

# **TRANSCRIPT OF PROCEEDINGS IPAA ACT CONFERENCE SESSION 1 “THINKING BIG”**

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BARTON, ACT  
THURSDAY, 10 NOVEMBER 2016**

Virginia H.: Our first session is titled "Thinking Big." Has there ever been a more exciting time to be a public servant? All of you in this room would know back in April of this year the Prime Minister Malcolm Turnbull put out a challenge to the Australian Public Service in his watershed speech. Where he said, "There's no doubt that we live in a time of rapid transformation. The world let alone the APS is in uncharted territory in many respects. Just like the economy, the Australian Public Service disrupted by forces which it cannot control. One might say therefore that there has never been a more exciting time to be a member of the Australian Public Service."

Exciting times bring high expectations. The public sector is being challenged to think big, to take risk, and embrace new ways of working, and new technologies. How ready are public servants across all jurisdictions to deliver on these expectations? Does the Public Service across Australia have the trust it needs from government, and perhaps more importantly from the community? With rising disaffection in public institutions as recently seen through Brexit, and perhaps the rise of President Trump, what does this mean for the Public Service as stewards who need to continue to deliver for the citizens?

How can you work with speed and innovation, be agile, flexible, and take risks; yet balance that with the reality of fiscal constraint stretched resources, and the need for methodical and transparent processes? Well we've got 4 fabulous speakers here to discuss this very thing. George Megalogenis, Frances Adamson, Her Excellency Menna Rawlings, and Dr Larry Marshall. I'll go straight into our first speaker, George Megalogenis.

George known to all of you is a multi-award winning journalist commentator, broadcaster, and author. Author of numerous books that forensically interrogate how and why Australia came to be the nation that it is. He's been hailed as Australia's best explainer by Annabel Crabb. His TV documentary series, "Make Australia Great" took the nations pulse, and laid out a road map for a stronger more prosperous future. He's a mad keen Bruce Springsteen fan, but he wasn't born in the USA thankfully. He hails from the suburbs of Melbourne please welcome George Megalogenis.

George: Thank you Virginia, and thank you Tina for the welcome to country. I was here this time last year. It was September a better week and a half after the change in the Prime Ministership in Australia. I would have had a very, very standard presentation here today in the event of Clinton Presidency, but the Trump Presidency is going to change the content of this presentation. I was probably going to get their anyway. I think what we saw last night we've already seen 2 versions of this story already this year. Brexit, and then 9 days later the federal election.

It doesn't occur to people to put the federal election in the same basket as Brexit, and the US election. There's a reason to think about what happened at

the federal election as a very, very early warning signal. Some of the forces that have broken Britain from the European Union, and pretty much torn America in two, the preconditions exist in Australia. They're not as febrile as they are in the UK, and the US, but I think we need to think through why Australia has a version of this particular global story to tell.

Now, a couple of headlines. We're all familiar with the 2 party vote at the last federal election. It's the second time in a row, and it's the only other time outside of The Great Depression that the combined primary vote of the Labour and coalition parties were below 80%. That means that the 3rd party vote is over 20%. Just as an exercise in mathematics that is the thing that introduces volatility in our political system.

It's what makes governments short term, more likely than not to be short term, because the entry vote for the incoming government is in the low 40's. It's not in the high 40's. It means after a term or 2 they're out on their ear. That changes the behaviour of the opposition as we've seen at a state and a federal level. We've seen at a state and a federal level up and down the eastern seaboard, and certainly at a federal level.

A rather unusual idea which public servants, I think, are still trying to get their heads around; That the incoming government is always looking in reverse about undoing the agenda of the previous government. The government of the day may last a term or 2. The opposition doesn't really feel the need that it might have in the 80's, and 90's, or even the 70's, 60's, or 50's to spend that 2 terms in opposition trying to figure out why they got kicked out. Then come up with an alternate agenda.

A lot of what passes for public policy today is essentially a very triable contest between parties. If somebody's had one idea the other clearly has the heavy opposite idea. If they get their turn in government they'll devote a lot of their energy to undoing the previous governments program. Now you know what that means for an incoming briefer. It's obviously not an issue in the ACT. The ACT's had longer continuity than pretty much any other federal state, or territory government in Australia.

It's not a dissimilar issue I think in the ACT. If you had to had a change of government in the ACT the other week you would have had an opposition almost committed to undoing a 10 to 15-year agenda. Now, for public servants that is an interesting thing to think through. I'm going to mention something at the end which is probably a radical thought about how public servants interact with the opposition. It's something maybe the ACT might want to trial first, because you're in a position where you might be able to pull it off.

It's a systems change, but I'll leave it to the end of the presentation. I'll go back to the macro. What parts of Australia look like the parts of England, and Wales,

or the parts of the Midwest of America, and the south that may want to break away from the idea of Australia as a global entity? The idea of Australia remains open to trade, and to people. Essentially if you would have really drilled down to the mind and mood of the British, or the American electorate those who want to vote for Trump, or wanted to vote for Brexit really don't think that they're kids are going to survive in the Asian century. That's the bottom line.

A lot of people talk about blue collars jobs going off shore. A lot of people talk about the sense that the country's changing too quickly they can't control their borders. In essence what a lot of people are worried about is their kids' future. Say people who don't look like them on top of the class. They see people who don't look like them taking jobs at the income tree, and they do identify that the big shift is on globally. Power is shifting from west to east, and within their own community there is a sense, in some communities, that they're going to be left behind.

Now, when you control for income and employment and stuff you do find a lot of people in the middle, and the upper middle voted for Brexit. A lot of people in the middle, and upper middle, I imagine, voted for Trump. The thing they have in common is colour of skin. Think about that for a minute. Now in the Australian context we've had 2 elections out of 3 since the GFC 2010 and 2016 that look like the Brexit vote. I won't talk about Trump, because it's- in particular I'll talk about the Brexit vote.

The idea behind the Brexit vote is if you're in a high emigrant community with a large overseas born population you're likely to vote to remain the European Union. London is in the rest of England is out. Scotland for different reasons, because of the way they line up with Westminster, wanted to be able to- They thought they had a stronger voice in Europe than they did outside of Europe, and the same in Northern Ireland. When I look at the ethnic composition of London it looks very much like Melbourne or Sydney.

A bit over one third of the population's born overseas. Another quarter is second generation. Up to two thirds of the population is either first or second generation. 10% of the population is born in Asia, 10. Nationally in Australia that's the figure 10% of the Australian population's born in Asia, about 2 and a half million. In Sydney and in Melbourne the Chinese and Indians are the top 2 immigrant groups.

In Sydney and Melbourne today under the age of 35. In Sydney and Melbourne, the cities already look Eurasian. They already look like London does today. Perth's a different story. One third of the population's born overseas, but the dominant immigrant group are the English, then come the Kiwis then come the South Africans. Perth notwithstanding the fact that it's border is open is actually getting whiter than the rest of the country.

