

IPAA PRESENTS

IPAA SPEECHES 2018

A YEAR OF PUBLIC SECTOR SPEECHES

INSTITUTE OF
PUBLIC ADMINISTRATION
AUSTRALIA

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OUR BOOK

'IPAA Speeches 2018'

Institute of Public Administration Australia (IPAA)
ACT Division.

This publication is a collection of edited transcripts. The views expressed in this document are those of the speakers, and should not be attributed to IPAA.

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

OUR MISSION

To promote excellence and professionalism in public administration.

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OUR ORGANISATION

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

IPAA is a not-for-profit organisation that was founded in 1953. We are governed by an elected Council under the leadership of the President, Frances Adamson. Our funding comes from membership fees, events and sponsorship.

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FOREWORD



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

Each year, we deliver a program of events to the public sector in Canberra. *IPAA Speeches 2018* enables us to share with you the thoughts of leaders who addressed our audiences during the year, presented in chronological order:

- Our year included prominent speeches by departmental secretaries including Chris Moraitis PSM, Dr Heather Smith PSM, Dr Martin Parkinson AC PSM, Kathryn Campbell AO CSC, Michael Pezzullo and Kerri Hartland
- Women in Leadership was a focus for the year with the Hon Julie Bishop MP speaking for International Women's Day in the Great Hall at Parliament House, and Ann Sherry AO launching the *Women in Leadership* event series with the inaugural *Helen Williams Oration*
- We were honoured to host valedictory addresses by Simon Lewis PSM and John Lloyd PSM, as they reflected on their significant contributions to the Australian Public Service
- Our annual conference '*Fit for the Future?*' in November saw insights from innovators and thought leaders from across the public and private sector, including a keynote address by David Thodey AO, Chair of the Independent Review of the Australian Public Service
- We closed the year with the *2018 Address to the APS* by Dr Martin Parkinson AC PSM.

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

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

A handwritten signature in black ink that reads "Frances Adamson". The signature is written in a cursive, flowing style.

Frances Adamson
President IPAA ACT

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IPAA SECRETARY SERIES

NATIONAL PORTRAIT GALLERY
WEDNESDAY 21 FEBRUARY 2018

NAVIGATING THE CHALLENGE OF ORGANISATIONAL CHANGE

CHRIS MORAITIS PSM

SECRETARY OF THE ATTORNEY-GENERAL'S DEPARTMENT

*'There are three interrelated concepts, or streams of approach,
which have helped me navigate the challenge of organisational change.
... The concepts are: mission, people and culture.'*

INTRODUCTION

I acknowledge the Ngunnawal people, traditional custodians of the land on which we meet and pay my respects to their Elders past and present. I also acknowledge any Aboriginal and Torres Strait Islander people here this morning.

I thank IPAA for hosting this session, and my colleague and current IPAA chair Frances Adamson for inviting me to speak as part of the IPAA series for 2018.

IPAA is doing some great work, encouraging and promoting a fertile dialogue amongst us all about how to improve the practice of good public administration and the principles underpinning it. I hope my modest addition today can join the larger current of discussion which IPAA has been promoting through its various initiatives.

THE CHANGE IMPERATIVE

Picture this. It's 1977, I'm in Year 9, going to Greek school, in a class learning Greek. We had a teacher who was telling us about philosophers, and I said to my mate Peter, 'Pete, what's a philosopher and what's philosophy?' He said, 'Let's jump on the tram during the break and go down to the Brunswick Library and we'll borrow some books.'

So we jumped on the tram at Victoria Street and we went to the Brunswick Library. We borrowed two books. One was Bertrand Russell's *History of Western Philosophy*, from the pre-Socratic philosophers to the 20th century. I read half of it and I couldn't understand it, except one thing that stuck in my brain, and that was a philosopher called Heraclitus. He talked about 'ta panta rei' which is Greek for 'everything flows'. He used the image of a river, and said that you can never step into the same river twice. I've been thinking about this idea of flux and constant change, and in this context, I went back to that recollection of a young guy 30 years ago in Melbourne trying to understand what's going on around him.

The point I'm trying to make, starting with Heraclitus, is that we all experience change. All of us. Intelligence and change go hand in hand and adapting to change has been the key to our survival as individuals and as a species.

In the Australian Public Service (APS) the imperative to deal with and effectively manage change is something all of us grapple with, all the time. In this respect, we are no different from the private sector, nor indeed any sector of society. Think about 'change' in all its manifestations happening today for a social media-based corporation, a hotel chain dealing with Airbnb, or a retail or service industry dealing with digital disruption.

For the APS, these imperatives are equally compelling and pressing. We need to address change at so many levels. At the individual employee level, we have to be critically self-aware enough to grapple with the ever-changing contours of our work life and the policy and service delivery landscape we inhabit. As managers and leaders, we spend — and rightly **should** spend — an immense amount of time thinking about the workforce skills and capabilities we need so as to optimise our ability to deliver for government and the people of Australia. This means working to ensure our people are as equipped as they can be with the skills, training and experience they need in order to respond to new challenges and tasks. It also means thinking about the future of work and the future workforce we will need. For example, big data and its role in the APS of the 2020s and 2030s means we need to think very differently right now about how we structure and staff our future workforce.



Chris Moraitis PSM addresses the audience at the National Portrait Gallery

Another equally important way we need to think about change in the public administration context is from the *organisational entity* perspective. Given that the entity itself is an abstraction, this is really saying that it comes down to how the leadership, management and indeed all staff of any organisation grapple with both change to itself and to its sense of self. This third aspect of change is the one on which I wish to focus this morning.

In the APS, I have grappled with the challenges of organisational change almost constantly. As Chief Operating Officer in the Department of Foreign Affairs and Trade (DFAT), I worked to see the integration of AusAID into DFAT, after many years of AusAID being its own distinct entity.

I have overseen the consolidation of the Australian Government Solicitor (AGS) back into the Attorney-General's Department (AGD) after AGS had spent almost two decades as a government business enterprise. And of course there are the Machinery of Government changes of recent times — such as the Ministry of the Arts MOG and, much more recently, the changes for AGD brought about by the creation of a Home Affairs portfolio.

NAVIGATING THE CHALLENGE OF ORGANISATIONAL CHANGE

CHRIS MORAITIS PSM

Secretary of the Attorney-General's Department

This has inevitably meant thinking very carefully about how organisations, entities and their people manage changes of this magnitude — how they 'navigate' the new realities. Indeed, in line with the idea of fast flowing water and Heraclitan flux, 'navigate' is an apt word that builds on the metaphor of flowing. So navigate we will! This means thinking about what organisations and people must do to transition successfully from where they are to where they should be, and to thrive in the future.

MISSION, PEOPLE, CULTURE

There are three interrelated concepts, or streams of approach, which have helped me navigate the challenge of organisational change. If articulated and applied consistently and genuinely, I hope that they also help staff set a framework for dealing with changes, both at an individual level and at the entity level. That is, so staff can see, and subscribe to, the future contours of their entity as it evolves and, at the same time, see themselves as integral and thriving players in that entity — both as contributors and co-creators.

The three concepts are: mission, people and culture. When dealing with these concepts, there is no sequence, no priority. We cannot talk 'culture' without focusing on 'people'; 'mission' can't be achieved without 'culture'.

When I was High Commissioner in Papua New Guinea it was an interesting environment to work in. People bring their families and children, and it is an environment that can be quite challenging for a variety of reasons. In terms of my mission there and my approach, I prioritised what was required. I said to my senior management on the first day,

The first priority is the safety of our people. The second priority is the well-being of our people. The third priority is making sure that priorities one and two are met efficiently and effectively and are seen to be done. And fourth is achievement of our policy mission.

My view was that in such an environment, you can't achieve policy priorities unless people feel safe. You're there with your family, your children. It's not like the situation of being an unaccompanied officer in Baghdad when you can focus 24/7 on your work. The First Secretary isn't going to write that cable about political developments in Port Moresby if he or she is worried about whether their child is going to be safe coming home from school that day.

In other words, all three — people, culture, mission — are of equal importance, and are interrelated. There is no hierarchy of approach. Culture is central to any concrete objective you care to think about. Dealing with the culture of an organisation is the necessary condition for success in any aspect of that task. And people management goes to the heart of what we are all about.

For the purposes of this morning's discussion I'll look at these three concepts through the prism of how they can assist us to navigate the challenge of organisational change.

PEOPLE

Organisational change and the disruption it entails — both structurally and from an individual professional perspective — is often an incredibly unsettling experience for many. Not surprisingly, it challenges in dramatic ways one's professional identity, given that so much of one's sense of self is infused with one's working-life persona. Many others, on the other hand, see it as a chance to experience something new. Even if not relishing it, they are certainly 'up for' the opportunities the changes are expected to throw at them.

There will be various responses but, whatever they are, it is incumbent upon all of us to appreciate that organisational change is not an abstraction, not a structural realignment which can be dealt with 'on the papers'. We must recognise the real 'person-centric' dimension of organisational change. This starts with accepting there will be real and genuine concerns, as well as expectations and aspirations. Either way, there is a human dimension that needs to be addressed.

'In the Australian Public Service the imperative to deal with and effectively manage change is something all of us grapple with, all the time. In this respect, we are no different from the private sector nor indeed any sector of society.'

One of the clearest and most effective ways to start this process is to promote discussion. That requires a genuine commitment to communicate — about what is happening, why it is happening and where we want to be at the end of the process. This can be put simply as 'communicate, communicate, communicate'. And when you think you've done enough, communicate a bit more — which is when you are probably starting to get it right!

Be 'real time' in what you communicate. Communicate as much of the ideas and knowledge as you have about the process and objectives. If you don't know all the details, be upfront and say so — point out the gaps, the unknowns. People will then know what you don't know; they will be comfortable (to a large extent at least) with that. They will also know at least one thing more — that we don't have all the answers yet. That is a 'known unknown', which helps people understand the process.

Don't have separate narratives about what is going on. Have the official story — a consistent, true, genuine narrative about what is happening. Don't allow any delays to develop between formulation of an idea and its narrative and the message.

Create channels for two-way communication. This means listening to what people are saying, seeing what can be done about what is being raised, and then communicating back what is proposed to be done in response to those questions and demands.

It means sharing widely the two, five or ten broad strategic principles that will guide the current and future change process for the organisation. Not only do these principles guide the general direction in which you are hoping to go, but they become genuine reference points for considering and arbitrating upon future decisions and unforeseen issues which will emerge on the journey.

You keep coming back to the organising principles which have set the broad direction. You try to be as consistent and as strategic as you can based on those transparent, open, and widely communicated principles of organisation. At the same time, don't let strategy blind you to the importance of the detail insofar as it affects individuals or cohorts of staff. These matters need to be addressed because invariably they matter enough to a sufficient number of people so as to make them critical to the material success of the enterprise.

People are central to organisational change. AGD staff have heard me say countless times that our people are not our most important asset, they are our **only** asset. It is people who will make change a success. It is people who will transition to the new reality and create the new organisation, bit by bit. And it will be your people who will show you what new opportunities are being created by change.

