

# TRANSCRIPT OF PODCAST

## WORK WITH PURPOSE EPISODE #43

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DAVID PEMBROKE: Hello everyone, and welcome to Work With Purpose, a podcast about the Australian Public Service. My name's David Pembroke. Thanks for joining me. In today's edition of Work With Purpose, two of IPAA's outstanding Future Leaders, Megan Aponte-Payne and Isabelle Franklin, go head-to-head with Dr Ken Henry and Dr David Gruen, who themselves are two of Australia's most outstanding public servants in recent times. Isabelle and Megan took the opportunity to speak to Ken Henry and David Gruen after IPAA's recent event, Public Policy Lessons From the Global Financial Crisis. In this conversation, they explored with Ken Henry and David Gruen about their time leading organisations through crises, both the current COVID-19 pandemic and the 2007 - 2008 Global Financial Crisis. It's a wonderful conversation, and it begins with the voice of Isabelle Franklin. Please enjoy.

ISABELLE FRANKLIN: I'd like to begin today's podcast by acknowledging the traditional custodians of the lands on which we're meeting on today, the Ngunnawal people, and pay my respects to their elders past, present, and emerging. The Work With Purpose series was launched in early April last year in response to the COVID-19 pandemic. The series has provided an insight into how the APS has responded to the pandemic, with leaders from across the public service joining the program.

ISABELLE FRANKLIN: Today, we're joined by two very special guests, Dr David Gruen, Australia's Statistician and former Deputy Secretary of PM&C as well as Australia's G20 Sherpa, and Dr Ken Henry, former Secretary of the Treasury who chaired the Major Future Tax System Review, which came to be known as the Ken Henry Tax Review, a document credited with shaping Australian tax policy over the following decade.

ISABELLE FRANKLIN: My name is Isabelle Franklin, and I'm an advisor at the Department of Prime Minister and Cabinet. I'm joined by Megan Aponte-Payne, who works at the Australian Trade and Investment Commission. We are both on IPAA's Future Leaders Committee. Now I'd like to hand over to Megan who will begin today's podcast.

MEGAN APONTE-PAYNE: Thanks so much, Isabelle. And so today I wanted to talk to you both about leadership in crises, particularly as you have both led agencies during different crises, both the GFC and COVID. I was wondering if we could start by you telling us a bit about those two crises and what the main differences were and how that perhaps affected the way that you've responded in your ways in leading organisations through them. Let's start with you David, or Ken, I don't mind.

DAVID GRUEN: I'm happy either way.

KEN HENRY: Then you go first.

DAVID GRUEN: Okay. So I was in very different roles in the two crises. So I was one of the deputies to Ken in the Global Financial Crisis, in charge of macro economics. And so I think in terms of the role of leadership, you get consumed by providing advice to the government in the crisis, and there is a sense in which for members of staff who are not sitting around the table or intimately involved in what's going on, things move very quickly and it's perhaps a bit bewildering for them to see their senior leaders saying things that they had not seen in previous circumstances because the circumstances of the crisis demand alternative remedies. And so I think there's no question that more junior people in Treasury during the Global Financial Crisis, for some of them, they found that a bit disorienting.

DAVID GRUEN: In terms of my role running the Bureau of Statistics, I think the experience with the Global Financial Crisis was actually quite important because I had a feeling at the end of February that I had not had any time before, other than in the Global Financial Crisis, that something big was coming, that it was building. It wasn't yet here, but the signs were very clear. And in the role that I was, I thought we had a unique opportunity to do something that we hadn't done before, which was to provide really quick information for policymakers.

DAVID GRUEN: Having come from the centre, I knew the sort of things that people would want to know about. And so I thought it was just very clear that we needed to get on our bikes and actually start doing things we hadn't done before. There was a huge amount of activity in March and April to get these things up and running, and I think that was very energising for the organisation. I think the organisation found it very empowering to be seen to be doing things that were so useful and to get the sort of positive feedback we got through that period.

KEN HENRY: Yeah. Look, reflecting on the Global Financial Crisis, we in central agencies, and I'm talking principally about Treasury and the Department of the Prime Minister and Cabinet, the finance, but then in coordination with the Reserve Bank of Australia, we probably had all we needed, or at least we thought we did, in order to grapple with the dimensions of the problem and in order to be able to provide high-level advice to government in a timely way about what might need to be done.