Queensland is another story again. The reason why I just mentioned them in passing in terms of their ethnic mix, what happened with the 2016 election? What happened at the 2010 election? Labour won majority seats in the southeast corner. New South Wales, Victoria, the ACT they also won a majority of seats. South Australia, Tasmania, Coalition won a majority of seats in West Australia, and Queensland both times. The only reason Malcolm Turnbull is Prime Minister here today is he was- he overachieved in Queensland and WA.

The federal election we've just had is the first time in federal history that the party that one the majority of seats in Victoria and New South Wales did not get to form a federal government. Think about what that tells you. We're not breaking apart just yet, but in an election campaign there's essentially no choice between the parties. Mediscare versus jobs and growth. In 2010 it was moving forward versus stop the boats. In those 2 elections when the parties didn't challenge you to choose one or the other the voter reverted to a triable state based identity.

Now to hold this thing together in Australia a Prime Minister at a federal level of the state government has to think about the city and country divide. Certainly a Prime Minister, at a federal level, has to be able to connect the cosmopolitan zone from- with Anglo zones. Anyone that plays one side of that story, or just the other side of that story is going to create an opening for a third force to do what a Trump did, or do what the Brexit people did.

I do have another thought about Public Service which I'll probably now save, because I've got to wind up. I'll save for the question and answer. Virginia if I can prompt you to ask me about how the Public Service thinks its way through volatile electoral cycles.

Virginia H.: Frances Adamson is the secretary of the Department of Foreign Affairs and Trade. Frances, as we know, has ticked of a number of boxes as a woman's first. A female first, the first woman to be Australia's ambassador to China, and as well as the first woman to head DFAT. Perhaps most importantly she's a diplomat who's not only courageous, but not afraid to interrupt the PM mid-sentence to take a phone call from one of her kids. Clearly Frances is a woman who's got the work life balance thing all sorted out. Please welcome Frances Adamson.

Frances: Thank you very much Virginia. Boy, I'm dealing with fairly high expectations across the board at the moment. I think you just raised them to an almost impossible level. I don't think anyone has work life balance completely sorted by the way. It won't surprise any of you to know that it's very much a work in progress. Calls from my children still come through at odd moments and need to be dealt with. Can I thank you very much for inviting me to speak today, I've got to say today of all days, and you may have noticed, I had some prepared

remarks. I've left them in my handbag, because there are sometimes in life, and today's one of them, where I think we've got to look at the bigger picture. We've got to think big. Although my mind today is very much, and it has been overnight I think including while I was sleeping, out there in the international domain very much to start thinking through- I shouldn't say starting to think through the implications of a Trump presidency. DFAT, I'd like to think, has been equally well prepared for both outcomes, and certainly our Embassy in Washington has had contact over a longish period of time with people likely to be part of the Trump transition team.

Let me try and bring some of those external ideas into this room, and say some things that I hope will be relevant to you. The overall subject of this session "Thinking Big" I don't want to be too literal about it, but it obviously has two parts. The first one the thinking part of it, I think is something that all of us, me certainly, find difficult to do in the jobs that we're doing. We've all got busy agendas. We've all got lots of pressures. We're all working in a very dynamic environment.

My hunch is that the fact, as many of you have come today as have, means that you understand the challenges of doing the- thinking big. That you want to do it better. That you're hoping to be able to pick up some practical ideas about how to do it. It may be that some of the most practical ideas you'll hear will come through in your discussions around the table and in coffee breaks. I hope you'll get at least something from panel members. Carving out time to do it of course is something we all find hard but institutionally we need to be doing it. Institutionally and individually.

Of course DFAT's big opportunity to do this institutionally is in the development of the White Paper that the Government has charged us to do in the international domain; Looking to protect, and promote, and enhance Australia's interests internationally. Looking 10 years out is what we've been asked to do. This needs to be very credible, it needs to be done on a Whole of Government basis.

One of the things I've come to this position very clear in my mind is that DFAT needs to continue to build on, and deepen the linkages that we have with departments, and agencies domestically. The world has got a lot more globalized. When I joined DFAT in 1985 we were the principal department, one might almost have said the sole department. That would have been an exaggeration looking at the world. Increasingly over time each of you, in your departments and agencies, has taken on more of that role. Not just in an incoming sense, but in an outgoing sense.

The Australian Public Service, across the board, is deeply and needs to be even more deeply embedded in what's going on out there. A) So that we know what's going on out there and B) So that we can help shape it and C) So that

we can respond domestically to the challenges and opportunities that we see.

The big things we're going to be thinking about are how to continue to develop, create an environment in our region where we are secure. Where economies can continue to grow and prosper as relative power shifts from west to east. There's a question to that I suppose. Has what's happened over night in the United States hastened that process? It's way, way, way too early to tell, but the process does ebb and flow. All the while, I suppose to build on that metaphor, all the while the tide in the Asia Pacific, the Indo Pacific, I guess from Australia's point of view is continuing to rise.

We've also, and we will be looking at in the White Paper, seeking to address how we respond to the forces of protectionism. They are upper most in our mind this morning as we reflect on the US election result. Which in many respects hasn't come as a surprise for some of the reasons that George outlined, and I'm sure Menna will build on as well. We also need to be looking at how we target better our development assistance.

That challenge comes against the backdrop of an Australian community, which while it lends support is prepared to lend support to helping those in poverty particularly in our region. Nevertheless, at a time when our budget is under pressure, when we're going through a budget repair process, and when there is a growing demand for services, whether in schools, or hospitals, or for income support people ask "why?" One of the points I want to develop, and I'm sure we'll develop in the course of the morning is, is this a question of public trust, is the way relate to, interact with, seek to explain, and take on board public views. I recently went through my first, in this role and indeed my first for a very long time, Senate Estimates

At the end of 12 hours in the chair, which I've got to say it was physically taxing more than anything else, I said to one of the new DFAT graduates, who'd been working with us throughout the day; What was his main take of the day? He reflected for a minute and he said, "What I take from this is the view that we have within the Canberra beltway," that term itself is relativity new for us, "is not the same as the views that Senators bring to Senate Estimates from their parts of the world." I don't need to go into that any more detailed fashion, but I thought it was interesting that that was his main take.

Now DFAT gets out into Australia in a variety of reasons. One of them is in our free trade agreement negotiations in seeking to explain and advocate for that. That's a big, big job going out into town halls across Australia hearing what people have got to say about the benefits, and in some cases the very significant adjustments, and the disbenefits that flow from a relatively liberal trading regime. We've got a big job to do, a big advocacy job to do around the world. We always have as a country in terms of the trade liberalization agenda, but we'll need to continue to do it. I think there'll be a number of conversations that

we want to have in Washington.

I don't want to just talk about the environment out there, but I do want to- I did want to give a couple of tips. I've already been given a two minutes warning, so they're going to have to be very quick. One of them is I come to this role, and I think looking around the room it's pretty evident that you do too, fully persuaded of the benefits of diversity, and the obligation that we have to draw on a diverse workforce, to encourage a diverse workforce.