CULTURE

Much is spoken about an organisation's culture and the benefits which accrue when leadership and management invest in building a work culture that leads to an engaged, resilient and productive workforce. Suffice to say that I fully endorse the view that this is a critical path for any successful organisation.

This is not the time to explore the elements of organisational culture. It is made up of many components. But the elements I highlight are:

- an inclusive work culture premised on leadership's commitment to fostering a diverse workforce
- a commitment to collaboration and teamwork
- an environment that fosters trust and respect, one which incubates a preparedness to be bold and try novel approaches without fear of failure but with a measured appreciation of risk.

This is not something that can be rejected as unverifiable and not subject to objective measurement. You can see the success of culture in:

- the measured levels of staff engagement
- satisfaction ratings with the quality of the working environment
- metrics on whether the workforce is proud of its organisation and willing to recommend it as a strong employer
- whether in the ruthless competition for quality staff your organisation is ranked as an attractive and sought-after employer.

In other words, culture is an integral part of any organisation's makeup — its sinews and energy. It will determine whether the entity thrives, just muddles through, or fails.

But does culture make a real difference in the context of organisational change? I think it is critical. Think of culture as the ballast in the organisation's DNA. It is what allows the organisation and its people to weather the storm (that 'navigation' metaphor again!). In fostering engagement and trust, the culture also engenders resilience and commitment to getting things done, with a genuine 'people-centric' dimension at the heart of the process. It means the organisation and its people know instinctively that everyone is working to achieve an outcome that is the right outcome — at all levels of the organisation.

Culture is the disinfectant against cynicism, apathy and mistrust, at the very times when these emotions can be the most toxic.

Culture is critical if organisational change is to be managed strategically with a full understanding of the goals being pursued, with a clear commitment from all concerned that the process will play out in a measured and considered way.

A workplace culture which people find enriching and to which they are therefore committed is one that imbues their worldview about the work environment they want to have in the future. Wherever organisational change leads them, a positive work culture travels — virus-like — with them.

In the next phase of organisational development, in the syncretic process of forming new entities from disparate components, this culture will play a key role in forging a new entity. And hopefully it takes root and grows.

In heading forward in a new environment and when forging a new, yet still not fully delineated direction, a good starting place is a strong and engaged work culture. It can make all the difference.



Left to right: Rob Stefanic, Frances Adamson, Glenys Beauchamp PSM, Chris Moraitis PSM and Daryl Quinlivan

MISSION

Culture and the values which underpin an organisation are integral to the organisation's mission.

In organisational change, defining the future mission (beyond the cultural/values proposition) is an additional critical element of the conversation that the organisation needs to have. This is because defining the mission goes to the heart of the strategic direction one is embarking upon. It can be defined quite easily in mission statements, which provide critical lodestones for helping an organisation find its direction. But mission can be more: ideally, it should go to the heart of an organisation's essence and the reason for its existence.

Imagining the future for any organisation in times of change requires anticipating the future, but it can also mean looking back on the journey so far to recalibrate and re-evaluate the future pathway.

I reminded my staff last year of the fact that, on the day the Commonwealth of Australia was created and Federation was completed 117 years ago, the Attorney-General's Department was there, 'present at the creation' (to use a phrase from another historical context). And it has been at the heart of government ever since, one of the very few Commonwealth Departments of State still intact as a distinct entity with the same name. Since January 1901, AGD has had many permutations, and it has had many and very disparate tasks entrusted to it by successive Australian Governments.

By and large, the department has delivered on these undertakings. In addition to our traditional and over-arching role supporting the First Law Officer in upholding the rule of law in Australia, successive Australian Governments over this period have entrusted AGD with a dizzying array of matters — territories, arts administration, film classification, countering violent extremism on the internet, and natural disaster mitigation, just to name a few. It is a breathtakingly broad spectrum of activity.

'Communicate, communicate, communicate.
And when you think you've done enough,
communicate a bit more — which is when you
are probably starting to get it right!'



Chris Moraitis PSM delivering his address

The common thread has been helping Australia and its people grow, thrive and succeed as a prosperous, secure and just nation. By any measure, it is a pretty good track record and a great starting point for re-imagining the future organisation.

In reminding AGD staff last year of our history, I also reminded them of real people in this story — in particular, the person IPAA itself celebrates through its annual oration named in his honour: Sir Robert Garran. AGD's building is named after Robert Garran; today's AGD staff continue to work on some of the same issues he was dealing with in the 1900s.

Robert Garran was the first Australian Commonwealth public servant. He was not only present 'at the creation', he also played a part in the process leading to the creation. He was one of the first Secretaries of State, served 11 Attorneys-General and 16 governments as AGD Secretary over thirty-one years. He was the confidant of governments on legal and constitutional matters. He was also present at one the earliest international events where Australia sought to have its say as a nation on matters of international relations and international law: the Paris Peace Conference of 1919.

The salience of the past in the context of mission and organisational change is this: to remind ourselves of our unbroken record of public service and the many organisational permutations undertaken, permutations which are all about refining and redefining what serving the public requires. It is relevant because it reminds us that, while culture and values should prevail and endure through changes, there will always be an imperative to adapt and innovate to meet the new realities.

In doing so, we need to remind ourselves of the service ethic to which we are committed, the role we can play in building the next chapter in the story of Australia and its people.

All organisations during times of change therefore need to look carefully at their ongoing mission — look to its values, its journey to date and the expectations placed upon it by government and the Australian people.

In our case, staff in AGD have undertaken an internal discussion to help refine our mission for the future. Leaders such as me have said we wish to listen carefully to the collective experience and wisdom of our own people who make up the organisation and who are given the opportunity to imagine what the contours of the future organisation — **their** organisation — will look like.

CONCLUSION

I said at the outset that there is no priority or hierarchy amongst culture, mission and people. It is people who make the culture and people who deliver the mission. But culture also leads to engagement of staff and makes the mission-critical objectives achievable. The mission must be articulated, understood and embraced.

I am not suggesting that these three elements are some sort of guarantee of success — far from it. Organisational disruption and change is complex and messy. There can't be any guarantees. But mission, culture and people are the necessary conditions for success. Looking through these three prisms when navigating the currents of change can make all the difference.





GREAT HALL
PARLIAMENT HOUSE
WEDNESDAY 28 FEBRUARY 2018

WOMEN IN LEADERSHIP

THE HON JULIE BISHOP MP

MINISTER FOR FOREIGN AFFAIRS
DEPUTY LEADER OF THE LIBERAL PARTY OF AUSTRALIA

'We have embraced ... the economic empowerment of women so that women can take their place in the formal labour markets of these countries, that they can make a contribution, that they can run businesses, that they can be involved in commerce and investment and trade and activities.'

WOMEN IN LEADERSHIP

THE HON JULIE BISHOP MP

Minister for Foreign Affairs

Deputy Leader of the Liberal Party of Australia

Good morning everybody and thank you Frances for that delightful introduction. What a joy it is to be here today to celebrate International Women's Day, albeit a week in advance. This is a global celebration of women — we honour those who have been trail blazers, we demonstrate our support for women who face challenges, and we seek to find ways to inspire future generations of women and girls to fulfil their potential.

I particularly want to thank Frances Adamson. As [ACT] President of the Institute of Public Administration here in Australia, she exemplifies the twin pillars of excellence and professionalism that this Institute seeks to embed in Australia's public service. Frances had a distinguished career as a diplomat. She was our Ambassador in Beijing — one of the most demanding posts in our foreign service. She was International adviser to the Prime Minister, and then, quite naturally in my eyes, she took on the role as the first female Secretary of the Department of Foreign Affairs and Trade in Australia's history. It just so happens that her time of service coincides with my time as Australia's first female Foreign Minister, and we work exceedingly well together, and I'm very proud of the way we have been able to institute change in the Department of Foreign Affairs and Trade that will impact across the Australian Government public service.

As Foreign Minister, I travel constantly representing Australia's interests on the world stage, and the Department of Foreign Affairs and Trade invariably puts together an exceedingly busy schedule for me wherever I am. I demand it and they deliver.

They are also aware that I want to have in my itinerary, wherever I am in the world, an opportunity to meet with the women leaders in that city or that country I'm visiting. Over the years I have met some of the most extraordinary women at lunches, at dinners, at briefings, where our Posts, our Embassies, our High Commissions have brought together a cross-section of women from that country or city. What I learn from those meetings, all the briefings, all the ministerial meetings can never make up, from hearing first-hand from women what life is like in that country. While the stories and the experiences are so diverse and vary so dramatically country-to-country, continent-to-continent, there is an underlying theme — whatever the gender equality statistics may or may not be for that country, there is still an overwhelming desire to see more women in leadership roles.

Whether I'm in Samoa, or the United Kingdom, or Afghanistan, or China, there's a desire to see more women take leadership roles in their families, in their villages, in their communities, in business, in commerce, in government at all levels, and that's because women can make a significant difference to the betterment of society. After all, a nation that doesn't harness and utilise the talents and skills and perspectives and insights and intelligence of around 50 per cent of its population will never reach its full potential.

I've also been very delighted to be part of a movement amongst female foreign ministers of the world. Of the 193 members of the United Nations, 32 countries have female foreign ministers. There is now an annual event on the side of the United Nations General Assembly (UNGA) Leaders Week (and for those of you who haven't attended UNGA Leaders Week it is like speed dating on steroids, you meet minister after minister, back-to-back, day after day) but to think foreign ministers have found time in this extraordinarily busy schedule to meet. A number of female foreign ministers are from significant nations and economies, the female Foreign Minister of India, Indonesia, Canada, Australia.

'We want to ensure that Australia can continue to grow, continue to be a beacon of democratic values and embrace open and liberal trade and investment.'

We meet to discuss the issues of the day but from our perspective as female foreign ministers. We often say: 'I wonder what Madeleine Albright would've done in these circumstances, or Condoleezza Rice or Hilary Clinton', because without doubt the United States has produced some of the most outstanding Foreign Secretaries, Secretaries of State in recent memory.

It is important for me to gain perspectives of other women in counterpart positions, it informs my thinking, in reinforces the views I have, and it drives me to ensure that Australia is embracing every tool available to us for gender equality, gender equity, and the empowerment of women in Australia, and in the countries where we have influence.

As Frances said, last year we released the Foreign Policy White Paper, and I take this opportunity to again publicly pay tribute to Frances and the team at the Department of Foreign Affairs and Trade for producing a quite extraordinary document, the first in 14 years but without doubt the most comprehensive Foreign Policy White Paper in Australia's history.

This is a framework to guide our international engagement, our international activities for the next decade and beyond. It is a detailed and thorough piece of work that should be read by foreign ministers around the world and, may I assure you, it is being read by governments across the globe.