KEN HENRY: As soon as you get to the implementation of policy responses though, you realise that you're without partners that you desperately need. And one of the learnings from the Global Financial Crisis was that, for us anyway, and I know David shares this view, that we probably waited a little too long to bring in the partners that we needed. By the way, bringing those partners in earlier, even if you think of them as implementation partners, bringing them in earlier would have helped us in the conception of the advice as well.

KEN HENRY: But then there's another thing that nags at me when I think about this, and I don't know whether it's a feature of the COVID pandemic or not, but back then in the Global Financial Crisis, there was a bit of an obsession with secrecy as well. David referred earlier to some of the younger people in Treasury probably being a little bewildered about what was going on. As a leader, you want to be able to sit down with the people who are a bit bewildered. In fact, you want to sit down with all of your people and explain to them what's going on and then have an open conversation and allow them to push back and discuss what's happening. Your ability to do that is compromised not only by the speed of events that David referred to but also by this obsession with secrecy.

KEN HENRY: In the Treasury in the Global Financial Crisis, we had a really big setback when it turned out that one of our own, one of the Treasury people, was actually feeding information to the then leader of the opposition, and the then leader of the opposition was using that information to embarrass the government in the Parliament. That really hampered our ability as departmental leaders to be able to have that sort of open, inclusive discussion with the people in the department.

KEN HENRY: Reflecting on it, it is why organisational culture is just so important. There have to be things that everybody in the organisation can rely upon all the time, rules of behaviour, not written down necessarily, but rules of behaviour that you can just rely on. You don't have to worry about these things. You know that information will be protected appropriately and so on. When that's called into question, or when you get a shock, right in the middle of a crisis is about the worst time it can happen but that is when these things tend to happen, it's very destabilising and it makes the job of leaders, not just leaders though, it makes everybody's job just so much more difficult.

MEGAN APONTE-PAYNE: Absolutely.

ISABELLE FRANKLIN: I think you've both touched on this a little bit already, but I really wanted to draw out from both of you during your time leading through crises, when they are such uncertain times, how do you give your staff within the organisation the certainty they need to be able to do their jobs really well?

DAVID GRUEN: So I can talk about the current crisis and our response in the Bureau of Statistics to that because, as I said earlier, we were trying to do things we'd never done before, and that involved quite a bit of rearranging of taking people off some things and putting them on more high priority things. But at the same time, and this was true right across the public service, everybody was being moved out of offices and being sent home, and so there was a lot of disruption and there was a huge amount of uncertainty. My reaction to that was not to try and tell people that I knew exactly what was going to happen, because I didn't, but it was to have very regular communications.

DAVID GRUEN: So we had virtual stand-ups at one point on a weekly basis just saying to people, "This is where we are. We don't know what's coming, but this is what we're doing at the moment." And having an opportunity for people to basically ask as many questions as they wanted to, and just to share with them the level of knowledge we had, which was, they were surprised to learn, there were plenty of things we didn't know and didn't understand. I think levelling with people about that and the fact that you were willing to answer questions even if they were awkward, I think that made a big difference. Certainly, the reaction we got when we did pulse surveys was that people were extremely pleased to be talked to on that basis and for leaders to say, "We don't know where this is going. This is what we're doing at this stage, but we'll get back to you."

KEN HENRY: Yeah. I think that's a perfect answer, actually. Very well said, if I might say so. I guess that was the kind of idea that was floating around in my head, but I hadn't actually put it into words. But there's one other thing that... No, actually, now it's gone out of my head, the other thing I was going to talk about which-

DAVID GRUEN: It'll return.

KEN HENRY: Yes, it will. Oh, I do know what it is. The importance of being open and honest, of leaders being open and honest and being authentic, I think that cannot be overstated. But then the second thing is, and it's closely related to it, is leaders ensuring that they don't have unreasonable expectations of what can be delivered. Now, in a crisis, that's really, really difficult because chances are the government is going to have quite unrealistic expectations of what can be delivered, and the leaders in the agencies are going to feel under enormous pressure to have the agency deliver to meet those expectations. It's very difficult for anybody to say no to a prime minister on anything. It's very difficult. But there are times when, of course, it has to be said, and it's only the agency that can say it, sit down and say, "I'm sorry, but this is not going to happen, and it can't happen for the following reasons."