People see things in different ways. We in DFAT cannot possibly provide the advice that we provide to our government, or be effective internationally unless we are broadly representative of the Australian people. Unless we can draw on a wide range of experiences, and thoughts from our own workforce. We'll be doing more of that. Innovation; big subject in its own right. We have an innovation exchange which is one of foreign minister Julie Bishop's pride and joys.

We've been doing a lot of things in that area including running staff, ideas, challenges which is one of the things that have contributed to me returning to a very different department from the one that I left. A lot of those ideas I should acknowledge have come out of former AusAID colleagues. I'll simply end by saying in addition to diversity and in addition to innovation we have a big job to do domestically, and internationally. Not just DFAT, but I think all of us in terms of advocacy, persuasion and networking. That challenge is ever clearer today. Even clearer today than it was say yesterday morning. Thank you very much.

Virginia H.: Thank you, thank you Frances. I have no doubt that you were still working whilst asleep last night. No doubt at all. Our next speaker is Her Excellency Menna Rawlings.

Menna Rawlings: Good morning everybody. It's a great pleasure to be at your conference today, and thank you very much for inviting me to speak. I was also at the award ceremony last night, and it was great to see so many examples of brilliant practice in the public sector here. I'm a massive fan of the Public Service in both of our countries, and I agree with Gordon when he said last night that celebrating that success is really important. I think it's particularly important at the moment.

It is maybe an exciting time to be a public servant, or a civil servant, but it's also quite a hard time I think. The reason for that is what I wanted to talk about today. Like the others I did have some notes prepared which also threw out this morning. I challenge myself to think big, so I've done my best, but I can't pretend all my thoughts are fully formed. Bear with me.

What I want to talk about is trust, and I'm glad about that now. Having seen



the early results, the first results of the poll that's going to run through the day with your view that the biggest challenge that we face at the moment as civil servants is around the decline in trust in public institutions, and in government. As we've heard including from George, recent events in the US, but also of course the UK with our vote to leave the European Union. Our historic vote on the 23rd of June suggests that something is going on. Which is related to a loss of trust in government, in establishment figures, in people like all of us sitting on this stage and all of you in the room.

The first thing we need to ask ourselves is, is this true? What is the evidence base for this? I think, again as good public servants, that's always the first question we should ask. What is the evidence for us believing all the anecdotal talk around this issue? In a very quick bit of research this morning, I don't think it would stand up to much scrutiny, but I went online of course and I looked at something called the Edelman Trust Index. Which every year measures trust in government, business, media, and NGO's. It's very interesting.

What it shows is that the public view is very mixed. If they're going to trust anyone they're going to trust NGO's then business, then media, and then us, government. In 2016 overall levels of trust kicked up a little bit. We're actually overall at our highest level since the EGFC, but the key point in the 2016 survey is the accelerating disparity between the views of the haves and the have nots.

I'm not sure exactly how Edelman defines them. You can go and check that afterwards, but they look at the views of people who are successful in socioeconomic terms, well educated, et cetera, and those who have lower incomes, and are less educated. There's always been a gap, so in 2012 this was a 9-point gap. It's up 3 points in 2016. This is now a 12-point gap between the 2 groups.

Then I looked at the UK, the US, and Australia. This is where it gets really interesting. Over the last 4 years the gap has widened by 10 percentage points in the UK, by 8 percentage points in the US, and by 2 points in Australia. If you look at the global index when you look at the disparity scores the US is top with 19 points difference. The UK is second with 17 points difference, and Australia is third along with France, and interestingly India with a 16-point gap. That's just a quick bit of evidence again.

I think it just suggests that there is something which is about our ability to connect with people outside of our beltway, or our bubble; All the lives in which we exist and often have very privileged frankly and comfortable lives. We could talk for ages about why is that. I'm sure we'd all have our own views, and I won't go into those now, because I'll go over my 8 minutes.

The next question then is what do we do about this? How do we try to address this trust deficit with the have nots? What is our responsibilities as individual

leaders, diplomats, civil servants within that? Again I can't pretend that I've got all the answers, but I will mention a few things that I think I can do to perhaps take back control, to coin a phrase. Make my team and our Public Service great again, to coin another.

I thought of a few ideas, so I'll share those with you. The first one, it's related to the very nice introduction that Virginia gave me, is only connect. Which actually was the phrase that appears at the start of how [it's end 00:26:03]. It isn't a new thought. I think how we connect as public servants, and as diplomats in the age in which we live with globalization, technological change, and many economic challenges is absolutely critical.

What does this mean for me? It means explaining what I do. How is anybody going to know what the role of a diplomat is? How is anybody going to know how I am supporting the British national interest, and Brits abroad if we're not telling them? We have all the tools at our disposal. We've got Twitter, we've got Facebook, we've got SnapChat, we've got Instagram, we've got Tumbler, we've got other things that I probably don't even know about that my teenage daughters do.

I think, thinking institutionally about how we use those platforms, but also as individuals to explain what we're doing, and how it's helping people is absolutely critical. I think that we talk about the transformation of diplomacy through digital means. I think we're only just starting this process. We all need to be early pioneers, and get on board, and explain to people what we do using those tools.

Second point is consular work. Frances has talked about trade, and certainly that's something we're going to get used to doing I think. Explaining how we are negotiating trade agreements which help ordinary people. That's another really important part of the work that we do which is consular work. It's the work we do to support British nationals abroad. It's the work DFAT does to support Australian citizens.

This is one of our key connection points with people. Often people don't have anything to do with what I do, or what you do until they're in trouble and they need our help. When things go really badly wrong for young Brits in Australia we have to take that seriously, and we have to be visible, and active, and supportive of the victims and the families of those concerns.

A month or 2 ago we had a horrible stabbing, many of you will have read about it, up in Townsville. We had 2 young bright British backpackers were killed. Excuse me. I went up there with my team, and we gave very visible and public support to those people who were affected. That's just a small example of the work that our team's doing this every day. That to me is a really important part of engaging with people of all backgrounds, and from different elements of

society.

Another connection point, of course, is service delivery. How do we deliver services to people? Again digital transformation can help us. In the UK we've had a major digital transformation program. In 2013 we gave ourselves 400 days to transform 25 major services making the digital by default. The key point is that these services needed to become simpler, clearer, and faster to use, and based on the needs of users not government needs. By March last year, March 2015 we were delivering, and we do now deliver a range of world class digital services used by millions of people in the UK, and abroad.

I know you have your own digital platform, and I know you've got your own digital transformation program. It really matters it makes a difference to people. It's got to make it easier and better for people to connect with governments. My final point on this is to adjust. All of us needs to think about what does all this mean for us, and adjust to the new norm. I'll give you a small example.

I think we've got a great team here. I was feeling quite smug about it, and how our teams across Australia perform. Then I was messing around on Google, and then I saw there was some Google reviews of our consular services, and our sort of front face, our front office in Melbourne. I didn't even know that anyone was getting on Google and reviewing us. Some of the schools weren't good. I think if we're not even seeing that, and connecting with that sort of feedback then we're not doing our job. I think being more open, and listening to what people are telling us.

