: demonstration of global leadership in technology like the USA, Russia, China; inspiring a nation like India. In Australia's case the government purpose was to diversify the economy.

2 'Australia to support NASA's plan to return to the Moon and on to Mars', 22 September 2019: <https://www.industry.gov.au/news-media/australian-space-agency-news/australia-to-support-nasas-plan-to-return-to-the-moon-and-on-to-mars>

3 Dennis Muilenburg, Boeing Company Chairman, President and Chief Executive Officer, 'Keynote address for the JFK Space Summit at the JFK Library': <https://www.jfklibrary.org/watch-the-jfk-space-summit/keynote>



Elizabeth Kelly PSM and Dr Megan Clark AC during the question and answer session.

Let's look at the current plans. Before Artemis carries a crew to the Moon, NASA will test the rocket and spacecraft in flight then send a crew for a test flight:⁴

- Artemis 1 will be a test flight of the SLS rocket with the Orion spacecraft with no crew in 2020.
- Artemis 2 will fly SLS and Orion with a crew past the Moon, orbit the Moon and return to Earth. This trip will be the farthest any human has gone into space.
- Gateway will then be fitted with a solar electric propulsion unit supplied by Maxar and a human habitation module supplied by Northrop Grumman.
- Finally in 2024, a Lunar descent and ascent module will be brought to dock with Gateway along with the Orion capsule which will allow descent to the Moon's South Pole.
- Artemis 3 will send a crew with the first woman and the next man to land on the Moon by 2024. The Artemis 3 crew will visit the Moon's South Pole. No one has ever been there. At the Moon, astronauts will search for the Moon's water and use it, study the Moon, learn how to live and work on the surface of another celestial body and test the technologies we will need for missions to Mars.

Artemis Phase 2, which is currently in planning, will be a series of other missions for science, leveraging the equipment and capability to sustain humans on the surface, that will:

- do experiments to tap the water (100–200 tonnes water) to create fuel, oxygen, and drinking water
- explore the South Pole and Aitkin basin on the far side of the Moon
- and practice what we need to go to Mars in late 2030's–2040's.

4 National Aeronautics and Space Administration 'Artemis I Map', September 2019: <https://www.nasa.gov/image-feature/artemis-i-map>

THE WILLIAMS ORATION

DR MEGAN CLARK AC

Head of the Australian Space Agency

THE SEARCH FOR WATER

The search for water will be an important element of the return to Moon and Mars and the choice of landing locations. I wanted to spend just a few minutes looking at the latest understanding of water both on the Moon and Mars.

First, let's get a bit more acquainted with the topography of the Moon. The mares or basins are where lava has erupted following major meteor collisions. From the lowest to the highest point is about 13 km. For perspective, on Earth from the deepest point of the Mariana Trench to the top of Mt Everest is 18.8 km. That is serious topography so don't plan on driving your moon buggy into some of these craters.

During the Apollo missions the Moon was thought to be very dry. The 2013–14 Lunar Atmosphere and Dust Environment Explorer (LADEE) mission made a very significant discovery. It measured clouds of water. This water is hiding in craters which are permanently shadowed and act as cold traps with temperatures of minus 175° C to minus 200° C—some of the coldest parts of the solar system.

The LADEE space craft measured the Moon emitting water during meteor showers. And we now believe that large micro-meteors hitting the Moon release buried water.

This is why the Artemis crew will explore the lunar South Pole—to understand the fossil record of hydrogen, water ice, and other volatiles.

This location will also allow exploration of the far side of the Moon and the South Pole – Aitken basin which is the largest, deepest and oldest basin recognised on the Moon.

So let's take a look at Mars topography and what we know of its water. Check out the three enormous Tharsis Montes discovered in 1971 by Mariner 9 and the Olympus Mons, 22 km high, over twice the height of the largest volcano on Earth. Down in the Sirenum Fossae (fancy word for canyon) is a new crater where seasonal, briny water has been seen flowing from buried aquifers.

So you can see there is lots to explore on the Moon and Mars.

CONCLUSION

We are all working hard to build a public service that Australia can be proud of. It is not just what we do but how we do it—how we do things will be remembered for decades. Even the simplest value of doing what you said you would do every day can be a real challenge. How often do we talk about our values with our teams? Are we building teams that can compete anywhere in the world and care for each other, really care for each other? Engaging with the nation matters. How can we help our teams get out of the office to consult, listen and then let the nation know how these conversations changed the approach of government?

Australia deserves nothing less.

We are all working hard to build a public service that Australia can be proud of. It is not just what we do but how we do it—how we do things will be remembered for decades. Even the simplest value of doing what you said you would do every day can be a real challenge.

In September 2019 the Prime Minister announced an investment of \$150 million over five years into the Space Agency to join NASA on the return to the Moon and on to Mars.



Dr Megan Clark AC delivering the 2019 Williams Oration.



▶
GREAT HALL
PARLIAMENT HOUSE
THURSDAY 21 NOVEMBER 2019

ORGANISATIONAL TRANSFORMATION AND CULTURAL CHANGE

SATYA NADELLA
CEO OF MICROSOFT

*'The core challenge all institutions have, all organisations all
over the world, is how do we truly create that culture of inclusiveness?
It starts with representation.'*

ORGANISATIONAL TRANSFORMATION AND CULTURAL CHANGE

SATYA NADELLA
CEO of Microsoft

INTRODUCTION (RENÉE LEON)

My name is Renée Leon and I am secretary of the Department of Human Services. I will be your host today. I would like to provide apologies from Steven Kennedy, Secretary of the Treasury and IPAA ACT President who was to have hosted today's event, but regrets that he's unable to do so, because he's travelling interstate with the Treasurer.

Before we begin, I would like to acknowledge the Ngunnawal people, the traditional custodians of the land on which we are meeting. We acknowledge and pay our respects to the Elders.

Thank you all for being here today. I welcome the many secretaries, agency heads and senior executives, partners and attendees from across the public service.