Australia is an open liberal democracy. We embrace freedoms, the rule of law, democratic institutions. We're an open export oriented market economy. We depend for our standard of living, for our economic growth, on our ability to sell our goods and services into markets around the world. Australia is entering its 27th consecutive year of economic growth, uninterrupted economic growth. That is a record unparalleled in the world. No other country, no other comparable economy has ever achieved that, but it doesn't happen by accident, and we want to ensure that Australia can continue to grow, and continue to be a beacon of democratic values, and embrace open and liberal trade and investment, not to impose our model on others, but to be an example for those who follow and may see in Australia a case-study for their country.

The Foreign Policy White Paper sets out our values, our priorities, our interests. Without doubt Australia's interests are very much global, our priorities are very much regional, and for the first time in a foreign policy document we have embraced the term Indo-Pacific to describe our part of the world — the Indian Ocean Pacific.

This term, is not just a term of art, but a term that reflects the geostrategic and economic reality. It is now being picked up by other major nations around the world. In fact, in the United States recent National Security Statement they referred to the US presence in the Indo-Pacific. This is our part of the world and the Foreign Policy White Paper sets out the threats, the opportunities, the challenges, the risks for Australia's international engagement.

In focusing on the Indo-Pacific, let me bring it down to the issue of gender equality.

WOMEN IN LEADERSHIP

THE HON JULIE BISHOP MP

Minister for Foreign Affairs

Deputy Leader of the Liberal Party of Australia

In the Pacific today, 7 per cent of the members of Parliament are female. In a major Pacific nation, Papua New Guinea, some 8 million people with 100 members in their national Parliament, there are no women. This does not compare with the global average of about 23–25 per cent of national parliaments being made up of female members.

We have embraced the empowerment of women as a key pillar in our foreign policy, and in particular our aid program in the Pacific. We do that under three headings: Support for more leadership, and we have practical initiatives and programs to assist women in the Pacific become leaders in their communities, in their villages, in their parliaments. We have embraced the empowerment of women in economic terms — the economic empowerment of women so that women can take their place in the formal labour markets of these countries, that they can make a contribution, that they can run businesses, that they can be involved in commerce and investment and trade and activities. That of course means ensuring that health and education initiatives are equally supported. Our third pillar is to deal with the scourge of domestic violence. The Pacific are not alone in this regard although the incidence and prevalence is very high. All nations struggle with the issue of domestic violence, but the Indo-Pacific, the Pacific in particular, is our part of the world, it is our neighbourhood and we must do what we can to ensure that women and girls are safe in their communities.

We have numerous programs that focus on the empowerment of women but we have to do things that have a practical outcome. I mandated that 80 per cent of our aid programs have to take into account the impact on women to ensure that women got equal opportunities to take part in programs, for these programs would have an impact on women.

Just a small example — we had a road building project in Timor-Leste and as part of the infrastructure program we were training Timorese workers to drive bulldozers, and tractors, and be part of the construction work to gain skills that would be useful for them. The education component was made up entirely of men.

We mandated, as I said that 80 per cent of our aid program had to take into account the impact on women, so the program was required to see if there were women who could fill these educational places. Now, 30 per cent of the road team on that project are women. They're learning how to drive vehicles, they're learning how to build roads, they're learning engineering techniques, they're developing skills. Often it's just asking people to focus on the obvious.

Recently, in New York I launched a new initiative, Women in Leadership Initiative in the Pacific, and I re-launched it back here in Canberra recently. This is based on the power of mentoring. What this program does through our Australia Awards Program — many of you will know that the Department of Foreign Affairs and Trade has for a long time run an Australia Awards Program whereby we provide scholarships through postgraduate students in countries in our region, they come to Australia, they complete their qualifications, they go back home with an Australian qualification, with a connection with Australia that will last a lifetime — so from that cohort of Australia Awards recipients, we've identified young women from the Pacific who have leadership potential, and we have connected them with an Australian female leader who is prepared to act as their mentor. In this way, these young women who gained an Australian qualification, have gone back home, will have a connection with Australia, a person who is prepared to share their knowledge, and experience, and support them externally, but somebody that they can rely on, call when they're looking for some advice or some support.

One great example is Nirose Silas, she's an Australia Award recipient from Vanuatu. She studied here in Australia, and her ambition is to be Auditor-General of Vanuatu. I thought isn't that wonderful — you wake up one morning in Vanuatu and say 'I want to be the Auditor-General'. We have connected her with Chief Government Whip Nola Marino, the Member for Forrest here in Parliament House. Nola and Nirose are now mentor-mentee. I have so many examples.



Left to right: Carmel McGregor PSM, Cath Ingram, Trish Bergin, the Hon Julie Bishop MP, Amanda Story and Frances Adamson

If there are any women in the room who would like to be part of this brilliant program, Frances will certainly take your names and details. This is an example of Australia sharing experiences in a practical, principled way, supporting people.

I must say, I believe absolutely in the power of mentoring. When I was the Minister for Education we observed a case-study on mentoring in a South Australian university. They did a controlled experiment — a group of female academics were in a formal mentoring program, a group of female academics were not in a formal mentoring program and over five years they tracked the progress of the two groups of women, and it was overwhelmingly in favour of the women who were in the mentoring program in terms of promotions, in terms of grants, in terms of job satisfaction. The evidence was in. So I believe very much in the power of mentoring.

We have also recognised that we need to promote our policies and our agenda supporting women around the world, and I have had the honour of appointing two female Ambassadors for Women and Girls. The first was former Senator Natasha Stott Despoja, who after she left Parliament continued in her advocacy against domestic violence with an impeccable international reputation. Natasha Stott Despoja was our Ambassador for Women and Girls for two years and in that role she represented Australia around the world, particularly focusing on our region. Today I just got a text from her. She's in London where the Commonwealth have asked her to be on an electoral observer commission, such is her standing in the world today.

WOMEN IN LEADERSHIP

THE HON JULIE BISHOP MP

Minister for Foreign Affairs

Deputy Leader of the Liberal Party of Australia



Frances Adamson and the Hon Julie Bishop MP during their onstage discussion

Our current Ambassador for Women and Girls is Dr Sharman Stone, who was the Member for Murray here in the Parliament — a very distinguished career as a parliamentarian, and absolutely committed to the betterment of lives of women in our Pacific and she's doing a magnificent job.

Hopefully there will come a time where we won't need an Office for Women, we won't need an Ambassador for Women and Girls, but that time is not now. We continue to promote and support activities to give women their voice, to give women the right to be heard, and to support them when they need that boost to their confidence, to their ability to fulfil their potential.

Now, Frances mentioned the New Colombo Plan. This is my baby. The New Colombo Plan is a student program that is run through the Department of Foreign Affairs and Trade where we provide support to undergraduates in Australia's universities to live and study and undertake a work experience or practicum, an internship, in one of 40 countries in our region. We commenced the program in 2014 and by the end of this year, 30,000 Australian undergraduates will have been through our New Colombo Plan. These are young people who will be our ambassadors, who are our ambassadors, in our region. Not only are they having an extraordinary educational experience, studying at a university in our region, but they're having an extraordinary cultural experience living, working with people in another country. The benefit to Australia is profound.

It is being run through the Department of Foreign Affairs and Trade because it is a foreign policy initiative. The next generation of young Australians will have a unique understanding of our part of the world. They'll have connections, and networks, and friendships that can only benefit Australia as we engage in this part of the world.

It's interesting to note that of the recipients of the scholarships, 12 month scholarships, 54 per cent of the recipients have been female. Of the Mobility Grants — which are shorter periods, a semester, sometimes a matter of weeks but they are shorter periods working in health clinics or in schools, working in the Department of Foreign Affairs and Trade in another country — 64 per cent of the recipients are women. They will be such an asset to us in years to come.

I'm thinking of our New Colombo Plan scholar from the University of South Australia Michelle Howie. She studied engineering, and she got a place at the South Korean Institute of Technology — a highly prestigious institute. She's studied engineering, she then worked for Telstra in Hong Kong and she's now employed as an engineer in Telstra — all through the New Colombo Plan.

Frances also mentioned the innovationXchange — another initiative that we have introduced within the Department of Foreign Affairs and Trade. I believe it is a case study for other departments across the Australian Government.

We have an ideas hub within the Department. It is over the road from the R.G. Casey Building, so it is physically removed from — how should I put this — the framework of the Department. We brought in some of our best and brightest thinkers from DFAT, from other departments, from the private sector, from overseas, from the World Bank, from Google, and from the USA.

Frances, I offered a position — I thought I'd tell you this — I offered a position to a bright young officer from DIFD UK from the aid department to come to Australia. We'll talk about the details later.

This innovationXchange throws out the rule book, turns thinking on its head when it comes to overseas development assistance, and starts with a blank sheet of paper and a problem. How would we solve this? Throwing out the old stereotypical thinking. What would we do to solve what is a seemingly intractable problem? They come up with ideas and they hold hackathons, ideas challenges, and we are now part of global challenges. Coming up with an issue that needs to be resolved — how do we do it?

The Australian Government is prepared to put up seed funding for the best ideas from around the world to implement development assistance programs that actually make a difference on the ground. We were driven to do this because Australia has a significant aid budget. We invest heavily in our region, yet after billions and billions of dollars of investment some nations in our region are still going backwards in their economic and social development indicators — backwards from the Sustainable Development Goals, backwards from the previous Millennium Development Goals.

We had to do something differently and we've shaken it up.

We've got this ideas hub and if secretaries of other departments haven't visited it, I urge you to do so.

It just challenges thinking, and the female leadership — Sarah Pearson is about to become the new director — has really made a difference.

Speaking of female leadership, I am a great believer of statistics and evidence to prove that we are achieving our aims or making a difference, and the Turnbull Government resolved that of the board appointments for which government is responsible, we should have a target of 50 per cent female.

I remember the debate very well — let's go for a target of 30 per cent and the women in the room went: 'Really?'

I am pleased to say that at last count we were at 42 per cent of all of the board and council positions that the Australian Government is responsible for making are now female.

WOMEN IN LEADERSHIP

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Minister for Foreign Affairs

Deputy Leader of the Liberal Party of Australia

‘Australia is entering its 27th consecutive year of economic growth, uninterrupted economic growth. That is a record unparalleled in the world. No other country, no other comparable economy, has ever achieved that.’



The Hon Julie Bishop MP addresses the audience at Parliament House

We also have a bit of a competition amongst the Ministers — okay — a big competition amongst the Ministers as to who can meet that target within their portfolio. Frances Adamson and DFAT are at 50 per cent. Thank you!

It is a target because we don't want to impose a quota so that any woman appointed to such a position believes that she is only there because we had to fill a quota. A target means that people think consciously about who they are appointing or the group of people they are interviewing for a particular position, and it is addressing that unconscious bias — you can address conscious bias because you can see, you can hear, you can feel it, but in terms of unconscious bias it is very difficult to challenge so if Ministers are informed, that they have a target to reach and if they are not reaching it, they have to explain why, then it can have a pretty dramatic impact. It's a question of just looking further, asking more questions, asking others to come up with names. There are women who are more than capable of filling these positions, please find them and put them forward.