This other point, I've run out of time, but collaborating and partnering, yes absolutely, and diversity being more representative of the countries we work for, and represent. Absolutely agree with that as well. My last point is in Brexit, because it has been raised of course. We're hoping the US election might take some of the spotlight off us, but we'll see. We say Brexit means Brexit, and we're going to make a success of it, and we are. We have to respect what people have said on that. If we're struggling a bit in terms of democratic deficit what worse thing could there be that to try to wiggle around, or go around the back of a democratic referendum in which 13 million people voted for a certain outcome. That's part of our to making that happen, and making it a success. Thank you very much.

Larry Marshall : Thank you, thanks for inviting me today. Depending on which newspaper you read you may have different perspectives. I am an entrepreneur, and entrepreneurs succeed by taking a lot of risk trying to do things that have never been done before. They actually try to fail. They try to fail fast, and when they fail they change course very quickly, and try again, and again, and again. That's what scientist do too. Perhaps not so controversially.

This process of learning from failure and risk tolerance are critical elements of innovation. It may seem unusual- an unusual way to go about being part of the Public Service which I am now. Without risking failure, without doing things that haven't been done before we can't change. Most entrepreneurs have a burning desire inside. Entrepreneurship isn't about making money. It certainly wasn't in the 80's in the golden era of entrepreneurship when I started. It's about changing the world.

When scientist pursue entrepreneurship and innovation it's never about money. It's about changing the world. It's about making the world a better place through their science and inventions. Big challenge, how do we incentives risk taking, and how do we not punish failure? How do we turn failure into an important lesson that leads to success? Why is it so important? The world, and in particular Australia, is facing literally a tidal wave of disruption. Forget digital disruption it's big, but it's not the only disruption that's facing us.

Just about every facet of our life is being fundamentally reinvented as we enter fundamentally a new phase of society. I feel like you could call it society 5.0, but health care as we know it is being disrupted. Socio-economics globally is being disrupted. The way that we administer education is being disrupted. Diseases are global. The barriers between the diseases of animals and humans there's no barrier anymore. It's truly of one health. These are profound changes. We have to change, or we'll be swamped by that tidal wave of disruption.

After almost 2 years in the Public Service I can tell you that you're not that different from entrepreneurs. Which is a bold claim, and I'll try to convince you of that. When Malcolm Turnbull became Prime Minister we organized a series of round tables, policy hack-a-thons. I called a bunch of friends in the US, and in Australia, entrepreneurs, VC's and asked them to come and help us, and they did.

I remember one Sunday Sue, who works for Glenys was talking on one of these round tables. Someone said who's that? I said, "She's a dep sec." "What's a dep sec?" "She's a public servant." "Oh." Then Heather who is from Prime Minister and Cabinet was on another round table. We had spent a weekend with entrepreneurs and investors trying to hack policy, trying to come up with new ideas, innovative ideas to do things better to change the world.

It was unbelievable to my fellow entrepreneur and VC's that these people were public servants. They were spending a weekend working with entrepreneurs to try and come up with innovative policies. It was a real lesson. The biggest lesson was probably just how hard the Public Service works. The general public have a lot of criticism about that. It's kind of a common joke. I've been amazed. Completely changed my perspective of the work ethic of the Public Service, having been part of it.

Now, I run CSIRO. CSIRO has a very simple mission, but I tell you it's very, very hard to get across. CSIRO's purpose is simple. Basically we harness the power of science to solve Australia's greatest challenges so that with the ultimate goal of making life better for all Australian's. That is the goal of the Public Service. We're here to serve the public. Entrepreneurs, when they start companies, are there to serve their customers. The only difference really between us and them is that our customer is the nation. Our customer is the public, but we exist to serve them. That is the definition of Public Service. I learned that in primary school by the way.

My children who are born and raised California, are actually learning it for the first time in Australian school. They don't teach this in California interestingly, perhaps with good reason. CSIRO is a unique entity. We're part business, and we did about 450 million in revenue last year, external revenue, not government funding or appropriation. We're part national science agency, about 550 million in funding from the federal government. We're part national science infrastructure if you like national labs, about 250 million of government funding. We're part Public Service, so we're kind of a hydra.

I can tell you a hydra is quite hard to manage, and quite complex. Despite the complexities, despite all the noise in the media over the last 6 months that you may or may not have read, CSIRO has performed outstandingly well. We've increased our external revenue from industry. We've increased our revenue from global sources by more than 30 million. We've decreased the drain on the tax payer by more than 30 million. That's a great accomplishment despite all the noise.

Now, how did we do that? With a very simple, but perhaps controversial strategy with 4 basic pillars. The first one is customer first. If you wander around the halls of CSIRO, and ask people 3 questions they'll think you're me; Which are very simple. Who's your customer? In other words, who are you helping with your science. Why do they care? Why is it important? How are we going to deliver that solution? How is going to change their lives, and make their lives better?

Most of the time our customer, like yours, is the public and we do public good. We do things where it's impossible for a company, a single company to absorb, or create, gather the value credit, but they create profound value for the nation. Things like reducing the wild carp population, or creating a unique malaria breath test to deal with that disease in other countries, or helping with northern Australia. I won't go through the other pillars except to say they are collaboration. We collaborate a lot with everyone in this room. Frances particularly you, and thanks for helping us in China, and thanks for the help I'm going to ask you for with DFAT as we expand a bit more broadly globally.

Global's the third pillar, and it's about collaborating with the best in the world:

Stanford, Harvard, MIT, Jen Y University in China. Also with global companies like NASA, and Boeing, and GE to give us a global perspective, to better understand how to navigate Australia through the changes that are coming. Finally, we call it innovation, but it's delivery. It's solutions from science. How will we deliver those solutions so they really do make a difference to the world?

This is a material we created. It's called a MOF metallo-organic framework. It's a nano material. This little jar here has more surface area in it than the MCG. As a result, it's able to do unique things, and we discover new unique things everyday like creating glowing fingerprints to help the AFP. Like pollution clean-up where the MOF can suck the pollution out of water. I'll do this little experiment which may take a while. I'll just leave it there if you can see it. It will suck all the pollution out of that water using the MOF to absorb, and then a magnet to pull down the MOF.

Most recently we've helped the department of defence create a revolutionary kind of gas mask using this unique material. I've already said entrepreneurship is not about getting rich. It certainly isn't if you're a scientist. Most scientists are missionary entrepreneurs. We're here for the mission. We're here to deliver, we're here to change the world. We do it with science. I'll mention one last thing. We launched a unique program called on last year. It's transformed the people that have done it. I've had talked to 20 and 30 year CSIRO veterans who've gone through this program.

It's an education program about how to do a better job of connecting and understanding customer, customer value, proposition, customer delivery to be sure that the science really has impact. The reason I'm so proud of this is the United States has started the national labs, Lawrence Livermore, Lawrence Berkeley, have started to adopt our program. Imagine Australia leading in an innovation program based on science. Thank you.

Virginia H.: Thank you very much Larry. Larry it's exciting to hear you talk about innovation with such passion, and clearly you are a visionary person. How can you think big, and insist on doing more with less? Of course as a media person we've been running stories for some time now about your cuts, and the loss of some significant scientific talent.