IPAA is a professional body focused on the promotion of excellence and professionalism in public administration. We are a nonprofit and nonpartisan organisation that provides a platform for debate and discussion about improving and striving for excellence in public service in Australia. IPAA is pleased to host this very special event today. We will be joined shortly by Satya Nadella, the CEO of Microsoft and David Thodey AO, who will bring us a highly relevant conversation for the Australian Public Service—about organisational transformation and cultural change. They will explore themes from the APS review that David heads, the relevance of these themes to the APS and learnings that can be applied from Microsoft and organisations embracing digital transformation.

Satya Nadella became the third Chief Executive Officer of Microsoft in 2014. Since then he has led Microsoft's global workforce of over 140,000 employees to embrace a growth mindset—a culture that seeks to 'learn it all' rather than 'know it all'. David Thodey is well known both as the former Chief Executive Officer of Telstra and more recently as the Chair of the CSIRO. Between May 2018 and September 2019 he led the Independent Review of the Australian Public Service. Please join me in welcoming Satya and David.

CONVERSATION

David Thodey: Thanks Renée, and welcome to everybody here and a very special welcome to you Satya.

Satya Nadella: Thank you so much for having me here. It's a real pleasure to have a chance to talk to the civil servants doing the hard work, having impact—it's a real privilege.

David Thodey: It's a great group of people in this Great Hall where a lot happens, and only a few people get invited here, of course. I thought we might just start. You've come to Australia: What brings you here? If you've got a moment to reflect, it's always interesting to get a perspective from outside of how you see Australia in a global context, because it just reminds us of where we sit. If you could just share a little bit on that?

Satya Nadella: Absolutely. I think fairly deeply about what does it mean, as the CEO of a multinational company and as a multinational company, how do you even earn the licence to operate in different parts of the world? Because in some sense, how do you get to do what you do? And for me, I'm grounded in our company's sense of mission and purpose which is about empowering people and organisations all over to be able to achieve more with technology. So, for me, to be able to come here to Australia, see a small business getting much more productive because of some technology input, a large multi-national company here becoming globally competitive because of digital capability, public service and public sector becoming more efficient. After all, it's the taxpayers' money being used most efficiently to deliver service to citizens. There can't be a bigger priority for any economy; the health outcomes, the education outcomes. So, in some sense, I measure ourselves by ensuring that there's local surplus that's getting created around our technology. If that happens, we have a licence to operate. If we don't, we don't have a licence to operate. So that's how I think about it.

David Thodey: Well, that is so refreshing to hear, especially when this world of trust in institutions is difficult, and having that human face and being involved and creating value is so important. I thought we'd touch on three areas: leadership, a bit of culture and then maybe a little bit around that trust comment. But maybe I could start to engage you a bit around a passion of ours and yours which is cricket and leadership. Pakistan is batting up in the Gabba, but you were a cricket player when you were younger?

Satya Nadella: Yes, I was.

David Thodey: That's good. A good cricket player?

Satya Nadella: If I was I wouldn't be here!

David Thodey: Sounds like me, as well. And Don Bradman was a man that you knew?

Satya Nadella: A man whom I read about!

David Thodey: Right, we all idolised. Could you talk a little bit about leadership, because this story at Microsoft has been an amazing story and Satya, you bring a leadership style that is, I think, really refreshing and it is so important in terms of that whole global perspective, and I'm sure that many of the leaders here would really appreciate your insights, and a little bit of cricket in the middle.

Satya Nadella: I think all of us are shaped by team sports in particular that we have all played and I distinctly remember this one incident which has had quite an influence on at least my personal leadership style. I remember I was an off-spin bowler, but I was bowling real trash one day and there was this guy who was our school captain, who basically replaced me. Got us a breakthrough, but then gave the ball back to me and then I went on in that particular match to probably get the best returns I ever got in my life.

David Thodey: Interesting.

Satya Nadella: I always thought about it, why did he do it? This guy went on to play a decent amount of first-class cricket and I met him later and asked him, he said 'Look I didn't want to break your confidence, I knew I needed you for the season'. Here is a high school captain thinking about all the people in the team and sort of figuring out that oh, there is such a thing called confidence, how to build it up in the team, take the risk.

David Thodey: Absolutely.

Satya Nadella: It's a pretty interesting thing. Sometimes leaders when they panic, or they cause people to lose confidence around you, that's something that I think a lot about. But to your point about leadership, there are three qualities of leaders I've come to admire and quite frankly it's the mirror that I have to look myself and filter myself through. For example, one of the things that I think leaders innately do is they come into situations that are ambiguous, uncertain and they bring clarity. Microsoft's Bill Gates jokes there are two types of people: there are people that are smart and bring clarity and others that are so smart they bring confusion. The second part is not leadership; bringing clarity is a super important quality when none exists. Leaders innately bring energy. When you meet a leader you know this, they're infectious. Sometimes you say, 'my team, my department is great, everybody else sucks'. That's not leadership. It's about creating energy all around you, not just within your immediate vicinity. That's another metric measure quality that I have to hold myself responsible for. The last one perhaps is the defining attribute, because leaders are people who have the capability of taking what is essentially an over-constrained problem and figuring a path through it. Right?

I'm grounded in our company's sense of mission and purpose which is about empowering people and organisations all over to be able to achieve more with technology.

ORGANISATIONAL TRANSFORMATION AND CULTURAL CHANGE

SATYA NADELLA
CEO of Microsoft

Leadership is not about saying, give me the perfect pitch, the easiest bowler and I'll score a century.

David Thodey: We wish.

Satya Nadella: We wish, if that was the case I would have been a great cricketer. The point about leaders is you take an over-constrained problem and still find a path through it—that resourcefulness on how to solve hard problems when the solutions are not obvious. So interestingly I've come to recognise this: clarity, energy and being able deliver success are a good way to basically hold yourself accountable as a leader.