I'm delighted to also know that of the 18 government departments we have eight female departmental secretaries — we have a number of them here today, I welcome them.

I'm also very pleased with a focus that Frances has brought to the appointments of our Heads of Mission. Today I believe about 35 per cent of Heads of Mission (she's getting there to 50 per cent), of our Heads of Mission are women, and they are in some of the most challenging and difficult and demanding roles within our foreign service. Jan Adams our Ambassador to Beijing, Harinder Sidhu our High Commissioner in New Delhi and Gillian Bird our Ambassador to the United Nations are just a few of the names that spring to mind.

Within the Cabinet, I am so pleased that my Defence Cabinet colleague is Senator Marise Payne. She's the first female Defence Minister in Australia's history. There's a piece of architecture for foreign and defence ministers — it's called a 2 + 2 — and with our important strategic partners around the world we have annual 2 + 2 meetings. That is, the Foreign Minister and Defence Minister of Australia meets with our counterpart secretary

of state, secretary of defence, and when Marise and I turn up for Australia, invariably meet our male colleagues with just this little sense of pride as Marise Payne and I stand in front of an Australia flag and our male colleagues stand in front of their flag. You know, we've set a pattern. India now has a female foreign minister and a female defence minister and we're so looking forward to our first 2 + 2 with India.

I'm also delighted to serve with Kelly O'Dwyer who amongst her portfolio responsibilities is Minister for Revenue and also the Minister for Women, and Kelly of course has the distinction of being the first female Cabinet Minister to have a child while continuing to balance the challenging role of Cabinet Minister.

We're joined by Bridget Mackenzie, the Deputy Leader of the National Party, and Michaelia Cash, Senator from Western Australia who has a very demanding portfolio role about job creation and innovation.

So, ladies and gentlemen, women are making their mark in Australia. We are deliberately focused on ensuring that more women have the opportunity to drive change, to be a decision maker, to be a leader. It's not something that always comes naturally, so it is something that we must continue to push, and promote, and advocate, and some of the strongest advocates for female empowerment are the male champions and men in this room, the secretaries of the departments, the public sector, who understand that in order for Australia to fulfil our potential we must have women leaders at every level of the private and public sector.

I know there's a way to go in the private sector. My last assessment was that about 11 of the top 200 ASX companies had female CEOs. There are still over 40 top companies that don't have any females on their board. I urge them to re-think that because I believe that women in the private sector have an extraordinary contribution to make, and those companies will be more sustainable, more successful, more profitable, and a better place to work as a result of embracing more women at the top.

Happy International Women's Day!





GANDELL HALL
NATIONAL GALLERY OF AUSTRALIA
TUESDAY 20 MARCH 2018

ARTIFICIAL INTELLIGENCE AND THE PUBLIC SECTOR

PROFESSOR GENEVIEVE BELL

DIRECTOR, 3A INSTITUTE

'When we think about the coming wave of artificial intelligence and its implications for public policy, some of the issues are: who owns our data, who gets access to it and under what circumstances, how long is that data good for, where is that data being kept, who is looking at it and what are they doing with it?'

It's exciting to be here. This is a beautiful space and I'm always happy to talk to a group of people that are now closely my people again. I also want to acknowledge that I am back on Aboriginal country; one of the loveliest things about coming home is that I get to acknowledge country every time I stand on a stage. Having spent 30 years in the United States, I have to tell you that is not something they do there and it's striking to me both in its absence there and its presence here.

What I want to do for the next 25 minutes is talk to you about artificial intelligence (AI) and how we might think and talk about it. I do that conscious of a couple of things: artificial intelligence is a much bandied-about term and is often ill-defined, meaning many things to many people. Like many things, AI is always just over the time horizon. When we talk about what we mean by it, many people conflate under the AI label everything from machine learning to deep learning, to algorithms, to data, to autonomous machinery.

I want to unpack that a little and think about it from a slightly different point of view. I may be talking to you about artificial intelligence, but I'm a cultural anthropologist both by training and predisposition. I grew up in my mother's field sites in central and northern Australia in the 1970s and 1980s and I've been around anthropologists for as long as I can remember. I actually thought that taking people's genealogies at the kitchen table was normal.

Anthropology is the way that I view the world. I was lucky enough to have that in my childhood, and then to spend the last 25 years in Silicon Valley, first undertaking my PhD at Stanford and then at Intel for 20 years. My job at Intel was always about putting people into the process by which technology was built and imagined. That kind of intersection of how you think about what people care about; what they're passionate about; what frustrates them; what they want for themselves, their kids, their communities, even their countries, should be part and parcel of how we implement and drive innovation. So that's been my job in the Valley for a very long time.

It's meant that I've often thought about technology from a deeply human starting point. It also means that when I came home to Australia a year ago to join the Australian National University, I decided I was really interested in how that conversation should be taken forward. How do we think about the future of technology and our relationship to it? How do we think about this coming wave of new technology and how we might locate it inside our practice and our communities?

I know we're going to talk about artificial intelligence this morning but my starting point for the work at ANU is to say: 'Listen, AI is no more and no less than the steam engine'; and the conversation we're **not** having is the conversation about the train, the boats and the machinery that the steam engine will ultimately power. So whilst AI preoccupies us now, it's the beginning of a much longer conversation, not the end game. And frankly, whatever that conversation is and how it will proceed requires us to think profoundly differently about the world that we're building.

However, today I want to reflect on how we might think about the relationship between AI, public policy and citizenship. I will start with a quote from William Gibson, the well-known science fiction writer. He was interviewed in 2003, which now feels like a long time ago, about the future. He was trying to argue against a school of thinking that says the future is like another country that someday we will move into; it will be like a nice empty house where we will just bring things; it will be clean and shiny. He said that view of the future is not really helpful and that it's already here, it's just unevenly distributed. By which he meant that waiting for the future probably wasn't the best idea. If we look around we'll see bits of the future and that would lead us to a different conversation if we imagined it was here already and we just weren't looking at it.



Train platform in Tokyo, 2003

Recently I started thinking about what was I looking at in 2003 that I might not have seen as the future and that maybe I should have paid attention to differently. One of my colleagues at RMIT, Professor Larissa Hjorth, sent me this photo in 2003. She took it on a train platform in Tokyo and I'm willing to bet if you look at the photo it doesn't look like 2003, it looks like 2018. It doesn't look as if it was taken 15 years ago. I mean, the clothes are a bit daggy, and if you pay really close attention the phones are probably Nokia candy bars, but if you squint your eyes a little, it could be today. That could be any train platform anywhere in the world, but that was Tokyo in 2003.

In 2003 in Tokyo there was a phone company named DoCoMo. They had a remarkable set of services they were offering to their customers. They had early location-based technologies, so they knew where you were. You could do dating by dating the people that were around you. You could shop for things that were around you.

You could use a localised mapping service. These phones didn't yet have cameras but some young women were keeping photos of their friends inside the battery cases of those phones. That was the future. We came back from Tokyo and said to our colleagues:

Oh my God, you should see what they're doing in Japan

and the senior leadership said:

*It's just the Japanese, they're weird.
Also that's Tokyo, like, that's just weird.
Also that's DoCoMo, who cares?*

And we said:

That might be the future — we think this is really important.

and the response was:

Yeah? No.

Now imagine that the future is already around us and there's the same response to it. What if there were already things going on that would help us understand what AI would look like, and we're having the same response? We're saying: 'That's a train platform in Tokyo, who cares?' So I want to tell you five stories about where I think the future is already unfolding around us. Bear in mind that AI is a constellation of technologies; they are unevenly distributed and not all of them are present. But the building blocks are already here and they start with data. You can't build some version of machinery that will predict itself and derive itself without having a steady stream of data.

If you want to think about it this way, data is AI's original sin. So what do we know about the data? The data is everywhere and the data is complicated. There are two stories I will tell about data, and one of them starts with robotic vacuum cleaners. Everyone asks me about the robot apocalypse. If you're a futurist two questions people ask you are: 'When will the world end?' and 'When are the robots killing us?' These are persistent questions. I'm here to tell you 'not this week'; and possibly not before your taxes are due. So if you've got things to do, you should do them.

It turns out that the most significant installation of robots on the planet currently is the Roomba. This robotic vacuum cleaner, a small round object, sucks up dirt. Some of you may have one, but it's not as common in Australia as it is in the United States. There are 10 million robotic vacuum cleaners circling on floors all over the world, collecting dust and cat hair and crumbs.

They are fairly benign objects. That is until last year when it became apparent just how much data these robots were collecting inside people's homes.

Then it started to sound faintly creepy. I'm willing to bet you think about some data that you give away and you think: 'Okay, yeah I'm a bit concerned, you know that'. You didn't think your vacuum cleaner was about to portray you to outsiders. Now it turns out the company got sufficient pushback about this that they backed off selling this data to the nearest and highest bidders. But this made it abundantly clear that a whole set of technologies we've been talking about for the last 10 years, everything in the Internet of things, every piece of technology — and some of you are wearing them on your wrists (for example, Fitbits and Apple watches) — they are all generating data.

There is an incredible tranche of data that is being collected, a tremendous wave of data that is being stored and that data says something about you, and that data is not necessarily yours to dispose of as you see fit. When we think about the coming wave of artificial intelligence and its implications for public policy, some of the issues are: who owns our data, who gets access to it and under what circumstances, how long is that data good for, where is that data being kept, who is looking at it and what are they doing with it?.

The second is about social media platforms.

'Like many things, AI is always just over the time horizon. When we talk about what we mean by it, many people conflate under the AI label everything from machine learning to deep learning to algorithms, to data, to autonomous machinery.'

Let's think about what other data is being collected and where it is going. The challenge in terms of how we think about the world we're building is about the first building block — and that building block is data. The other thing you need to remember about data is that it is always retrospective, which means it's always in the past. Data is about where we have been, it's not about where we are going. It can only tell you what has already happened. The second thing about data, based on that same principle, is that it is always partial. We don't have all the data, we just have the data we collected.

If you were at this point to decide you were going to use data to correct certain issues in public policy, I can imagine that about 40 per cent of us would be particularly interested in using AI to build a better pay tool; pay parity is a public policy issue. I'm willing to imagine that 40 years on we haven't actually achieved pay parity by gender in this country or others. Say we used AI to get humans out of the equation because in theory that should lead to better pay policies. If you used all the data that existed on salaries up until now to build the tool, guess what would happen? Forty per cent of us in the room would not be pleased — that would be the women just in case that wasn't clear — because we would freeze that pay parity tool based on the data up until now which would get us somewhere between 70 to 80 cents in the dollar depending on our ecosystem and our market.

That's because the data that's collected is the world that has been, not the world we want to make. If you want to intervene in the data to make new datasets, to change the weighting of certain kinds of data, we would need to have a very different conversation about how we are doing evidence-based policy because it would then be the counter evidence that we were needing to mobilise. So data, it's complicated, but it's building block number one.