Larry Marshall : It's always sad to lose people. The organisation frankly has been shrinking for 20 years, and that's something that needs to change. There have been a number of strategies, but they haven't been able to address that shrinkage. This year is probably the most significant, believe it or not, increase in the number of people in CSIRO in about not quite a decade. The most important thing that the NISA agenda gave us an injection of about 30 million of additional funding.

There are another couple of elements around education that enable us to do

things we hadn't done before. If you look forward we have enough buffer, I think, to actually- certainly to stabilize, but more ideally to grow. The trick to really getting back to growth is about being more creative where we get our funding from, so global sources. You may have read that we persuaded Huey Millner to fund astronomy.

A number of US corporations in particular are worrying a lot more about their social reputation, about their social capital. When they can fund a really important project like the malaria project, which is funded by the Gates foundation, it makes a big deposit in their social bank account. Chevron funded our ship. Not to explore for oil, but to do science. They gave us the money, and let us do the science.

Virginia H.: It takes that very creative thinking though to go outside the square about who can we connect with. Which comes back to what Menna was saying about connections. Menna I just want to come over to you now, because we have to touch on obviously Brexit as well as the Trump issue. I thought it was really interesting that Gareth Evans said after Brexit that Brexit would lead to a revitalized Anglo-sphere. To what extent do you think that's true? How can governments shape public opinion particularly in the face of distrust or declining trust, as we're clearly seeing, in the wake of Brexit, and of course this seismic shift we've seen over night with the rising success of Trump?

Menna Rawlings : On Brexit, and Anglo-sphere I think the main point I would make is that the UK already has a very wide range of international alliances, and grouping of which we are a part. We're a P5 member of the security council, we're a leading member of NATO, there's the Commonwealth as well which is a very important body. The G7 the G20 etc. I think obviously all of those will continue, and although the EU obviously has been a really important part of our lives, and our existence, and the way we've run our country, and presented ourselves around the world. At the end of the day there's lots of other tools in our box as well. I think what you'll probably see is us actually leaning on those even more as we lean on the EU a little less.

That's a general point to start with. In terms of the Anglo-sphere I have to be honest. I'm not personally a huge fan of the phrase the Anglo-sphere, because I think today it's all about shared values, and also shared interests. Although obviously we do share values, and interests we've- I think my people talk about the Anglo-sphere, they basically mean countries like New Zealand, and Canada and Australia, and the UK, and the US.

There are many other partners as well for us around the world. I think the trick is to focus on that, and that sort of current, and the future environment in which we're going to be working. Rather than trying to recreate something of the past. As everyone else has said, I love what you said Larry, you think about digital, but it's not just digital. The whole world is disrupted, so it might not be

the best time to be hanging our hat on something that is seem to be referring to something of yesteryear, to coin a phrase, another phrase.

Just on trust I've said quite a lot about that. I think the key for me just to reiterate the point perhaps is that this is something that all of us have got to deal with. I think there is a shared responsibility to think about our jobs, our teams, our department, our work, and think about how can we all push towards trying to bridge that divide. It'll be a slightly different answer for all of us, because we all do very different things, as a common theme about that connection, and prioritizing that I think within the jobs that we do.

Virginia H.: Frances how big is the issue of trust as a subject of discussion within DFAT?

Frances: You mean trust with the Australian people?

Virginia H.: Public trust in the-

Frances: Public trust.

Virginia H.: Public Service as well as governments trust in the service itself.

Frances: I think it certainly is a subject of discussion and I said I think one of the most important things for us as a department. Menna talked about the delivery of consular service, of course, we deliver passport services in an ever exponential way. We need to be very mindful of the level of support amongst the Australian population, reflected of course in our Parliament and decisions that governments are making, for things like- I talked about trade liberalization. I also talked about our Aid program, and I think we do that in several ways. We have to be out talking to people. Advocating not just talking to think tanks, and the sort of Sydney/Canberra group, but out there, not only in capital cities, but in regional Australia.

Next year will mark the 30th anniversary of the creation of the Department of Foreign Affairs and Trade. We're going to bring all of our Heads of Mission back from overseas at once, something we've not done before, and once they've done the camera bit we're going to send them out across Australia. Out into rural, and regional Australia as well as the capital cities to have those discussions. Which we'll then use to feed into our White Paper.

In terms of government's trust of DFAT I think for all departments there's a sort of underlying reputation, and underlying trust that we have. When you're talking about thinking big, it's inescapable though that a government can be concerned about relatively small things. The point Larry made about risk and failure, that's one of things that we're trying to do through the innovation exchange. We have to fail in order to succeed, we know that.



We need to be able to turn around quite quickly. We need to, and I particularly need to, be able to be an advocate for that way of doing things including in senate estimates, and try to convince people. If you can't convince them, you don't have the authorizing environment to continue to do what you do. I think they're very live issues.

Virginia H.: I want to ask you about the Asian century, and I'll come to George about this, because he made reference to the Asian century and fear that we've seen in the US, fear of voters, and how children may not survive in the Asian century. Your experience is quite unique, because of the work you have done and the understanding you have. What can the Australian Public Service learn from the Chinese way of doing things? In terms of government and Public Service.

Frances: In some respects, there are many things but, in terms of what we're talking about today, the arrival of the internet in China, the embracing of social media in China. I think when I arrived in China there were 450 million people connected. By the time I left four and half years later it was close to 700 million people. I think it's gone even higher since. People may not think of China as a particularly well connected society in that way, but it is.

It was very evident to me as Ambassador as I was traveling across the length and breadth of this vast, and in its own way incredibly diverse country. I was talking to party secretaries at the provincial level, talking to governor, talking to mayors of cities of 10 million people, they want their government, or they recognize that their government- they don't have to face elections, but they are in their own minds accountable to their own people.

One of the most powerful sources of information for them, in terms of- and performance information is what they're getting from social media. That might be something that we haven't thought of before, but it goes to Menna's point about how we connect. Even in an authoritarian society that connection, those points of connection and information, and what you do with them, - how it feeds into rule of law and all of those things, that's a different issue. I think the Chinese are very alert to what their people are thinking. I think we would be wise to take that on-board. Not only from own learnings and the environment we've been talking about today, but from them.

Virginia H.: Just on that do you think that we are very alert to what our people are thinking? What our community is thinking.

Frances: I think we're sometimes slow to realize changes that are taking place. I think we as a group have a tendency to think that what we're doing is right that there's a public policy that it's just a matter of convincing people it's for their own good, and it's the best that we can do. It's how we drive forward, and we're going to bring people along with us.

I think there are various ways of listening. You can listen to inform yourself. You can listen with a view to then having a conversation and deploying advocacy skills. Sometimes you just have to listen and change tact. That last bit was probably one of the harder things- or listen and go back to the drawing board. That's one of the hardest things, I think, for us as group.

Virginia H.: George, can you pick up on that issue of the Asian Century with the reference you made to that being behind what we have just witnessed in the US?