David Thodey: Yes, that's really good insight and I think really applicable here. The degree of complexity that many of the leaders here deal with every day, navigating the right path through and yet keeping the energy going and also building those teammates up along the way are really important.

Satya Nadella: And I think it's a very good point, David. As I was reflecting quite frankly what can I share? My father was a civil servant and I've been around civil servants all my life and the challenges you face are so much more enormous because the complexities of the broad society are all things that are considerations for you and so, I think even thinking of business and lessons out of leadership there are not sufficient. In fact, business can inform perhaps, but I think there is a lot we can learn especially given where technology is evolving, how broadly impactful it's becoming in our lives. I quite frankly think that people like yourselves are much better equipped even to think about that in its full complexity, because that's what's needed. You need to take a multi-constituent view.

David Thodey: I couldn't agree more, and I think a part of the role of the public service is to bring innovation and technology into societal challenges and find a better way through. That's what good leaders do. Let's just keep on the role of civil service, public service. So, Microsoft and the Australian Public Service, are about the same

size—140,000, 150,000 people roughly. It's interesting isn't it, for any large organisation, for the public service steeped in Westminster tradition, even Microsoft, 43 years old now. But for all of us, there's this need to change and adapt and renew and just reinvent ourselves all the time, partly because of technology, but the world's changing. So could you reflect a little bit—because you've gone through enormous cultural change in that wonderful book¹ on resetting the start button—could you share a little bit about that, about how you approached it? It's hard, it's not straightforward and maybe reflect a little bit on some of the things that aren't quite so easy and how you address those? That's, I think, part of the challenge. Enormous change has taken place in the civil service, but there's always more to do.

Satya Nadella: I think longterm systemic change is hard and especially one of the things that you all stand for—I mean, here we are in the Parliament House and for the institutions that you all represent that institutional strength is so important. But yet that strength comes from being deliberate about how we bring about change. Change that accommodates for what is a changing society and changing needs and at least in our case, I've thought about it at three levels and they can be used in the context of civil service. The first thing is the case for change is always made because there are new concepts. Ultimately it doesn't happen in a vacuum, it happens because there is a new need. There is a new concept that is virtuous in its inherent quality. Now, the interesting thing is that new concepts come with one of the foundational challenges which is that you need new capability. It will require perhaps two departments to build a better collaborative culture, like data, how data is shared across departments in order to serve the citizens more effectively. So, there is new inherent capability that needs to get built, in order to go after this new concept. But here is the foundational challenge: What allows you to build that capability that gives you even the ability to go after the new concept? It's culture. So, unless you have a foundational cultural meme inside the

1 *Hit refresh*, by Satya Nadella, Greg Shaw and Jill Tracie Nichols. HarperCollins Publishers, 2017



Satya Nadella and David Thodey AO during the conversation in the Great Hall, Australian Parliament House.

system that allows you to build these capabilities long before they are conventional wisdom you're never going to be able to keep up with times. That, I think, is the hard challenge. So, in our case for example, we became the largest market capitalisation company in 1998 for the first time and people would walk the halls of Redmond, Washington thinking they were God's gift to mankind and the reality was we were not. We were successful, and I've always said from ancient Greece to modern Silicon Valley the one thing that has brought civilisations and companies down is hubris. It all comes down to: how do you have a culture that doesn't propose that you know it all, but you are positioned to learn it all? And that's been the big transition. To me, I took inspiration from the work of Carol Dweck at Stanford University where she had done foundational work about growth mindset and confronting your fixed mindset. We adopted that as our cultural foundation, but the interesting thing about the cultural foundation is it's a hard thing. It's not to put up a poster called 'growth mindset', it's about having the courage every day to confront your own fixed mindset. In fact, at

Microsoft people come to me and say, 'We've found the ten people who don't have a growth mindset', but that's not the point. The point is not to look for the ten people who don't have the growth mindset. The point is more to be comfortable in recognising each of our own fixed mindsets, the fact that we're imperfect. Which is hard—as human beings, nobody likes to do that. Change and culture where you have that learning posture is probably that ultimate challenge for bringing about systemic change, because that's what will allow you to build capability long before you need it. That's what will allow you to really go after new concepts which are going to have a huge impact.

David Thodey: It really relates, this constant learning, openness to new ideas, because we all get so fixed so quickly, and it's the way of structuring the world around us and being willing to challenge that. I'm sure in the public service there's many constraints in delivering good policy or good delivery and there's a political overlay that is just a reality. But even within that, Microsoft has its own constraints; it's how you innovate, find newness and create ways through,

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CEO of Microsoft

pathways—and that is an attitude of mind which is the growth mindset. It's really exciting, because that is I think what we all strive for in creating great workplaces. I think Microsoft is number two today in terms of market capitalisation, but it's so much bigger than what it was.

Just to continue on that, you talked of how you can create this inclusive mindset, too. And everybody can be recognised and it's not divisive, it's inclusion. Here in Australia there's been wonderful work done with disability, and we have a number of disability champions here today, but also in terms of how we deliver services to the disabled in a new way. In fact, we call it the National Disability Insurance Scheme which is one of the most ambitious programs in the world going on at the moment and it's challenging. But it's great that there's that ambition, as well. So, if we just for a moment reflect on the technology side, do you see technology playing a role in enhancing the quality of life for those around us? And maybe if you've got any reflection on what Microsoft is doing, as well, because this is such a big important social issue for us all.

Satya Nadella: I'm so glad you brought that up and just to hit the core challenge all institutions have, all organisations all over the world, is how do we truly create that culture of inclusiveness?

It starts with representation. In fact, as we were walking in, seeing this room, it's great to see the representation, the gender balance, the ethnic balance. All of those are super important for us,

because without representation you're not going to create an inclusive culture. I mean, it's the starting point. But then there's the question of how do you every day live the experience for all of us, how do we drive that inclusion? That's where I think this exercises the growth mindset. Even today we had an All Hands meeting at Microsoft and people were asking the questions: Hey, there's this distance between our lived experience and what is our espoused experience, and how does one bridge it? That's the hard work of exercising your fixed mindset, that leadership has to take accountability, but every manager, every leader has to show up to the gym called 'inclusiveness' and practice. Somebody said to me, you can't get fit by watching others go to the gym, you've got to go to the gym and that, I think, is the hard work and accessibility is one such thing.