Building block number two has to do with algorithms. Once you have the data, you have multiple ways that you can use data to automate processes. That's all an algorithm is: it is an automated process, it just says: if this happens, then this other thing should happen. It's relatively straightforward, you encounter algorithms all the time. This is what drives your content on Netflix, or iView from the ABC, or Tinder if you are a part of that crowd, or your banking system. Pretty much every time you open a digital environment, you are encountering some kind of algorithm that is automating a process for you.

Algorithms work in two ways: they're built by humans who decide if this thing happens, then this other thing should happen; or they're built by machines extracting patterns out of data to say: if this happens, then that happens; two different sorts of algorithms. Most of the early ones were built by humans who decided: if A then B. On the one hand that seems pretty reasonable, humans know what other humans do, so it should be okay. The problem is that humans introduce bias into the system without even realising they are doing it.

The most banal and benign example I can think of has to do with a dating site in the United States that was web-based many years ago. The man who built it used psycho-demographic features to match human beings and then added his own important psycho-demographic feature, which was that he believed men only liked women who were shorter than them. He did not believe that men liked women that were the same height or taller; that was an impossibility to him. This being America someone ultimately sued him for the fact that this man was never matched with the women he liked who happened to be taller than him. In the process of the lawsuit, it became clear that the founder of this company and the writer of the algorithm had a moment in time when it was said to him:

Some men like tall women.

and he said:

*No, really? Are you sure about that?
Because that just doesn't seem right to me.*

And it turned out he had built into his algorithm his own world view about how human desire worked and it never occurred to him that his view wasn't a human universal truth. It was his truth but he made it everyone's truth. So when humans make algorithms they introduce their own world views and they don't always know that those world views are not everyone's world views.

That's the human problem. So that should suggest that if we use data to build the algorithms, we might get rid of those biases. The reality is, of course, that other biases get introduced. If the data is incomplete or the data is skewed in some way, the algorithm that is built on top of that data has persistent problems.

My colleagues at Google who do a lot of work in this space and who are really good about making their experiments public and their learnings public, had a really bad moment about this about eighteen months ago when they built a photo labelling tool that was designed to make it easier to search and label photos. What they had done in the classic machine-learning sense was to take a very large trove of photos, in fact all the photos in Google. They had loaded them up, they had carved out 10 per cent, and they had run computing on top of that 10 per cent to see if they could find patterns. They worked out how to label faces, they tested it on the other 90 per cent; yeah, happiness, all good. They upload this tool, first thing it does is label African-American faces as gorillas — epic failure, not a good look. Google immediately fixed it. And then it became the question of how did they get there; how do you get to that point? Google is not a bad company, the people who built the tool weren't bad people.

It turns out there were two problems. One was that their entire collection of photos just tended to be the photos that had been uploaded in Google, not the photos of every face on the planet. So problem number one was that their sampling method was inaccurate. Because if they had uploaded every face on the planet, there would have been a lot more black faces than in their sample. Problem number two was that the people who looked at the tool saw their own faces in it and didn't notice the absences.

So here is your challenge: if humans build the tool, we build in biases, we need to work out how to do it; if machines build the tool, they build in biases too because we still have the same problem that the data is incomplete.

Thinking about how you manage that going forward means: How do you build more diverse and robust teams? How do you make sure that the people that are looking at the algorithms reflect a whole world, not just a narrow world, and how do you start thinking about the consequences? Imagine now how we think about that from a public policy point of view. How do you unbox that algorithm to know what's in it, how are you working out what the datasets are, who is looking at those datasets and the rules that are being intuited there? Who is deciding what matches with what and how it is weighted?

Oh and by the way, if we're building or buying those tools, there are differences. We may be building them on our own data, but if we're buying them from somewhere else, what dataset is being used to train the machinery? What is sitting inside that dataset that we may not like, what was sitting inside those algorithms that may not conform to our values or even our laws, and how would we regulate and scrutinise any of that?

Problem number three: what the future looks like has to do with privacy and trust.

This sign appears on every trash can on the West Coast of America outside of a chemist shop:

To protect your privacy, please do not throw any materials containing your personal information into this trash container.

That says something about the notion of trust and how we think about who knows what about us and who they are telling. You've all had moments of this and you've wondered about it.

My personal moment of this has to do with an ATM machine wishing me a happy birthday and me wondering briefly how the ATM knew that it was my birthday. That same ATM wishing me a happy anniversary six months later was much more troubling, in no small part because I was single.



Left to right: Charles McHardie, James Kavanagh, Professor Genevieve Bell, Tatham Oddie and Alison Larkins

And then I realised that the anniversary they were wishing me was with the bank, which was creepy, and caused me to have all sorts of questions. This is a bank with whom I have a great longstanding fiduciary relationship, so the fact that they knew how long I had had a relationship with them is not surprising. The fact that they thought I wanted to know about that was deeply troubling.

The challenge is what we know about human beings, how we choose to tell them and how we keep that material safe. Think about the unfolding challenges in the United States at the moment — about what it means to have personal data, who has access to it, what it looks like. We have new standards that rolled out in Australia just last month about breaches in data privacy, but it's not just about data privacy, it's about the decisions made on top of that data.

We will see what happens with Cambridge Analytica as that story unfolds but what is clear is that when they had access to the data, they only needed it once to build their models. They didn't need the data again. That is, if you need the data to build the model, you don't need constant access, you just need one-time access to the data.

One breach is already one too many. So what does that mean in terms of how we think about public policy, how we think about decision making; what does it mean if the collision of two datasets creates a new dataset that is somehow unregulated and different from the previous two?

Think about that example of using data to build an algorithm. The algorithm is effectively a new world view, how is that covered, how is that scrutinised and by whom and what are the implications and the people you would go to, to say I don't like this world and I don't know how to fix it?

'[Consumer] behaviours have shifted dramatically, both in their relationships with consumer organisations but also how they think about government. And it's important to think about those as two different things. When we operate as citizens and think about ourselves as consumers, we sometimes use the same language to suggest those are the same thing, but the reality is they aren't. They are fundamentally different.'

Who you trust, why they are trusted and under what circumstances is an interesting puzzle. Nearly six years ago Mark Zuckerberg stood up in a public forum and declared that the privacy genie was out of the bottle and no one cared about privacy anymore. It turns out he was wrong, and in fact he was wrong for himself. He now cares about privacy in a way he didn't five years ago.

Consumers do too, and their behaviours have shifted dramatically, both in their relationships with consumer organisations but also how they think about government. And it's important to think about those as two different things. When we operate as citizens and think about ourselves as consumers, we sometimes use the same language to suggest those are the same thing, but the reality is they aren't. They are fundamentally different. Our notion of ourselves as citizens is very different from our relationships as consumers. Countries are one place, transnational companies are something else altogether. How you manage those things is quite complicated. What is very clear is that in the last five years in the West in particular, and in the US more specifically, we have seen an incredible rise in consumer awareness about where their data is moving and how it is being used, and a retrenching in certain kinds of practices.

So the cohort that Zuckerberg was most convinced would share everything — basically the millennials — turns out to be deep carers about privacy and are managing their privacy both through abandoning certain kinds of platforms and services and then embracing ones where they can control their audience and control the media. So there is the remarkable drop-off in use of certain social media platforms among people under the age of 25. If you're under the age of 25, why do you want to hang out on a platform where your parents and your grandparents are? It's an age-old question. Would you go to a club with your parents? No, probably not. And it turns out that cohort is using a whole range of different platforms, such as SnapChat, or other forms of limited time-based sharing. They are not abandoning digital, just abandoning the broadcast aspect.

So people are thinking profoundly differently about their privacy. It is clear that privacy is not a linear trend with a clear endpoint of non-privacy; rather it is a constant recursive loop where people are thinking more and more about who they want to share things with and under what circumstances. The line here is that governments sit in a very different ecosystem of trust from companies. And playing that line out isn't just a matter of saying: 'Well Facebook gets to do it, maybe we should too'.

The fourth thing in the future that's already here that we might need to think about has to do with robots and existing artificial technology systems — autonomous systems if you want to think about them that way.

We know there was an accident yesterday in Arizona in which a driverless vehicle operating in autonomous mode, with a driver in the seat, killed a pedestrian. We don't know a lot more about it than that. What we do know is that chances are the computational system was operating in autonomous mode. If it needed a human to intervene at that point, one of the challenges is that computations' need for human supervision happens faster than humans can re-engage to supervise. Computation thinks very, very quickly. Its need for human supervision often demands a human engage in microseconds and humans don't work that way. We actually need more time to recalibrate into a decision. All of us know that. We know how long it takes if someone says: 'I need you to pay attention now'.

We might say: 'Alright, okay, good'. We can do that and it feels quick, but for machines our response is very, very slow.

So we know there are challenges in how we manage the trade-off between autonomous machinery and humans; we've already seen the complicated things that happen in the trade-off. This isn't the first accident there's been but it's the first one we know where it's involved a pedestrian. We know there was an earlier incident in Florida 18 months ago where someone was operating their vehicle in autonomous mode and ran into a truck. Again it was a problem with both the computing vision piece of it, and also asking humans to make that trade-off.

One of the challenges is how we're going to manage having computational objects augmenting our decision-making and our activities. For the last 250 years automation has augmented our bodies and our physical selves. Machines lifted things we couldn't move faster than we did, sorted things, built things.



Professor Genevieve Bell addresses the audience at the National Gallery of Australia

It was mostly our physical selves that were being augmented, not our intellectual and cognitive selves. Augmenting our cognitive selves suggests something very different. What are going to be the hand-off moments between the computer object and the human? How do we think about re-mapping jobs, where certain tasks become computational tasks and other tasks become human tasks? What those tasks look like and how we manage the boundary line is incredibly complicated and yet in some ways needs to be unpacked. What we do know is that where computation will work most effectively in the short term are places which are data rich, rule heavy, stationary and homogeneous.

Data rich, rule heavy, stationary, homogeneous. There is a reason why IBM Watson's first places are all in oncology. Lots of rules, lots of data, same object you were looking at over and over again, the learning and the knowledge is easy to imagine. Thinking about those tasks, tasks that historically were really privileged ones, is a little bit tricky. Those are jobs where we spend a lot of time acquiring all the knowledge and the knowledge can now be supplemented and the actual pieces that the humans still need to do are the management, the framing of the jobs, the framing of the questions, the training of the machinery. That's a very different set of jobs than we're used to thinking about.

So to the fifth piece of the world that we see coming. For 200 years we've thought about the role of technology in our lives and we have measured it by efficiency and productivity. We've measured it by gains in speed, gains in the amount of stuff that could be done; basically, it was an efficiency trade-off.

I wonder if that's the right metric for thinking about this future. Is AI just about more efficiencies and if so, how would we measure human efficiencies in the first place? Certainly in the law area you might think about this as: Do you need fewer billable hours because you now have computation doing paralegal activity? That may not be the only way to think about it. What are the other metrics we might want here?

If not efficiency, is it efficacy because we're talking about whole systems? Is it about engagement because we're changing the model of what this work might do? Is it also about other things that we are far less used to thinking about, like technology giving us the space to make new things? Is it about wonder? Is it about creativity and the much ballyhooed word, innovation? What will it be? And what if the only metrics aren't just efficiencies and productivities, what would that open us to thinking about? And how would we imagine what the gains are?