George: The big story in the 21st century in Australia is the population story. I think we've had a number of disruptions, but the fundamental story in Australia today is in the first decade of the 21st century we added 3 million people net terms to the total population. Each decade in the previous 5 decades from the end of the second world war to the end of the 20th century it was 2 million a decade. That extra million has come from overseas, and we know that, that extra million is predominately a skilled- Sorry I'm getting a lot of feedback, how do I-

Virginia H.: If it's a problem we'll bring a hand mic up, but I think you're fine for now.

George: The net addition, the extra million people that came in the first decade alone are predominately skilled migrants from China, and India. They're choosing 2 cities pretty much over any other part of Australia. 80% of all the Chinese and Indians end up in Melbourne or Sydney. I think that's roughly the figure. That's roughly the figure.

Melbourne and Sydney post the GFC, and the states to a lesser extent Victoria, South Wales they're actually holding their own in the national economy. They're actually growing as they share in the national economy again for the first time in about 30 years combined. The swing to Queensland, and WA which is the story of the 80's and 90's and the early part of the mining boom is starting to peel back.

The reason I mention the diversity of the population is those 2 states look nothing like our Eurasian centres in the 21st century. The point is there's a trillion issues that flow from that. I think the population story is the single biggest issue in Australia today. If the Public Service, if governments, if politicians on all sides understood how many people we have to service, so take a stand in Victoria, take- sorry. Take a stand in Victoria for example- What do I need to do?

I'll try to break it down in a couple of very, very simple examples. Victoria for instance, which is turned over governments now- I might have mentioned this last year, but it's especially pertinent again this year. Victoria's turned governments over now twice on the issue of public transport. The issue of public transport at a state level in Victoria is especially driven by the under

count on the population. Budget after budget, after budget, after budget underestimated population growth.

You had the Premier many years ago, Steve Bracks say, "We're going to open our door. Bob Carr wants to close Sydney. We'll open Melbourne." The people came but the government actually hadn't adjusted to the challenge. Which is in the public transport, health, and education space. Now they're doing a quite a lengthy catch up in the public transport sense.

At the political level the argument now is between roads and rails here. This crazy dichotomy is going on where a new government comes in and does a complete reset on the infrastructure agenda. If you're wondering about systems risks in Australia, the big system risk in Australia is that governments can't service our growing population. Forget all the other stuff.

Then you have divides between city, and the rest of state. Divides between cities and other cities i.e. southeast corner with north. Then big divides between people who still feel connected to the Asian Century i.e. the million or 2 people within a certain boundary of Melbourne and Sydney that are not going to notice the congestion, because they're living pretty decent lives with the rest of the country.

As I say if you start with a basic who's coming here. what that means for service delivery, you'll open up a whole different political discussion to some of the ones that we've been having the last few years. I did flag another question; I'll leave that to the-

Virginia H.: What you're bringing it back to really issue of the rising inequality too which is critical here to all of these issues. I'm going to throw this open to the floor, because I know we have a number of people here with questions. Carmel has, I think, identified some questioners at this stage. If you have a question pop your hand up, and we've got Ash and Chantel floating around with microphones. Pop your hand up, and they'll come to you, and deliver your question. Carmel over to you now.

Carmel: Okay, well thanks Virginia. The first question surprisingly comes from PM&C. Will ...

Will: Hi there Will Story, PM&C. Look we've talked a lot about the need to bridge the divide between the haves and have nots, and overnight has made that clear. Do we as public servants need to be much smarter, and more politically savvy in how we advise government on policy in order to help them do that?

Virginia H.: Menna.

Menna Rawlings Yes, I think would be my answer. I've got one example I was witness to this

: week which really made me think about how we formulate advice. We had a minister in town, and I was talking to a guy who is CEO of a very big investment bank .... The first question he asked our Minister about the consequences of Brexit was, "What's the worst case scenario? Let's say you can't cut any trade deals?" Which of course we will. Especially with Australia first. "What if you can't. You'd have to go to WTO tariffs. What will that mean? What's your worst case scenario?"

I thought we didn't think of that question. Therefore, our minister had a quick bit of passing notes to try and advise him. Then I thought when is the last time as a foreign office we asked ourselves what's the worst thing that could happen? If we had have asked those questions might we have been, without being too self-critical, a little bit more prepared for the Brexit vote, and the Trump vote. That's just one example where I think perhaps we have to think a bit differently, and challenge ourselves more in the way that we think about big challenges. I think we can learn from the private sector in some of these areas as well.

Virginia H.: Frances you want to pick up from there?

Frances: I just want to pick up on a point, because as we're public servants there's always on the one side, and on the other. While I agree with that, and agree with your basic premise, and I don't think you'd find a Minister who would disagree, of course the premise is that what we're doing at the moment is not in that vein and I suspect - I'm sure across all departments there is some of that going on. More of it would be welcome, but there's also the flip side.

By definition most of us are good public servants, exceptional public servants. If we're going to be really, really good politicians we probably would have gone into politics. My experience is that not everyone is good at this. We've got some real masters of political arts up there on both sides of politics. What they most want - and I say this after some time in the Foreign Minister's Office and sometime in the Prime Minister's Office, admittedly in the international domain - is good policy ideas. They can often do the politics around if the idea's sufficiently good and will bring the benefits they can do the politics.

I think there's a bit of nuance in there that we're thinking about as well too. You don't want to be putting things up that are necessarily so heroic and absolutely impossible but if you can see a way through it, and DFAT's been doing some work with, again across the board with all departments, on some long term thinking in relation to the South Pacific where there are elements of that in there. I just say a bit of nuance in there as in most of the things we're talking about today.

Virginia H.: Okay, Larry you want to speak up on that also?

Larry Marshall : Yeah, I was just going to say my personal experience is we should never get political ever. To your point what we should do better is get more data driven. There's so much more data available in the world today to guide better decision. In the past I think it was more perception, or anecdote, gut feel. There's so much more we can measure today.

Catherine I was thinking of that business council meeting where we were looking at the future of work. We had compared data a few weeks before, and thinking gee the data doesn't reflect the thinking around the table of the policy direction. I think our job is to provide good data, so that the politicians can make good decisions, but not get political.

Virginia H.: Okay Carmel's got another couple of questions. Again if you have a question please pop your hand up.

Carmel: Actually there was one over-

Virginia H.: Thanks Carmel.

Female: My question is a bit of a follow on from Will's in terms of trust and risk. Larry you were saying that really public servants are pretty much like entrepreneurs. I think there's a real debate about the extent to which politicians will, even with the best will in the world, except good data evidence driven new ways of challenging and doing things differently.

I guess examples, and it's pretty glib to say this, but examples like the Prime Minister saying heads will roll as a result of the census and so forth doesn't exactly inspire trust by the public service in delivering up new ways of doing things. I guess my question is, and you've partly answered it, but how do we as the public service make sure that we give politicians enough good new ways of doing things that they feel confident in the public service, and the advice that they give?

Virginia H.: Great question thank you. Frances I think I might throw that to you first.