To your point about technology, it's amazing to see what is coming. Take artificial intelligence (AI) breakthroughs—and we'll come to talking about the unintended consequences and the ethics—but if you take the raw capability of something like eye gaze, in Windows we just built in this technology where you can touch type effectively with your gaze.

If you have, say, ALS² and you want to communicate, you can—with just your gaze as input. It's a breakthrough. If you're a middle school kid who has dyslexia, education and the ability to read at middle school is going to make a real difference in your economic opportunities.

Let's unpack AI ethics, because that's the new frontier for all of us whether it comes to policy or guidelines or regulation. In our case, the first thing I feel when new technologies show up, we as a broad society shouldn't abdicate our control over it.

2 ALS – Amyotrophic lateral sclerosis, a form of motor neurone disease; also known as Lou Gehrig's disease.

Now, with machine reading and comprehension technology in Word, in Edge, in OneNote you have the ability as a dyslexic person to be able to read, because you can change the font sizes, the spacing that personalises it. If you change educational outcomes for middle school children then you change their economic opportunity longterm. If you are visually impaired you can interpret the world with computer vision. These are absolutely breakthrough technologies that are going to get more people to be included in our society and find economic opportunity in civil service, in public and private sector. So, to me, we want to take advantage of that, but we also need to be completely grounded in the unintended consequences of all these technology breakthroughs as well.

David Thodey: Which is difficult, isn't it? I know you've been active in AI policy and I know we've put out a framework here in Australia, we're still working through it. So, how do you stare into those issues, Satya? I mean, so much opportunity with technology and human technology interfaces, even brain signals into technology, so how do we make sure that it does realise all the benefits and that the downside is minimised? There are enormous ethical issues. How do we as society and policymakers stare into that one?

Satya Nadella: I think good policy is super important, but let's just unpack ethics around AI. Similarly, good work needs to happen around privacy and is happening, and already that's the place where probably the regulatory frameworks are most advanced around the world. Same thing around cyber. Let's unpack AI ethics, because that's the new frontier for all of us whether it comes to policy or guidelines or regulation. In our case, the first thing I feel when new technologies show up, we as a broad society shouldn't abdicate our control over it. At least even the discourse around AI sometimes is such that it feels like this control problem is right upon us. It's not. I come from the school of saying, 'Look, let us make sure first, let's make a design decision that we're going to have AI that augments human capability'. And that's a policy decision, you can say, that's a design decision.



Satya Nadella and David Thodey AO.

We can make that decision and in our case, we made that. We said okay, every opportunity we get, in fact all AI opportunities we're going to start by saying, 'How is it helping augment human capability?' We're a productivity company, we think a lot about it. I say today already we have algorithms out there in the world that somehow are hijacking our attention. In fact, if anything I want to use the latest and greatest AI breakthroughs to put back my own attention in my control. To me, that's the thing that we can make a decision on. Then, you need to have a set of principles which are really helping—even just the engineering practice of development of AI needs to be grounded. Just like good user experience was a set of engineering principles, I think the same thing applies for AI. Fairness, robustness, privacy and security, inclusiveness, transparency, accountability—these are the principles. By the way, these are values-based, these are the ones that we're also collaborating on and I think that it's not just a set of words, but principles you can now back into. Take fairness. If you have a language model that is making decisions, that language model trained on a human corpus of data. The bias that is there broadly in a society, if you train on the web today and say 'Doctor' it will assume it's a male and that's the bias that is built in. There's no reason why we can't debias it. You can, in fact, have a better model that really represents the world we all want to live in, not the world we do live in.

ORGANISATIONAL TRANSFORMATION AND CULTURAL CHANGE

SATYA NADELLA
CEO of Microsoft

David Thodey: So it's a sense of enhancement?

Satya Nadella: That's exactly right. One of the things I've come to recognise is that the best way to ensure that is to have a diverse team building it. If you have a diverse group of engineers and designers and product managers and what have you, you will build a product that is more representative of what the world needs, because all their multiple interests will come to be brought to bear so I think that's the approach we have to take.

David Thodey: That's great. That's exciting, because it's all about what we can do to make this world better, and public servants even more effective, which is great.

I wish we had more time to talk, because this is just fascinating, but we had some questions from the floor which are really good questions and so we're now going to go to take them. Our first question is from Dr Steph McLennan, who's an Antarctic geoscientist.

QUESTIONS

Steph McLennan: Thank you both for your comments. They're insightful and exciting to hear firsthand. I'm from Geoscience Australia and we're a small and technical organisation, but obviously part of a huge and highly diverse public sector. I just wonder, from your experience at Microsoft, what a key aspect of the transformation is that you've led there that any public sector organisation can employ?

Satya Nadella: You talk about geoscience—yesterday I had a chance to learn a lot about how University of Sydney had deployed a single repository, a code repository, using GitHub. They mentioned interdisciplinary research—because first of all software engineering or software tools were being built in every department and in geosciences (which triggered this for me). The geosciences department was collaborating with other departments and they were sharing code and it was being facilitated by GitHub. But the broad lesson for me is, what are the institutional mechanisms that you are putting in place where the expertise that is there across, let's say, the government is being brought to bear to solve some of our pressing challenges? At Microsoft that's what we have to do. No customer of ours cares, and no competitor respects, our organisational boundaries. They need a solution for what they care about and it's our job to meet those unmet, unarticulated needs. What does it mean to have that boundaryless capability? It's not going to just happen—culture is important, but there needs to be systems in place, and we call them the 'no regrets systems' and in today's world, especially in digital, it's data. So the more you can build with things like privacy, so they're very big considerations, but once you have the right policy framework but allow for the scarce resource, in this case citizen's own data, to be shared such that the government can function more effectively, I think it can make a huge, huge difference.