KEN HENRY: Sometimes that's not feasible, and instead what has to happen is that the senior person in the agency has to do a lot of the work themselves. They have to be the person who just sits there and explains things that in normal circumstances they wouldn't be doing. But that's in order to shield, and it has to be done in order to shield people in the agency from the unrealistic expectations of their political masters. Now, I'm not blaming the political masters. I understand it. If you're in that crisis situation, of course you're going to have unreasonable expectations. Then I think the third thing, and this is the most difficult thing, is finding some downtime for people.

MEGAN APONTE-PAYNE: Yeah.

KEN HENRY: That is the most difficult thing when everybody's under the pump. How do you find downtime, particularly for those people who are under the most pressure? I don't think we know how to do this, honestly. But when I say we, I'm talking about humans. I just don't think that humans in collectives really know how to do this.

MEGAN APONTE-PAYNE: I imagine it becomes more difficult when you don't know how long the crisis is going to last for.

KEN HENRY: Exactly. Exactly. It's not like a game of netball or something. It's not like where you know for how long the period of intensity is going to last and you can therefore swap people in and out. It's not like that at all. In fact, often when the crisis starts, and David has mentioned too that he saw it coming... I remember one of the early conversations that we had, David, in the Global Financial Crisis about where the unemployment rate might go. It was a really frank conversation, and just admitting to one another that we could end up with an unemployment rate well above 8%, maybe 9%. Who knows?

KEN HENRY: Then pulling that back, and then even once you've got your head around that and the dimension of that, you didn't know what the issue was, the crisis issue was that was going to be consuming the prime minister's attention the next morning. It was often described, and the prime minister himself right at the time described it as something akin to a role in a national security crisis. That was because things just kept popping up. So you didn't know what sort of expertise you needed. You didn't know which people in the department you were going to have to call on at some outrageously late hour of the night in order to have something on the prime minister's desk by seven o'clock the next morning or something. You just didn't know. It was just so much uncertainty. If I look back on it, of course it was not the case that everybody was under the pump to the same degree, with the same intensity, for the same period of time, and some people were just rung out by the end of it. It would be good to be able to do things differently, but I just don't know.

MEGAN APONTE-PAYNE: It's hard to know how to do them differently. It's really difficult. And-

DAVID GRUEN: I think it's also hard to know who really is suffering. I mean, some people will come forward and say. But for a lot of people, they'll bottle it up.

KEN HENRY: Oh, yeah.

DAVID GRUEN: Others are doing just fine because they're looking after themselves and they're working hard. But they're looking after themselves, and others are really suffering. And sometimes you don't find out until afterwards.

MEGAN APONTE-PAYNE: I imagine one of the differences perhaps between the GFC for the public service and the COVID is the GFC probably involved the centrals most, but COVID, I feel in many ways everybody has been under the pump. I mean, the Defence Force could mobilise people, Health, Services Australia, ATO. And so you can't even borrow staff from a department that perhaps hasn't been as under the pump.

MEGAN APONTE-PAYNE: As a final question to both of you, I wanted to bring together what you've talked about in terms of communication and being really open and honest with staff in particular and answering the hard questions and also weave in the fact that you're both very eminent economists and talk about communicating economics. Because I think one of the really positive things we've seen through COVID is the communicating of the health advice. I think it's been really obvious how it's affected people, and so they've been able to respond. But I imagine that through the GFC for a lot of people, it was a lot more theoretical and they didn't really understand what an international banking crisis meant for them out there. So how would you, taking those lessons and moving forward, how would you look to perhaps better communicate economics to the wider public?

KEN HENRY: Well, I think there's a prior question, though. There's a prior question of whether you have a licence to do so or an authority to do so. I gave a lot of speeches during the Global Financial Crisis trying to do just that, and I was very heavily criticised for that. I was accused of having become politicised, and people wanted to write the story that the Treasury was not independent from government because I was out there trying to explain government policy.