Frances: I must have raised an eyebrow. Of course I know what you're talking about, but I think when we do new things, and we're obliged to do them, and we've drawn evidence we also need to do the proper risk analysis around what it is that we're doing. I'm sure there're colleagues here who were involved in what you're talking about. I imagine there are. I sit on the cyber security board, and I know a little bit about it too.

When it comes to matters in the cyber domain we are under an absolute obligation to do, not just the very best we can, but best practice in terms of insuring that we've taken risk mitigation measures, and that we take sensible actions should we come under attack to put it broadly. I would be very

concerned if people read only into that episode that you talk about. that we should not be innovative or try new things when we need to do that.

We also need to be able to be innovative. I think there are people who are far more experts in this domain than I am, who would say that there are sensible things that anyone in that business, let me generalize the point, can do to dramatically reduce the risks that their service will be interrupted. So I think there was some specific lesson to be learned from that. I think they are being learned to cross the board, and are being applied. So I'd soldier bravely on if I were you.

Virginia H.: Carmel's identified another questioner I believe. We've got one right here yes.

Female: Thanks very much. Thank you to the panel. I'm an academic it's important to out oneself I think in these occasions. I think my question connects to the previous 2, and it certainly connects to this issue of trust. One of the more memorable, for all the wrong reasons, quotes from the Brexit campaign was Michael Gove saying, "We've had enough of experts."

That has really stayed with me, and it just makes me wonder. Here we are in a room full of experts being addressed by a panel of experts. We're talking in a very calm and considerate way about the importance of thinking big. We're doing it in a context where in my home country the UK, and now in the US, and I think also in Australia you're encouraging us to think big. The leaders of these countries appear to be wanting to think very small indeed.

What I would like to ask you is if you were addressing not a group of public servants and academics, but a bunch of people who might have voted for Pauline Hanson do you think that they would have responded to your presentations with a, "Thank you we didn't understand that. We now change our minds?" Do you think that you would have had any impact on them at all?

Virginia H.: That's a tough question, Larry. He likes tough questions.

Larry Marshall : It's a high risk question, so I have to take it. I'll try to thread the needle here. Glenis you'll stop me if I mess up. There's a controversial issue around agriculture. Particularly the cattle industry particularly in northern parts of Australia, and climate change. It's a controversial issue. There's a methane problem with cattle for example. It's well known, so we put a team through our own program where we brought in people who were frankly climate sceptics from the cattle industry. We had them go through on with our scientists.

Together they developed a seaweed supplement for cattle feed that dramatically reduces methane emission. Suddenly no one was arguing about who caused climate change, or whether it's happening, or whether it's not. They were saying, "Wow this is a good solution." By the way it's better for the

cattle. By the way it improves the product of that industry. Suddenly all the arguments, and frankly the politics go away. It illustrates a critical point.

If you think of this as inventing a new kind of society, if the last society was the digital the information society this is the networked society. Everything is connected to everything else. Everyone is a market of one. You know everything you need to know about your customer. You're so connected. Using that, using connectivity, using dialog and understanding, and stop fighting about what the problem is or who to blame for it. Start figuring out how to solve it.

The people that I mentioned are a little bit like the ones you described. Very sceptical about the program before we started, and literally transformed by the experience, because we solved their problem.

Virginia H.: Menna.

Menna Rawlings : Yes, it's a feisty question. First of all, just to make clear Michael Gove is not the Prime Minister of our country, and indeed he is not even in the government. He may have said that, I bet he did say that. We have a Prime Minister who is I think very aware of the need to take an inclusive approach to bring in different people, and different ideas to work with the constituent parts of the UK, and yes to draw on the views and the advice of all the expertise that she has at her disposal in the Public Service.

My point I was going to make is that I think your question is a very, very good one for 2 reasons. One we don't know the answer because we don't do that. We engage with ourselves the whole time, and I love coming and doing this. I do an awful lot of these sorts of events in my job in Australia. When did I last actually go into a town hall and talk to ordinary people? When I'm back in the UK, I think this was Frances's point, when did I actually really travel around and engage with different types of people from different bits of society and explain what we do, and how what we do actually support the citizen? I think that's one reason it's a very good question. I think we should all think about that.

The second reason I think there's a positive answer though, which is I like to think if we did do that it would resonate. To me there is a pathway to reconnecting us with the so called have nots in our societies. We just need work a bit harder to find it.

Virginia H.: George.

George: A couple of quick-

Virginia H.: You're on.

George: I'm on, yeah. Just a couple of quick points. Basically the way they- the relationship between Public Service and politics i.e. government and opposition has changed profoundly in the last 20 years in Australia. There would have been a time where the answer to that question would have been government does something, and sends the public servants out to explain it to the community.

Firstly, the public servants go out and consultation, come back with advice, government prepares policy, policy is announced, public servants who are trusted in those days to brave journalists and actually address community at town hall meetings were able to explain government policy. It wasn't a bad place to be. That's not the way we operate now. We're operating in a world of- control is the wrong word. The thing I've observed, and this is a cohort effect across all sides of politics in the last 10 to 20 years; Many citizens today think they're the area expert. Okay, head nods right.

Thinking you're the area expert, whether you're a Prime Minister who knows more about the NBN than anybody else, or whether you're a former Prime Minister who knows more about China than anyone else, or whether you're a former Prime Minister who knows more about the education sector than anyone else just for arguments sake, or you're a treasurer who understands the economy better than the treasury, for e.g. How do you cope with those politicians? I'd be more worried about coping with the politicians than the 8% of the population that might have voted One Nation.

In the first instance the conversation with that 8% can't even be had with the way structure works now. It's almost a session for another time. How do you rethink advice in an environment where a politician A) thinks they know their subject matter better than you do and B) is not going to be in the job for a full term or more? As I said it's almost a question for another day. I've got a couple of stories, but maybe I'll save it to the wrap up.

Virginia H.: We are coming back to you at the end. We are going to wind up the session, but I'm just going to take one last question. I think Carmel's identified another one around ...

Carmel: Here we go.

Virginia H.: Down here we've got a hand up over there. Just while Carmel's making her way through the tables we are- George is going to be with us again over lunch signing his book, and back for the wrap up session.

Lisa: Hello, my name is Lisa. I'm actually from DFAT, and I work for the innovation exchange. Something I wanted to ask more broadly. Larry, I'm just picking up on a point that you said about incentivizing risk taking. Particularly how we



incentivize risk taking, and innovation within the Public Service. Obviously it's not to a financial gain, but how as individuals we are incentivized by departments to adopt innovative behaviours?

Virginia H.: Larry, yeah.

Larry Marshall : I'll take it sure. Like I said the innovation exchange is a great initiative that exemplifies a number of these elements. The way we tackled in sorrow is first to create a safe place, kind of a sandbox, where it was okay to experiment. I go back to the communication point you're going to be really explicit. Particularly when you're doing a real project with a real customer at the end of it. You're going to be really explicit that this is experimental it may not work. They've got to be willing to accept that.

The magic that happens when you bring people in, and you actually, for us get scientist talking to people they wouldn't normally talk to, innovations become so much more complicated, but you can't do it alone. You can't invent in a lab anymore. You need the insight that comes from domain experts that are not familiar with the, for example, the science that you know. When you bring them together the innovation happens at the intersections of those points of knowledge. Which is why this networked society is so different from what we're used to.