Renée Leon PSM providing the opening remarks.

Leaders are people who have the capability of taking what is essentially an over-constrained problem and figuring a path through it.

David Thodey: That's a very nice lead-in to our next question from Deborah Anton, who is the National Data Commissioner. I couldn't agree more, open data is where we need to get to.

Deborah Anton: Thank you for that great starting point. The Australian Government is trying to reform how data is governed. We've recently had the introduction of a consumer data right which allows individuals to access the data that businesses hold about them in the areas of banking, with telecommunications and energy to follow. So, they're going to try to get a better deal for themselves. I'm leading reforms about how does the government share data so we can achieve better outcomes, service delivery policy and research. For those of us trying to do more with data, my question comes back to that theme of trust, how do we engender trust and find the balance between taking opportunities and pushing too hard?

Satya Nadella: The key to data, if you start with the premise that this fourth industrial revolution is all about data and its dividend, then the real policy question in front of us is, how is that dividend being distributed? In other words, what's the value exchange? And in the case of let's say citizen's data, that's a fundamental right of every citizen and are they getting better health care, better credit, better access to education, public services because of their data being used to deliver those? That's, I think, what is our responsibility as a society. And, I think this is possible. Right now, essentially where data is being used interestingly enough is for commercial means, very effectively. What is, I think, going to be important in the next phase is more of a balance. Today, in fact, if you look at tech there are two very distinct business models at play. There are platforms and there are aggregators. Aggregators are really mostly trading in data. Whether it's search, news feeds, what have you, and by the way I'm not even picking one is virtuous versus the other, because we participate in both. All I'm saying is these are two distinct things. In the platform economics you need to create more surplus about the platform for the platform to be stable, so that's the natural governor. If I said, oh I have Azure and I'm the only one successful in the cloud and nobody else is getting any advantage in the value exchange then nobody will pay us at all

and we will be gone. That's the natural governor of platform economics. What's the natural governor in an aggregator? It's data rights. When you say somebody is using data by aggregating it, what's the exchange effect on the two sides or the multiple sides of the marketplace? Interestingly enough if you look at commercial organisations, how we trade amongst ourselves, that's where the secret lies. It's always stunned me as to why do nation states not have control over their own citizen's data. Whereas companies have. It's just kind of one of the strangest things and, you know, maybe one of these days I'll come to Australia and you'll have more of a policy where you have that ability to arbitrate on that.

David Thodey: Working on it at the moment. And also the individual's rights around their own data, which is a critical part of it. Well, that's great. As you know, we grow a bit of stuff here in Australia and our secretary of the Ag department Daryl Quinlivan also has a question around technology.

Daryl Quinlivan: Thanks, David. Rural connectivity is an issue all around the globe in wealthy countries like Australia, but even more so in developing countries where increasingly it's a prerequisite for economic development, so I'd be interested to hear your thoughts on the future for rural connectivity in this digital age?

Satya Nadella: It's a great question. I know David's thought deeply about this, as well. I think in fact we should probably—just like privacy, like cybersecurity—we should start by saying broadband access is a human right. Especially for those communities that are rural today, when you think about their educational outcomes or health outcomes without rural broadband connectivity it's very hard for them to even participate in what is today's economic benefit and so, therefore, I believe it's a solvable problem with technologies. But there's market failure there, let's not kid ourselves. This is one of the places where the government and how you think about policy will matter a lot. In our case, we have invested to democratise this TV White Space technology and we're doing pilots everywhere. Even in the United States we found right next to our biggest data centres there's no broadband connectivity and it's

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SATYA NADELLA
CEO of Microsoft

so ironic that that was the state and that's why we're working on that. Take agriculture, one of the things awesome to see is a drone flying, an object-recognition computer job running in the drone—at the edge computing, whatever is needed in order for wetland preservation or precision agriculture.

David Thodey: Yes, I really agree, and I mean the wonderful thing is it's going to drive innovation, can drive productivity and actually make a real difference in the regional and rural areas so I think it's exciting. Some of these low orbiting satellites may have a role, too. There's exciting technology and we're doing a lot in space here. Enormous opportunity. Our next question comes from Narelle Luchetti, who actually is a disability champion and she's Head of Digital Economy and Technology Division at the Department of Industry, Innovation and Science.

Narelle Luchetti: Thank you David. In government, we need a diversity of employees to ensure our services, policy and programs reflect the views of the community we serve. How do we make sure our workplaces are more inclusive through the technology?

Satya Nadella: It's a super important policy consideration. In fact, I as a father of a child with cerebral palsy, I'm so thankful for the ADA, the Americans with Disabilities Act—it's the greatest piece of legislation ever passed in my opinion. I look at the world and think, wow, here's one piece of legislation that has made such a difference in the world. It set the global standard and made a real difference. So to your point, I think quite frankly even at Microsoft we used to think about accessibility as assistive technology and it used to be always the thing that we did as a check box and, by the way, it was all because thanks to people like you setting policies around procurement that at least it became something that we focused on. So I think we have to go from assistive technology to inclusive design. Of course the policies you set, the regulations you have are important but I think the broad awakening that is going on is where people are trying to say look, our work culture is inclusive, and that means the technology that we deliver to our people has got to really be built in with the design around

inclusivity and that's the renaissance going through our company and others. I am at least very thankful to policymakers all around the world who are setting the bar, and setting the bar high, so that all of us can do the very best work and really bring about universal design and inclusiveness.

David Thodey: That's great, I really agree. Our last question is from one of our emerging leaders, Tom Hogan who I think works at Treasury.

Tom Hogan: Satya, building on some of the comments you've made today around promoting a 'learn it all' as opposed to a 'know it all' culture and having that as the foundation of your organisation at Microsoft, how can the public service draw on that and tap into the expertise and skills of experts such as yourself to drive change and solve some of the more complex problems we face today?