So that leaves me to ask you a couple of questions as you start to think about where AI is now and where it is going. We can already see the arc of the future that will unfold. This is about data and about algorithms and about machine learning and about new forms of sensing technology but it's also about ethics and regulation and reason. It's about how we think about the systems that will contain these systems; how we think about the ways we want to unpack and unfold all of it. It isn't just enough to say that AI is about autonomous machinery because in fact there are going to be questions about security and regulation and transparency and explicability and trust; all of those need to be part and parcel of our conversations and, frankly, part and parcel of our regulation and our public policy.

So for me that raises the three kinds of critical questions which I've outlined here. One of them is the last point I made about the metrics we want to use as a government, as regulators, as other kinds of engaged human beings. How do we want to measure success? This can't just be that it took us less time to make a decision, we might want to think about the quality of decisions.

The German Government last northern summer put out a set of guidelines for how they wanted to think about the introduction of autonomous vehicles in Germany. One of the things they said was that they were not willing to contemplate having autonomous vehicles on German roads until they have achieved one particular indicator of safety — and it wasn't about the drivers, it was about the pedestrians.

'Data is about where we have been, it's not about where we are going. It can only tell you what has already happened. The second thing about data, based on that same principle, is that it is always partial. We don't have all the data, we just have the data we collected.'

Their argument was that cars are part of an ecosystem in which human beings live. The standard for safety should be a whole-of-community standard so that it was about people outside the vehicle, not people inside the vehicle. So the mechanism there isn't about efficiency, it's about safety, but it's not about the safety of the drivers, it's about the safety of the community. That's a very different way of thinking about standards than we might otherwise have proceeded with.

The second set of questions I think are really important are about authority. Someone recently said to me:

Well where's the robot going to sit on the org chart?

I thought this was an excellent tactical question. Then this person asked:

Like, will the robot be in charge? Is the robot going to be my boss or am I going to get to boss the robot around, or God, do I have to work with the robot? What's that going to be like?

And they were incredibly practical questions. Tactically it raises this interesting challenge of how do we want to think about including these objects in our existing workforces and how would we imagine regulating that. Will AI objects be in some way at humans' behest? If so, how do we think about that, and how do we avoid some of

the language and, frankly, challenges that come when you imagine that objects are at our disposal and at our control, when we know we need to regulate how a society treats its poorest and its most disenfranchised members, which you might argue AI objects could become.

How do we want to think about robot overlords? If they are our peers and our partners, what are the organisations we would build that made that true? What would we think about in terms of how those objects sat inside our organisations both digitally and physically? How does that mean we need to think about our workplaces and our standards?

And then last and, honestly, it's because I do sit in the university and I do think about training and pedagogy a great deal in my current world: How are we going to train this workforce? It isn't enough to say we're going to train them in primary school because you all need employees now. So how is it that we are going to re-imagine the mechanisms by which we do knowledge transfer and training and upscaling and that entire bundle of things if we imagine it isn't just about building another four-year degree program. What do knowledge and training and skills acquisition look like in the 21st century when, as I like to say to my vice chancellor to frighten him, universities are the next thing that will get disrupted? You will help that disruption, so what does it look like and what will it be? I will stop now and leave you with these thoughts.



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THURSDAY 22 MARCH 2018

DOING POLICY DIFFERENTLY: CHALLENGES AND INSIGHTS

DR HEATHER SMITH PSM

SECRETARY OF THE DEPARTMENT OF INDUSTRY,
INNOVATION AND SCIENCE

*'The future for policymaking will very much be a compact between government,
business and community to resolve real world problems together.'*

DOING POLICY DIFFERENTLY: CHALLENGES AND INSIGHTS

DR HEATHER SMITH PSM

Secretary of the Department of Industry, Innovation and Science

I'm very pleased to be here and delighted to be delivering the opening address of the Thinking Ahead series. Let me congratulate the Institute of Public Administration Australia (IPAA) on initiating this important discussion.

I start by acknowledging the Ngunnawal people, traditional owners of the land on which we are meeting and pay my respects to their Elders, past, present and emerging. I extend that respect to all Aboriginal and Torres Strait Islander peoples here today.

DOING POLICY DIFFERENTLY

The very title, 'Doing policy differently', should challenge, concern and motivate us. It suggests that something has fundamentally changed; that something isn't working.

I do believe the domestic and global environment has changed so much that we need to do policy differently if we are to adapt and succeed in a new environment. Or, more bluntly, the way we are configured to make and deliver policy is no longer fit for purpose. If true, we are likely to be flat-footed in the face of emerging priorities, opportunities and challenges; reactive rather than proactive. If true, we are serving well neither our ministers nor the Australian public. If true, we are adding to growing levels of citizens' mistrust of government.

I say, 'if true', because our perception of ourselves is likely to be different from that of others. We in the Australian Public Service (APS) like to think we are one of the best public services in the world — the International Civil Service Effectiveness Index 2017,¹ in ranking us as third,

would seem to reinforce this. Yet, after taking account of how rich we are — because we can afford to devote more resources to public services than can poorer countries — we slip down the rankings to 9th position. This suggests that we are no longer first-best in our policy making and program and service delivery.

We've been talking about our policy and program effectiveness for a while now. Over the years, many departmental secretaries have shared their thoughts through IPAA about the way forward — usually in a pointed and candid fashion at the end of their tenure.

Previous heads of Prime Minister and Cabinet and of the Treasury have bemoaned the loss of policy capability.

Nearly 18 months ago Peter Varghese lamented the decline of deep policy thinking within the APS. Rebuilding our capacity was urgent, he said, because we are at an inflection point in our history — not dissimilar to post-World War II, or the early 1980s or 1990s. If we don't rebuild our capacity, Peter warned, we will not be able to chart our way through the challenges we face as a nation. Peter advocated radical incrementalism — the need to shift gears and shape up — rather than reinvention. Because change takes time and needs to be digestible.²

Jane Halton cautioned against a go-it-alone mentality, encouraging agencies to network, work more collaboratively, and share experiences, skills and resources. She stressed the importance of using outside expertise to augment our skills and to provide quality assurance.³

1 InCiSE 2017. *The International Civil Service Effectiveness Index 2017*, Blavatnik School of Government and the Institute for Government, UK. <https://www.instituteforgovernment.org.uk/publications/international-civil-service-effectiveness-incise-index-2017>

2 Peter Varghese 2016, 'Parting reflections', in *Twelve Speeches 2016; A Year of Speeches from Public Service Leaders*. Institute of Public Administration Australia ACT Division, Canberra pp. 28–39

3 Jane Halton 2016, 'Secretary valedictory', in *Twelve Speeches 2016; A Year of Speeches from Public Service Leaders*. Institute of Public Administration Australia ACT Division, Canberra pp. 56–65

‘Today we are living in a paradox. We are economically strong and yet the national mood contradicts the relative economic position we are in. Multiple conversations across the political, social and economic spectrum reflect social and cultural insecurity about the future.’

Dennis Richardson spoke of our excessive process and regulation in what he calls ‘the temptation to assume that you can regulate your way to perfection’, explaining how the APS often confuses poor individual judgement with a systemic failure by adding more process.⁴

And what about the image of public servants as just paper pushers removed from the realities of the outside world? Mike Pezzullo, not yet a valedictorian, has urged us to go beyond rules, procedures and processes — what he calls the ‘Empire of Rules’ — and operate in the real world. Mike stressed the need to invest in policy research and planning and insist on clear and expressive communication.⁵

Last year, Gordon de Brouwer identified the difficulty in broadening our thinking due to agencies becoming more tribal. He called for an integrated and more multi-disciplinary approach to policy.⁶

Martin Parkinson, in his end-of-year IPAA speech in 2017, addressed our complacency in how we think, urging us to embrace disruption and innovation. Pointedly, he said we seem to think that disruption is something that is happening to other people but not to us. He called upon us to create safe spaces to innovate and to have better frameworks to test ideas. And he challenged us to build the leadership attributes that will be needed to lead through change and uncertainty.⁷

Have we heeded these reflections and risen to the challenge?

Clearly we aren’t standing still. Much is happening across the APS, including through the Secretaries’ APS Reform Committee, which has been tasked with driving APS-wide innovation. We are pursuing digital transformation and we are beginning to value and use our data more innovatively and effectively. The APS is experimenting with new ways of doing things — through new policy tools, methods and approaches.

4 Dennis Richardson 2016, ‘Differences and similarities in small and big organisations’, in *Twelve Speeches 2016; A Year of Speeches from Public Service Leaders*. Institute of Public Administration Australia ACT Division, Canberra pp. 100–8

5 Michael Pezzullo 2016, ‘The modern public service: an Empire of Rules or a Commonwealth of Ideas?’, in *Twelve Speeches 2016; A Year of Speeches from Public Service Leaders*. Institute of Public Administration Australia ACT Division, Canberra pp. 16–27

6 Gordon de Brouwer 2017, ‘Secretary valedictory’, in *IPAA Speeches 2017; A Year of Speeches from Public Service Leaders*. Institute of Public Administration Australia ACT Division, Canberra pp. 76–87

7 Martin Parkinson 2017, ‘2017 address to the Australian Public Service’, in *IPAA Speeches 2017; A Year of Speeches from Public Service Leaders*. Institute of Public Administration Australia ACT Division, Canberra pp. 134–42

DOING POLICY DIFFERENTLY: CHALLENGES AND INSIGHTS

DR HEATHER SMITH PSM

Secretary of the Department of Industry, Innovation and Science



Left to right: Blair Comley PSM, Dr Heather Smith PSM, David Thodey AO and Frances Adamson

How many of us know, for example, that we have over 20 innovation labs bringing into policy development design-thinking, co-design and agile approaches? And that they are embedding these skills across the APS by pulling together cross-disciplinary teams? Behavioural economics and randomised controlled trials are becoming more commonplace. This expanding policy toolkit is generating innovative, compelling new policy ideas and we should be pleased with that.

But it is not enough. It is not nearly enough.

NO ORDINARY TIMES

Today we are living in a paradox. We are economically strong and yet the national mood contradicts the relative economic position we are in. Multiple conversations across the political, social and economic spectrum reflect social and cultural insecurity about the future. Gareth Evans, in his memoir on why liberal democracy is under strain, argues that three anxieties — economic, security and cultural — have now become mutually self-reinforcing.⁸

Financial Times columnist Edward Luce, in his book *The retreat of Western liberalism*,⁹ goes even further, making dire predictions about the global order. He argues that Western liberal democracy 'is far closer to collapse than we may wish to believe. It is facing its gravest challenge since the Second World War'. The adverse impacts of globalisation, automation and rising income inequality in Western democracies are eroding the middle class and leading to a groundswell of nationalism and populist revolts, resulting in either 'strong man'-type leaders or mass fracturing of community consensus.