When people fail and they do, or they make wrong decisions, and they do the inclination of management is to fire them, to hammer them, to punish them. The organisation of the future has to be a learning organisation. It can't be command and control. It's got to be flatter. Again another feature of the network society. The more information everyone has access to the more autonomy they can have. The better decisions they can make. You have to train them properly, but then you have to empower them and trust them. That's part of incentivizing agility as well as risk taking. If you have a crime and punishment mind-set it won't work.

Virginia H.: It's a great answer Larry, but it's a very vexed issue though isn't it. When we hear your complaint or comment made often that APS and Public Service across Australia, all jurisdictions, is very risk adverse. We've had people like Professor Peter Shergold call for mature risk environment, and more positive risk taking environment. We have a lot of talk about that. I think everyone in this room has been at some seminar or other where we've been disusing how to be less- more mature in taking risk. Yet deep down do we really believe it?

Seriously do we really believe it, because whilst it's not necessarily a punishment environment within the public sector people are very mindful of the need to follow process. In fact, keep their head down otherwise, as one of our speakers- questioners pointed out; You were told heads will roll if you make a mistake. We're not really walking the talk are we?

Larry Marshall : I won't speak for the broader Public Service, because I would mess it up if I did. For our organisation that has been a significant cultural shift.

Virginia H.: How do you make that shift?

Larry Marshall : I'll give you data.

Virginia H.: Surprise, surprise.

Larry Marshall : CSIRO's people, about 5 and half thousand of them, have increased their customer awareness, their customer centricity it's metric that most organisations measure by about 14%. It's compared to CSIRO. It's actually increased by more than that compared to global sister organisations, and actually increased by more than 10% compared to global companies global innovation companies.

Our scientists and our people are more customer aware than companies in regular business around the world, global norms. That's a remarkable outcome. It only happens through empowerment and trust, transparency, and access to all the information. Again this networking of society it enables a greater transparency. It's scary, because people can see what you're doing, and everyone has access to all the information. It sends an incredibly powerful message to your people that you trust them. They should reciprocate that trust. That leads to empowerment.

Virginia H.: Then enabling comes from the leadership doesn't it?

Larry Marshall : Well hopefully. The other thing is the CEO's, everything's the CEO's fault. It's a truism. Everything is your fault, and secretaries of CEO's it's always your fault, always your fault. When things work well the credit is to the team, because they're the ones that actually deliver. That's another incredibly empowering mind-set to really drive your team to be more innovative to be more agile.

Virginia H.: Before we close off this session I just want to come back to you George finally a very broad sort of question. The innovation agenda that Malcolm Turnbull has spoken so passionately about obviously in addition to money, obviously is requires genuine creativity. As an outsider on this panel, i.e. you are not a Public Servant, do you think that the creativity required actually exists within the Australian Public Service within government?

George: That's an interesting question. Sorry, it's such an interesting question. I hear a lot about risk, increasing ability to take risk. I hear a lot about trying to get your heads around the disruption in the 21st century, I hear a lot about innovation. What I do know in my contact with the Public Service over 30 years, that typically a department has its age profiles changing quite dramatically with

high turnover of staff. There is very little corporate memory left in department. Even before I ask the innovation question of the Public Service I want to be sure that the public- We're 25 years out from the last deep recession in Australia. That means most departments have people who were barely in high school when the last recession happened.

If you talk about risk environment if the economy turns south every one of you have got a different job in terms of the advice. All bets are off in terms of what you've been thinking about up until this point, and you have to start war gaming in a completely different head space which is survival. Even before we get to the innovation question I'm interested in what departments are doing to try and maintain some sense of corporate memory.

I know there's a couple of departments, I won't name them, some of them might know this. They're actually doing this in the history of the department exercise internally to try and cope with the loss of lived experience in the department, because the turnover of staff. I think once you understand your own department better, and you understand your own history- Somebody mentioned to me the other night, last night I got a presentation at the ACT economics society. One of them said, I had this bright young thing I was talking to, about the last recession. He said, "I don't remember the last recession I was at high school." An economist right?

This kid hadn't even been taught the ins and outs of that last recession. Which is the single greatest formative experience in Australia in the last 30 years. I think you can get to the other part of that equation that Malcolm Turnbull- the challenge that Malcolm Turnbull's put to the Public Service. If you can find some way to restore institutional confidence. I think institutional confidence comes from knowing how the world worked in the past, understanding what you did wrong in the past. Rather than spinning around trying find the next 10 big applications that'll be passé in about 6 months' time, have a good look at what you did wrong when your advice was seriously wrong the last time you made a really big mistake. Just understand how your systems work under that pressure.

Some of you might remember an entire department was wiped out in the late 1990's, because the travel allowance issue. The administrative service basically collapsed in the finance department. It is possible, not DFAT necessarily sorry right, but it is possible that a particular agency here may not be here in 5 years' time, because they couldn't satisfy a Minister in a period of extreme risk that was knowable if you understood you're own corporate history. I'm sorry to reframe the answer, but this is one of the things, as an outsider looking in, that concerns me. Every time I talk to people they are talking about the now and tomorrow. Then a day later they say we missed Trump, or we missed Brexit.

I'm pleased the DFAT invested equal time in both outcomes, because no Public

Service should ever look at the world and think what I just read yesterday is going to be what happens. You have to be prepared for every eventuation - every eventuality. Sorry, eventuation - that's not even a word. I've dodged the question, but I'm trying to add an extra thought if that's possible?

Virginia H.: I don't think it's a very important point knowing where you've come from is just as important to know. It's vital to know where you're going, where you're headed.

George: Knowing our department functions under extreme stress. Sometimes for institutional reasons, for cultural reasons some departments are hopeless at managing crisis. Some are really good at. Some of them don't even know it yet. Some of them aren't in a position to advise, or Ministering the event of the unforeseen, because they haven't thought of it themselves.

Virginia H.: Some will even insist that [inaudible] at all. Frances I could see you nodding away. Would you like to us finish off by adding to that?

Frances: George has made a very important point, but I want to say returning to DFAT after 16 years outside the R.G. Casey building doing other things I am absolutely overwhelmed by the creativity that is in place. I simply wanted to extend an invitation to George to come and visit the Innovation Exchange. I'm glad that they're well represented by my colleagues there. We can also talk about history and crisis management, and DFAT's Global Watch Office which is going to be in business from the first of July next year. I do want to show you the Innovation Exchange, and I do want to introduce you to some of my most creative colleagues.

George: Thank you.

Virginia H.: I must just add to that too what I saw at DFAT myself do in response to the Belcher review cutting red tape, the department response to that was amazing. It was so innovative it was fantastic. Ladies and gentlemen we are going to have to finish on that note, because it is time to take a tea break. Would you please thank our panellists George Megalogenis, Frances Adamson, Menna Rawlings, and Larry Marshall, thank you.

**SESSION CONCLUDED**