Satya Nadella: You know, it's a great question because if you think about the capability that you have, you said there's 140,000 people who are civil servants in Australia, the first thing that I would posit is the core inherent expertise that is there in the government is being refreshed, being augmented and upscaled. There is no amount of expertise that can make up for lack of that capability inside. And I would say that's core to any institution. You have to do the hard work of asking yourself the hard question: what are the skills required in order to be a civil servant in 2019 in any one of the departments here, to be able to set policy, implement programs, deliver the services? And really invest in your human capital. Now, that by itself I think will attract more people. That'll allow you to be really bring in the expertise needed, because you are investing in building that human capital. That doesn't mean you can't have expertise on the outside. In fact, one of the things that we are working on is to say after all, let's say you come up with a new program, can we connect that to our channel of implementation partners who are all local in Australia, to be able to work alongside you to have the best frontier of cost efficiency, implement digital solutions to the programs you're coming up with. That's a great partnership, that's a public-private partnership that is being done at a frontier that is benefiting these citizens of Australia. But inherently, though,

it doesn't make up for any skills gap that may exist, because in order to create the next policy framework around data, the next policy framework around broadband connectivity, you need expertise inside. You have to build it and it's one of the most pressing challenges, if there's a massive disconnect between the skill level, capability level across all disciplines. Obviously, there's a lot of skills and a lot of capability in our government, but around some of these emerging areas like digital we cannot have a massive disconnect between what's there in the industry, what's there in the government and what our citizens expect. That impedance has to be balanced for us to have working democracies, I would say, and so I think the work that you are doing in up-leveling the skills is probably the most important work that we will have to collectively do.

David Thodey: And I would really reinforce that. I mean, the importance of investing in the people and the leaders of the future, of being able to partner in the wider context across public sector, private sector and academic and I know many of the leadership within the public service are doing that. Satya, it's been a real pleasure. Renée is going to formally thank you, but it's been just a joy to see you again and thank you for everything you do. I mean, it really is inspiring and that global perspective you have and your ability to relate to real issues in the community is just outstanding. But Renée, over to you.

Renée Leon: Thank you, David and thank you Satya for not only what you've said today, but really just for the passion and the insight that you've brought.

Not only to your own work, but clearly in a way that's very relevant to everything that the people in this room do and I want to just reflect on a few parts that particularly struck me as being relevant to us in the public service. Of course, we welcomed your observation that what we do in the public service is even more complex than what gets done in business and also of course, your offer—one that we very much recognise—that the public service has the opportunity to learn from business just as much as in reverse and that's something that in the spirit of much greater openness and partnership that the public service is reaching towards that we can all really hold as a lesson. I loved how you described the role of a leader as bringing clarity to ambiguity, something we have to do quite a bit of. Bringing energy, even at times when people don't feel it themselves, and finding that path through complex and multiple constrained problems all of which I'm sure resonates with everyone in the room and especially I really welcome you reminding us about in order to be great at what we do you have to have the kind of culture that's open to new concepts and open to the need to build new capability. That is so relevant to the public service today as we face changing citizen expectations, rapidly changing technology and our own appetite for innovation in the public service. All things that, of course, David's been helping us to think about recently. So, thank you for that and everything else that you've shared with us today.

Here is the foundational challenge: What allows you to build that capability that gives you even the ability to go after the new concept? It's culture.



The audience in the Great Hall at Australian Parliament House.





2019 ADDRESS TO THE AUSTRALIAN PUBLIC SERVICE

PHILIP GAETJENS

SECRETARY OF THE DEPARTMENT OF THE PRIME MINISTER AND CABINET

*'[The APS] purpose is to deliver—practically, efficiently and coherently—
good outcomes for the Australian people in policy design,
implementation and ongoing service delivery.'*

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PHILIP GAETJENS

Secretary of the Department of the Prime Minister and Cabinet

Thanks very much, Steven. I associate myself with your acknowledgement of country, and recognise any Aboriginal and Torres Strait Islander members in the audience.

Thank you, everyone, for being here. It's great to address you for the first time as the Secretary of the Department of the Prime Minister and Cabinet (PM&C). And like my former role as Secretary of the Treasury, it's a role I am very privileged to occupy.

It's fair to say however that I had not plotted a career designed to occupy either role. I have not actually pursued a career—in contrast I have sought, achieved and apparently performed adequately in a succession of interesting jobs. For most of my full-time working life, I have pursued interests, but for my first jobs the greatest driver was the need for an independent income.

While at Flinders University, I worked for the Army at national service and CMF¹ camps and was a dixie-basher—or a pot washer—in a kitchen, or a waiter or a toilet cleaner. And while, economics and geography were my subjects at Flinders, governance became an extra-curricular activity which spawned an interest I have maintained to this day. I was on the Committee of the Student Union at Flinders which focused on providing services to students. I was not a member of the more politically activist Students Representative Council.

At both Flinders and at the Australian National University (ANU), I played hockey and was also a senior office-bearer in both Hockey Clubs and in the University Sports Unions, including being the Treasurer at the ANU Sports Union. I think I'm still a life member, actually, of the ANU Sports Union.

At the pursuit of good governance, good policy and good process has been a common thread for me since university and through my roles in policy agencies in the Commonwealth and state public services; as Chief of Staff to the Treasurer in Parliament House and in the Asia-Pacific Economic Cooperation (APEC) Secretariat in Singapore where I was the inaugural head of the Policy Support Unit.

My interests and tasks in those roles progressed through research, policy development, legislative drafting, legislative programming and policy advising to government, within government and between governments in Australia and overseas. At all times I have had a practical bent and a firm belief in the need to be constantly focused on delivering outcomes.

For the more than 40 years that I have worked as a public official I have continued to see tremendous strength and value in public service. From my own experience in the APS and when working with other APS officials as a Chief of Staff, I think we're at our very best when we're delivering for the Australian people.