Meanwhile, the positive outlook for a global economic recovery, along with the unparalleled opportunities delivered by technological change, seems to offer no comfort. One can understand this in countries where real incomes continue to stagnate; but it seems to hold true also in countries such as Australia, where incomes have risen and income inequality is little changed.

Australia is now in its 26th consecutive year of economic growth. In the ten years to 2014, Australia lost about 100,000 jobs in industries like manufacturing, agriculture and media.

8 Gareth Evans 2017, *Incorrigible Optimist: A Political Memoir*. Melbourne University Press, Melbourne

9 Edward Luce 2017, *The Retreat of Western Liberalism*. Atlantic Monthly Press

But over two million jobs have been created, about half of which are in higher-paying industries.¹⁰

Uncertainty about the future of work is causing anxiety in our community, with people worried about their jobs being displaced by robots, and parents concerned about how their children will fare in the employment market.

While the fear of technological displacement is likely overdone, there is another set of forces at play that would truly cause great damage if unchecked, or if we are unprepared. Throughout our modern history, Australia has known only a globalising world.¹¹ Yet today the largest components of that globalised world are propelling themselves erratically in uncertain directions. Over the last 60 years we have been able to 'slipstream' on the wave of openness and have not, to quote Peter Varghese, ever had to exercise real power.¹² But thinking that the world will remain open could turn out to be a dangerous conceit given what appears to be occurring. We need to hope for the best and prepare for the worst.

Whether or not you subscribe to the view that liberal democracies are at an inflection point, that globalisation and openness can be sustained, or that technology will radically recast the future of work, the questions for us in the APS remain the same:

- How prepared are we to advise government on how to address these challenges and to deal with the anxiety being experienced by our fellow Australians?
- And how do we engender the trust of citizens that we can navigate these processes?

POLICYMAKING — WHAT'S DIFFERENT?

In the past, the stereotypical view of policy-making was of mandarins in ivory towers, where power and influence was wielded by large, siloed empires of staff who had monopoly control over policy spheres and advice to government.

We know those days have long gone, if they ever truly existed. The APS workforce today is smaller and more decentralised, the fat in budgets has long gone, the information and advisory space is highly contested, and no policy problem can be solved in isolation.

Some hanker for a return to the policy processes and reforms of the 1980s and 1990s, conveniently forgetting that the commitment to openness and enhanced competitiveness came on the back of broad community concern that Australia was losing its relative economic position. But the challenges of today are very different, a point acknowledged by Paul Keating who recently said, 'Nostalgia for the reform politics of the eighties and nineties is not going to advance us mightily'.¹³

This doesn't mean that we policy makers should be adrift, washing backwards and forwards with no anchor. As Gary Banks reminds us, 'the fundamental principles of good policy process should be timeless, even if the manner of their execution must adapt to the times'.¹⁴

10 Office of the Chief Economist 2014, *Australian Industry Report 2014*. Department of Industry, Canberra. https://www.industry.gov.au/sites/g/files/net3906/f/May%202018/document/pdf/australian_industry_report_2014.pdf

11 Allan Gyngell 2017, *Fear of Abandonment*. La Trobe University Press, Melbourne p.360

12 Peter Varghese 2015, 'An Australian world view: a practitioner's perspective'. Department of Foreign Affairs and Trade. <https://dfat.gov.au/news/speeches/Pages/an-australian-world-view-a-practitioners-perspective.aspx>

13 Paul Keating 2017, 'The three great transformations', Committee for Economic Development of Australia (CEDA) Annual Dinner Address, Sydney, 14 November. <http://www.keating.org.au/shop/item/committee-for-economic-development-annual-dinner-sydney-14-november-2017>

14 Gary Banks 2014, 'Return of the rent-seeking society?', in *The Governance of Public Policy: Lectures in Honour of Eminent Australians*, ANZSOG, Melbourne pp. 27–42. <https://www.anzsog.edu.au/preview-documents/publications-and-brochures/5031-bookoflectures-final/file>

DOING POLICY DIFFERENTLY: CHALLENGES AND INSIGHTS

DR HEATHER SMITH PSM

Secretary of the Department of Industry, Innovation and Science

Rigorous, evidence-based approaches to public policy are as important today as at any time in our history. And the lessons of the past remain valid for the future. Without evidence, the resulting policies can go seriously astray, given the complexity in our society and economy, as well as the unpredictability of people's reaction to change. Robust evidence and analysis serve as a counterweight to sectional interests trying to masquerade their demands as being in the public interest. This in turn requires good capability and expertise. And a strong research culture, including dedicated evaluation, helps guard against advice that second-guesses the politics of an issue.

Understanding the problem is also half the battle. Failure to do so is one of the common causes of bad policy outcomes and subsequent poor regulation,¹⁵ for public policy is an area 'rife with solutions in search of a problem'.

Measured against these ingredients, it would seem some of our current practices continue to fall short. And yet much remains within our gift to change.

RADICAL INCREMENTALISM OR RADICAL TRANSFORMATION?

In Australia we seemed to have lagged behind the rest of the Western world in our anxiety — because we largely avoided the global financial crisis and had our terms-of-trade boom drive widespread growth. But we seem to be now converging towards the rest of the West in our conversations: the overwhelming impression is one of unresolved long-standing issues, with no agreed path to the future.

So while I agree with Peter Varghese's diagnosis of the problem, and that we must be radical in setting our vision, I am less convinced that incrementalism will now get us to where we need to be.



David Thodey AO, Dr Heather Smith PSM, Blair Comley PSM and Frances Adamson during a panel discussion

15 Gary Banks 2010, 'Evidence-based policy making: What is it? How do we get it?', in *An Economy-wide View: Speeches on Structural Reform*. Productivity Commission, Melbourne. pp. 247–63
<https://www.pc.gov.au/news-media/speeches/20100329-structural-reform-compendium>

But why the urgency?

Arguably, the three most fundamental forces shaping Australia's future are:

- China's role in the international system and the implications for Australia's prosperity and security
- the role of technology and its impact on the future of work
- the dangerous ambivalence toward the two features that underpin our democracy — respect for, and investment in, institutions that support our prosperity, and the erosion of support for our openness to the world.

As I see it, the APS today is neither structurally-configured, nor culturally-aligned to help government navigate these and other policy challenges, nor to capitalise on the opportunities when they arise. There is no sense of a burning platform. No sense of strategic preparation for the decades ahead.

So what needs to change?

First, our way of working with each other needs to transform. Our business model needs urgent disrupting. Many of the policy challenges we face require different ways of thinking and working — collaborative, horizontal team-based approaches rather than vertical-based hierarchical structures that still form the APS.

The creation of super-portfolios such as the Jobs and Innovation Portfolio and Home Affairs Department, and the use of whole-of-government task forces such as for the G20 summit in 2014 and more recently for the Foreign Policy White Paper have really raised the bar. It has led us to rethink the way we do business and how we advise government, using the one lens to consider policy and program design, development and delivery.

Whether the new super-portfolio arrangements are part of a broader paradigm change in the APS remains to be seen. Time will tell. But this could be the new way of working for the APS — super-portfolios, fewer departments, and a more joined-up corporatist approach to delivering for the citizen.

If this is the model going forward, should the APS be structured more like a corporation? Should Secretaries' Board be smaller — replaced by an 'Executive Committee', if you like? Should we have fewer departments, but with a common strategic plan and organisational strategy?

Second, our mindsets and work practices, reinforced by our structures, need to be less bifurcated between our domestic and international interests and more reflective of the borderless world in which we exist.

With the policy issues we deal with being increasingly integrated and multidisciplinary in nature, greater mobility within the APS will be essential to fulfilling our role. In fact, how can we be confident that we are providing well-informed and integrated advice to government on Australia's place in the world or on the transformation of the Australian economy, if the bulk of the APS has worked only in one department? The statistics speak for themselves. Only 2 per cent of APS staff moved agencies last year; and 72 per cent of APS staff have only ever worked in one agency. This is not a sustainable model for the future.

Not surprisingly, I'm a firm believer in mobility inside and outside the APS, having been a boundary-jumper myself between our domestic and international institutions; in having worked on economic, strategic, foreign and intelligence policy; and now, in having led two departments at the interface of digital disruption and its impacts on business and citizens.

Understanding the connectedness between policy frameworks that guide our domestic economic interests — markets, institutions, wellbeing — and frameworks for thinking about Australia's place in the world — interests, values, ideology and history — is a challenge for the APS in helping government position Australia for the future.

‘Rigorous, evidence-based approaches to public policy are as important today as at any time in our history.’

Third, we need a radical transformation in how we engage with the community we serve. In part, this goes to how we help government communicate the impact of the policies we implement. But how far have we taken advantage of innovative approaches to get our message across, and to meaningfully engage with the community? My sense is that our practical experience in how to engage the community beyond traditional information-sharing and consultation is patchy. This is why Martin Parkinson challenged us last year on how well we know the community we serve.

Open dialogue and user-design approaches, where we identify and understand the actual needs of the people, must be front-and-centre. As Beth Noveck from GovLab in the US (who spoke at an IPAA event last year) has said — public servants need to stop talking for citizens and start talking with citizens.¹⁶

For the APS it means being connectors, interpreters, and navigators. It may also mean being open to citizen juries. This requires a very different approach to collaboration from the traditional approach to policy. This different way of working may mean that the APS sometimes plays more of a ‘broker’ role: as a strategic coordinator of policy inputs, and helping to ensure that all inputs are fit-for-purpose and impartial in order to realise the best outcome for the public.

The future for policymaking will very much be a compact between government, business and community to resolve real world problems together. More meaningful engagement with expertise in the community can only help address the complex issue of trust and enhance confidence in public policy solutions.

The threshold question for us is simple:

To what extent are we using control of process and limitations on access to data to cement our role, rather than bringing outside expertise and insights into our deliberations to give us richer understandings of issues and options, new ways of thinking about information, and new partners to enlist in the reform quest?

CONCLUSION

To conclude, the Australian Public Service is not broken. We have a proud tradition of over 117 years of service to the Australian public. And we are making progress, becoming more digitally savvy, and making greater use of data to ensure that we have the right policies and programs supporting the right people at the right time. But we have to get even better, and we have to do it quickly.

If the Australian Government agrees to the Innovation and Science *Australia 2030 report*¹⁷ recommendation to review the APS, it would be the first root-and-branch look at the APS since the mid-1970s to examine whether we are fit for purpose — not for today but for decades ahead.

16 Beth Simone Noveck 2015, *Smart Citizens, Smarter State: the Technologies of Expertise and the Future of Governing*. Harvard University Press, Cambridge, Mass.

17 Innovation and Science Australia 2017, *Australia 2030: Prosperity through Innovation*. Department of Industry, Innovation and Science (Recommendation 18). <https://www.industry.gov.au/data-and-publications/australia-2030-prosperity-through-innovation>

It could provide the platform for the change I've been talking about today.¹⁸

Collaboration needs to become the rule, not the exception. Evaluation of policy, and communication of the impacts and benefits, need to be front-and-centre. We have a responsibility to work with everyone — government, the private sector, non-government organisations, academics, and the broader community.