KEN HENRY: By the way, there's a bit of mythology that surrounds that concept of explaining government policy. I remember we used to tell people before they went up to Senate estimates, and I'm sure it still happens, "If you're asked to comment on government policy, you must say, 'Well, I can explain government policy, but I can't do any more than that.'" Okay. So you're in the middle of a crisis and you are there explaining government policy, and you get the hard question which is designed to make the policy look bad. That's the whole purpose of the question, to make the policy look dumb, and you're in the middle of a crisis. The worst outcome is that the policy looks dumb, right?

KEN HENRY: So a distinction between explaining government policy and defending government policy, that distinction collapses in a crisis. Therefore, if a public servant is going to appear in public explaining the government's response to a crisis, the public servant is going to have to defend the government's response to the crisis, and does. And so the question for the public service is, does that put the public service leader in an impossible position? It's a big question for the public service. So, yeah, I think there should have been even more of that explaining of the economics and the finance and so on and why the government had to do what the government had to do, and it would have been good if that could have been done by senior officials, people who are expert in their field. But it really would have brought that question into very sharp relief, that question.

MEGAN APONTE-PAYNE: Do you think we've learnt that, for example, through what we've seen with the Department of Health through the COVID crisis?

DAVID GRUEN: So I think there's a distinction to be drawn between health experts and economic experts, and the distinction I would draw is that the public is willing to accept the professional expertise of a health expert. And although there are going to be members of the community who will disagree with it, that is very fringe. So when Brendan Murphy stands up, or, for that matter, other chief medical officers, and says something about a pandemic, it's accepted as an expert opinion. In economics, there's much more contention. It's regarded as much more reasonable for a commentator in a newspaper or on television to take that person on and present an alternative view. You do not see mainstream, at least I haven't seen mainstream media take on a health expert and say, "Well, actually, he's got it completely..." Now, you can probably find the odd person who'll do that, but it's much more fringe to do that. Whereas, in economics it's regarded as fair game.

MEGAN APONTE-PAYNE: Do you think that's because a general member of the public, for example, has regular contact with a GP and so they've developed more trust?

DAVID GRUEN: I think it's also because health is regarded as a more kind of hard science and economics is regarded as more up for grabs.

KEN HENRY: Economics has always been like that, of course. Actually, it's one of its attractions.

DAVID GRUEN: No, I agree. I agree.

KEN HENRY: That you get these crazy philosophers arguing over things that don't really matter but seem to.

DAVID GRUEN: Yeah, yeah. No, I agree. I agree. It might be. And it has huge public policy implications. So, yeah, that's right. True.

MEGAN APONTE-PAYNE: Look, that's been fascinating, and I think we'd like to go on for hours, but we are conscious that we've taken quite a bit of your time and we've been very lucky. So thank you very much for your insights today. I think our listeners will be excited and hopefully inspired to maybe go and study economics as well.

KEN HENRY: Good.

ISABELLE FRANKLIN: Thank you both so much.

KEN HENRY: Very good. It was a pleasure.

MEGAN APONTE-PAYNE: Thank you.

DAVID GRUEN: It's all right. Yeah. It was fun.

MEGAN APONTE-PAYNE: Cheers.

DAVID GRUEN: Thanks.



DAVID PEMBROKE: So there you go. A great conversation. Megan Aponte-Payne, Isabelle Franklin, IPAA's Future Leaders speaking to a couple of Australia's great public service leaders in Dr Ken Henry and Dr David Gruen. A great privilege, really, for Megan and Isabelle to be speaking to such distinguished Australian public servants, and what great advice they gave to the Future Leaders through that interview.

DAVID PEMBROKE: Thank you for coming back once again. We really do appreciate your support of Work With Purpose. It really does make a great difference to the way that we put the program together. A big thanks to IPAA for their ongoing support and also to the Australian Public Service Commission. If you do see the social media promotion for the program as it comes through your feed, please, a share, a like, or, indeed, the gold standard, a review. If you would please review the program in your favourite podcast podcatcher, it will help for the program to be found. And indeed, the numbers keep growing, so we're very pleased with that. So thanks again for all of your support. Thanks again to the Future Leaders, and thanks again to Dr Ken Henry and Dr David Gruen for making time available for today's discussion. That's it for another episode of Work With Purpose. We'll be back at the same time in a fortnight, but for the moment it's bye for now.

VOICEOVER: Work With Purpose is a production of contentgroup in partnership with the Institute of Public Administration Australia, and with the support of the Australian Public Service Commission.