OUR PURPOSE REMAINS CONSTANT

Over these 40 years of my service, I think our fundamental role and purpose have not changed much.

In the policy spaces that I have worked in, the principles I learned from one of my first bosses in PM&C—Mike Waller—still remain relevant. He articulated in clear language that policy advising is a severely practical discipline. Good policy is shaped as much by the thinkers as doers. Good policy is coordinated not just for good process but for coherent outcomes. And contestability in the development of policy advice is an inherent strength. I find it reassuring—and I hope you do too—that those principles are as relevant today as they were then, in the mid-1990s.

But the majority of the APS is not in a policy advisory role. Most of the APS is involved in service delivery or supporting it. I am very aware of this and that the majority of the APS works around Australia and not in Canberra. For all of us, our purpose is to deliver—practically, efficiently and coherently—good outcomes for the Australian people in policy design, implementation and ongoing service delivery.

We should always keep that top of mind.

1 Citizen Military Forces, now the Australian Army Reserve

PURPOSE V. CHANGE

Having clarity about our purpose is essential given the changes that can occur in the political and policy context in which we operate. Community opinion changes politics and community expectations shape policy. In summary, our context is change as seen locally and globally through the broad shifts in geopolitics and economic power. So the way we work has to change to reflect that. Because when your environment changes, you adapt.

Today, the Prime Minister announced a significant restructure of Commonwealth administration to take effect on the first of February next year, reducing the number of departments from 18 to 14. This will reduce the number of bureaucratic silos, support more integrated services and increase policy coherence within the new portfolios—objectives foreshadowed by the Prime Minister in his speech to the public service last August. It will also accelerate the long-term consolidation of back-office functions, enabling the APS to maximise its focus on policy, programs and service delivery not internal administration.

This change is part of the Government's broader reform agenda for the APS—which is all about continuing our fight to reduce bureaucratic congestion and maintaining a laser-like focus on our underlying purpose: meeting the needs of Australians and improving their lives.

Sadly, this change also means fewer secretaries, and I want to acknowledge how tough this is for all of us today, especially those who won't be continuing as secretaries in the new structure.

I know I speak on behalf of all of my secretary colleagues, and many of you here today, when I say how much Kerri Hartland, Heather Smith, Renée Leon, Daryl Quinlivan and Mike Mrdak have contributed to the fabric of the APS, as leaders of their departments, as stewards of the Service, and as policy advisors and service deliverers. They have all made significant difference to this country and to the Australian community over many years, and we will miss them as part of our team. Their advice, achievements and leadership have been valued by governments of all stripes and their staff, and I know that my Secretaries Board colleagues will join me in wishing each of them well in their next endeavours.



Left to right: Dr Michele Bruniges AM, Chris Moraitis PSM, Peter Woolcott AO, Rosemary Huxtable PSM, David Fredericks, Liz Cosson AM CSC, Philip Gaetjens, Kathryn Campbell AO CSC, Simon Atkinson, Dr Steven Kennedy PSM, Michael Pezzullo, Frances Adamson and Chris Jordan AO.

The government and the APS are also working on joining skills and capabilities to undertake cross-cutting work within and between agencies. A number of taskforces have been set up to tackle big issues that transcend portfolio boundaries:

- digital services and technology
- critical minerals and critical technologies
- deregulation
- waste

The deregulation taskforce, housed in Treasury, was established only three months ago yet the Prime Minister announced initiatives from its work in his speech to the Business Council of Australia last month in three key priority areas:

- making it easier for sole traders and microbusinesses to employ their first person
- getting beneficial projects up and running
- reducing the regulatory burden for food manufacturers.

These taskforces are more than just process and configuration, they are about thinking and working differently and approaching problems in a more focused way. Through structural machinery of government changes, and more agile cross-portfolio taskforces, we are going beyond business-as-usual to seek ways to approach and solve ‘wicked problems’. In addition to removing rigidities, hierarchies or silos that are hindering us from doing our best work, we are also embracing new tools and the use of technology.

This is the positive side of change. We now have an entire genus of tools none of our predecessors had. Tools to deliver the kinds of services the public expects, and even to exceed those expectations if we use them well. One of the most significant tools is to turn already collected information into data and use it to improve the customer experience.

USING DATA AS A TOOL TO IMPROVE SERVICE DELIVERY

With robust data, and intelligent data use, we can make a huge difference to how governments and citizens interact. One example where we’ve been doing this well is at the Australian Taxation Office (ATO).

Some of you will remember, as I do, going to the post office to pick up a tax pack and then spend hours filling it in, surrounded by a forest of statements and receipts. Around 100,000 people each year still do it that way.

But eTax changed all that—and myTax has made it even easier. Since it came in five years ago, myTax has reduced the time a tax return takes from hours to minutes. Over time more has been pre-filled from information already collected from banks and other companies on dividends, employers through single touch payroll, and banks again on interest receipts. It’s also massively accelerated the receipt of early refunds: in 2019, 82 per cent of refunds have been issued within a week of lodgement. That’s up from zero per cent four years ago.

... policy advising is a severely practical discipline. Good policy is shaped as much by the thinkers as doers. Good policy is coordinated not just for good process but for coherent outcomes. And contestability in the development of policy advice is an inherent strength.



Left to right: Dr Steven Kennedy PSM, Dr Michele Bruniges AM, David Fredericks, Frances Adamson and Philip Gaetjens during the panel discussion.

It's little wonder then, that for the 2018–19 financial year, when tax was lowered for low and middle income earners, there was an 18 per cent increase in people using myTax.

Clearly, this is one area where interacting with government is easier, and we need to do more of this.

The Behavioural Economics Team—also known as BETA—within PM&C is also looking across government services to make interactions, like filling forms, easier for everyone. In 2019, forms are still the most common touchpoint people have with government. So those that are badly designed carry real consequences for people's lives. It could mean the difference between somebody getting the help they need, or missing out.

Earlier this year, BETA hosted a sold-out forum—called 'Formapalooza'—on making government forms shorter, more intuitive and quicker to fill in. The event involved public officials applying BETA's new form design framework to improve five existing government forms. It will be exciting to see the new generation of streamlined forms coming from the public servants at this event.

We also need to use data more cleverly to simplify the lives of many Australians, and we also need to integrate and share data more effectively.

The Data Availability and Transparency Bill, which Minister Robert recently announced the government intends to introduce next year, will support greater sharing of government data to help us improve service delivery, lift productivity and unlock policy and research benefits. Because data is not abstract. It's not just a 'nice-to-have.' It is a fundamentally practical tool which allows us to deliver better and well targeted services.

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Secretary of the Department of the Prime Minister and Cabinet

We are already experimenting with integrated datasets to understand the potential they might unlock to allow us to look at whole systems and pictures. To give you just one example, the Multi-Agency Data Integration Project (or MADIP) has enabled us to make school funding a lot fairer. In the past, we've used Census data to calculate non-government school funding needs, but as a broad-brush view of socio-economic status it wasn't always delivering the fairest results. The status of some schools was over-rated, while others were under-rated. Income was not evenly distributed in Census statistical areas. Bringing in more data from across government through MADIP means we can use ATO data to determine the socio-economic score for non-government schools—a much more reliable and ultimately fairer funding model that better supports non-government schools with the greatest need.

And it was only possible because of advances made in data sharing capabilities. Such advances have and will change outcomes for big pieces of government policy and expenditure of public funds. They can even change lives.

Engaging with data also means we can deliver the services people expect: face to face, online, mobile, but most of all, citizen-centric. Done right, it will help us to rebuild trust.

BUILDING THE APS

Data is an important and incredibly promising tool. I encourage the APS to embrace it and explore further. But it is only part of the picture.

Earlier this year David Thodey delivered to me the Final Report of the APS Review that he chaired, for transmission to the Prime Minister. It is a 384 page report and as requested by the Prime Minister, the Secretaries Board has evaluated its recommendations and provided advice for government to consider in formulating its response. And I note in this afternoon's press conference the Prime Minister indicated that that might be next week.

The Secretaries Board sees a great deal of complementarity between the APS Review recommendations and the six guideposts the Prime Minister outlined to the APS in his August speech.

With my fellow secretaries, on our own initiatives and through the Secretaries Board, we have committed to work as a management committee of the APS enterprise to govern 'an APS that's more joined-up internally and flexible in responding to challenges and opportunities'.

CLOSING REMARKS

So let me finish by saying that I've always had high expectations of the public service—and those expectations have only increased in this role.

We are a diverse and talented bunch. We're an eclectic range of defence personnel, scientists, security and intelligence agency personnel, policy advisers, diplomats, corporate administrators, service providers, service enablers and regulators, and probably a few more.

The ideas and enthusiasm that exist across the APS in all the locations in which we work and all levels at which we work are quite remarkable.

But what has always impressed me the most is the dedication that we have. It's a quality, I believe, that unites us all. And while it is a quality that has united us over the decades, we must also be entrepreneurial, flexible and adaptable to keep fulfilling our roles as public officials to meet the needs of Australians. Only by evolving and adapting to change will we be able to continue to serve the Australian public and gain their confidence that we are doing our best, with the best tools available, in their best interests. So let's be worthy of their trust.

Thank you, everyone. As I said at the start, it's a privilege to serve in this role, and I look forward to working with all of you in the years ahead.

The majority of the APS is not in a policy advisory role. Most of the APS is involved in service delivery or supporting it. ... and the majority of the APS works around Australia and not in Canberra.



Philip Gaetjens during the question and answer session.

GLOSSARY AND ABBREVIATIONS

9/11

September 11, 2001 terrorist attacks against the United States

AC

Companion of the Order of Australia

ACSC

Australian Cyber Security Centre

ADF

Australian Defence Force

AI

artificial intelligence

ANU

Australian National University

AO

Officer of the Order of Australia

APEC

Asia-Pacific Economic Cooperation

APS

Australian Public Service

ARC

APS Reform Committee

ARPANET

Advanced Research Projects Agency Network, the experimental computer network that was the forerunner of the internet.

ASD

Australian Signals Directorate

ASIO

Australian Security Intelligence Organisation

ATO

Australian Taxation Office

BETA

Behavioural Economics Team, Department of the Prime Minister and Cabinet

CDF

Chief of the Defence Force

CEO

Chief Executive Officer

CSC

Conspicuous Service Cross

Defence

Department of Defence

DFAT

Department of Foreign Affairs and Trade

DSC

Distinguished Service Cross

EU

European Union

G20

The G20 (Group of Twenty) is the premier international forum for global economic cooperation. The members of the G20 are: Argentina, Australia, Brazil, Canada, China, France, Germany, India, Indonesia, Italy, Japan, Republic of Korea, Mexico, Russia, Saudi Arabia, South Africa, Turkey, United Kingdom, United States, and the European Union.

GDP

Gross domestic product

HILDA

Household, Income and Labour Dynamics in Australia Survey, known as HILDA, is a nationally representative longitudinal study of Australian households.

IMF

International Monetary Fund

IPAA

Institute of Public Administration Australia

IUIH

Institute for Urban Indigenous Health

LADEE

Lunar Atmosphere and Dust Environment Explorer

MADIP

Multi-Agency Data Integration Project

MPs

Members of Parliament

MOG

machinery of government

NASA

National Aeronautics and Space Administration (USA)

NATO

North Atlantic Treaty Organization

NGO

non-government organisation

OECD

Organisation for Economic Co-operation and Development

PM&C

Department of the Prime Minister and Cabinet

PSM

Public Service Medal

RAMSI

Regional Assistance Mission to Solomon Islands

SAS

Special Air Service Regiment

SES

Senior Executive Service

SLS

Space Launch System

WTO

World Trade Organization

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