We need to streamline process, become more agile and innovative, rewarding people who think deeply about their work, looking for connections, and understanding best-practice at home and abroad.

We need to be prepared to fail, fail fast, pivot, and to try different approaches in the face of failure or changing circumstances.

Because these are not ordinary times. The work of public policy is increasingly complex at a time when trust in government and the institutions that support government is in decline. Rising to the challenge must involve making the most of what technology has to offer.

It means us being more representative of the society we serve — that we stop seeing merit as something found only in people like ourselves.

It means serious investment in capability — be it evidence-building capacity, be it in data analytics, research or evaluation. In fact, just about everybody in the APS could benefit from building their data literacy.

Fundamentally, it means not only talking about the need for change, but also acting to effect change as custodians of an institution that makes a real difference to the lives of Australians.

So my question to all of us is: can we really wait for the next generation of public servants to do this?



Dr Heather Smith PSM during the panel discussion



A member of the audience poses a question to the panel

¹⁸ In May 2018 the Australian Government response to the *Australia 2030* report included support for Recommendation 18. On 4 May 2018 the Prime Minister announced an Independent Review of the Australian Public Service, to report in 2019. <https://www.industry.gov.au/sites/g/files/net3906/f/government-response-isa-2030-plan.pdf>



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JAMES O FAIRFAX THEATRE
NATIONAL GALLERY OF AUSTRALIA
FRIDAY 13 APRIL 2018

GLOBALISATION, TECHNOLOGY AND INCLUSIVE GROWTH

PAUL ROCHON

DEPUTY MINISTER OF FINANCE, CANADA
(HEAD OF THE DEPARTMENT OF FINANCE, CANADA)

'Both countries [Canada and Australia] face similar opportunities as well as similar challenges. These include, on the one hand, very strong university and scientific research communities and well-educated labour forces, and on the other hand, we are both dealing with the challenges relating to ageing populations and rising household debt.'

OPENING REMARKS

It is truly an honour and a privilege to be here to speak to you about topics for which we do not pretend to have solutions or particularly definitive answers, but on which we are working almost on a daily basis in Canada and in all of the international work we do — be it through the G7 or the G20.

Before I start, let me just say thank you to our hosts: the Department of the Prime Minister and Cabinet and the Institute of Public Administration Australia.

And I too would like to begin by acknowledging the traditional custodians of the land on which we are meeting, the Ngunnawal Nation, and extend my respect to all Indigenous people in attendance here today as well as online.

We are really very similar in all kinds of ways, and I think this Initiative — the Canada-Australia Public Policy Initiative (CAPPI) — is one of the many forums that we have to express ideas, to think about where we are in the world, and to think through some of the different approaches that we are both taking to deal with issues and problems.

As Martin said, our countries look remarkably similar on both ends up of this ball that we live on: common values; large and diverse immigrant communities; large territories; important Indigenous populations; as well as open economies that are very reliant on natural resources and global trade.

And as we look to the future, both countries face similar opportunities as well as similar challenges. These include, on the one hand, very strong university and scientific research communities and well-educated labour forces, and on the other hand, we are both dealing with the challenges relating to ageing populations and rising household debt.

Like other countries, we are also confronting major public policy issues associated with globalisation, rapid technological change and the rise in income inequality. Although, as Martin Parkinson indicated, the latter may be less of a concern at present in Australia than in other countries.

But I think it is fair to say the emergence of these issues has coincided with widespread, and potentially growing, dissatisfaction with economic outcomes, as well as a loss in confidence in the institutions and approaches to economic policy that most Western countries — including Canada and Australia — followed from about the 1980s to the present.

Let me give a couple of examples. Over one-third of Canadians feel their quality of life is worse than that of their parents. And nearly two-thirds of Canadians believe that the next generation will be worse off than the current generation.

It is in this context that I want to discuss approaches to public policy that result in economic growth being more broadly shared across our populations — sometimes called ‘inclusive growth’. The objective is both to raise economic growth and to ensure that the opportunities and benefits of growth are available to all.

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As you will see, I do not view this as a wholesale change in direction, but rather an evolution in public policy. In fact, part of my thesis here today is that many of the ills that plague the politics and economics of advanced economies today have resulted precisely because some of the basic tenets of traditional post-war neoclassical approach were not followed.

And then this leads me to argue that we need to focus on three important areas.

First, I strongly believe that we need to bolster and evolve our systems of international governance. I am going to argue that a significant part of the rise in inequality in advanced economies is due to our inability to enforce some of the 'rules of the game' that were established in the post-World War II period. Rather than retreat from these, we need to strengthen our international institutions and make them more effective. This includes, for example, the need for flexible exchange rate mechanisms, the enforcement of rules at the World Trade Organization and a new focus on emerging international issues related primarily to digitisation and the role of data more generally in the global economy.

That is point one.

Point two: I am going to argue that ongoing sound management of our financial systems is paramount. One of the reasons that Australia and Canada fared so well in the last financial crisis is that we practised much stricter financial regulation than other countries, particularly with respect to our banks. And so, continuing prudent financial sector regulation and attending to the increase in household indebtedness in both of our economies is going to be critical to both our economic performance and broad public confidence in government and in the institutions of government.

That is my second point.

Third, we need to carefully think through many of our domestic policy frameworks and ask ourselves if they are really providing appropriate support to equality of opportunity and, where appropriate, equality of outcomes.

Even if Australia and Canada have been shielded from many of the trends that have driven populist sentiment in other countries, it is fair to say that we too, in both of our countries, underestimated the speed and depth of globalisation and technological change, while overestimating our ability to adapt to those changes, particularly as they affected our workforces.

And so, dealing with these issues as we go forward requires a broader way of thinking.

And that is the issue I want to come to in the third part of my talk.

SOUND INTERNATIONAL GOVERNANCE

Let us start with globalisation and technological change.

For a long period, these forces have been an important source of prosperity. They have improved living standards in both advanced economies and developing countries by raising productivity and lowering prices on consumer goods like appliances, electronics and clothing. We have all experienced it.

Globalisation and innovation have been credited with helping to lift more than one billion people out of extreme poverty worldwide over the last 25 years.

And, importantly for Canada and Australia, rapid industrialisation in emerging economies created strong demand for our natural resources — improving our terms of trade and, in turn, boosting investment and incomes in both of our economies.

Economic inequalities between nations are now at their lowest levels in recent history.

But those positive trends across countries have masked several underlying challenges, including an unsettling pattern of rising inequalities within most countries.

To give you a couple of metrics: from 1975 until just prior to the Great Recession, the top 10 per cent of income earners in some countries captured half or more of all income growth.

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Deputy Minister of Finance, Canada

For example, those top earners took about 50 per cent of income gains in Australia and the United Kingdom, two-thirds in Canada, and 80 per cent in the United States.

During that same period, labour has lost ground to capital in terms of its share of national income in G20 countries.

These results largely reflect advances in labour-saving technologies like computers and robots, which gradually reduced the relative price of capital and allowed business to replace routine tasks with machines.

At the same time, the rise of offshoring and increased global competition amplified the loss of many routine jobs, especially in manufacturing.

But I think we need to step back and ask: Why did we not adapt to the changes unleashed by globalisation and technology in a more orderly way? We have dealt with many shocks in the past.

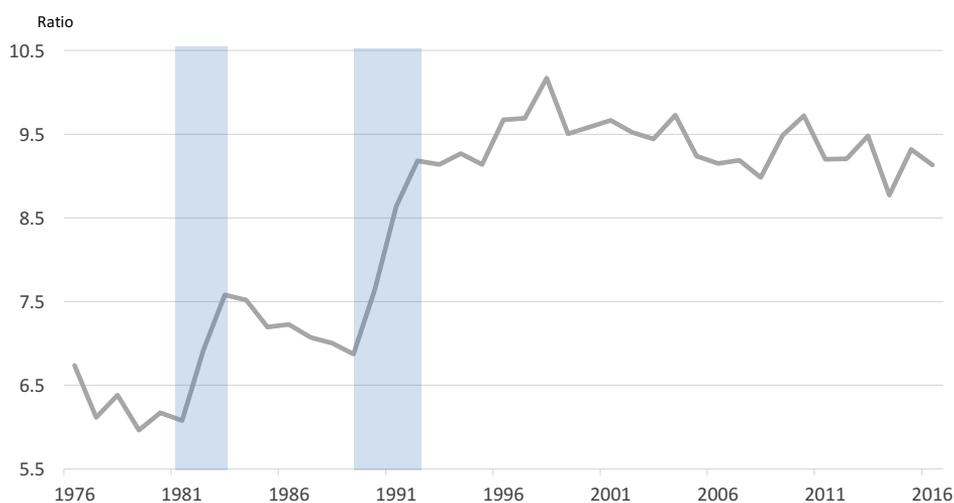
Let me show you a picture of Canadian data, which should provide some insights. It suggests that economies can adapt to structural change,

but that very rapid structural change is difficult, and raises inequalities and anxieties. This chart shows the ratio of income earned by the top 10 per cent of Canadian families to the bottom 40 per cent of Canadian families.

Looking at the chart, you can see that the level of inequality jumps up in two distinct periods. They are the two deep and very prolonged recessions that we experienced in 1981–82 and 1990–92. Those were deep, deep recessions — deeper than the recessions that many economies experienced during the global financial crisis.

In both of these periods we went through very rapid structural change. You see it when you look at the industrial composition of Canadian manufacturing: certain sectors just simply disappear.

It is precisely this type of change that causes deep and unexpected job losses. It throws workers, usually the less skilled ones, into unemployment, often for extended periods of time, without any real ability to adapt or find new opportunities.



Notes: In order to take into account the economies of scale present in larger households, market income is adjusted by dividing the household income by the square root of the household size.

Sources: Statistics Canada: Survey of Consumer Finance, Survey of Labour and Income Dynamics, Canadian Income Survey.

Income inequality, Canada, 1976–2016

I would argue that this same phenomenon has played out over a longer period of time in many parts of the global economy. It is precisely because the speed of change that we have experienced has been nothing less than dramatic, and too rapid for those that have been affected to adjust.

As a share of gross domestic product, global trade reached 31 per cent in 2008, compared to 19 per cent in 1990.

The expansion in global trade was largely driven by the relocation of goods production to emerging markets and developing countries. To see this, you only need to look at China, whose share of world manufacturing output increased from 4 per cent in 1995 to 27 per cent in 2015 — that is only 20 years!

One of the reasons for this rapid change is that exchange rates did not adjust as required. As a result, the burden of adjustment was borne excessively through wage compression and employment loss in advanced economies.

And so, a critical lesson of the past 25 years is that properly functioning balance of payments adjustments are critical to global stability. This is because they serve to smooth shocks and allow businesses and employees time to adjust to changing circumstances.

Canada and Australia have both benefited from flexible exchange rates. And we need to continue to work together to ensure proper balance of payments adjustments — and it is worth stating that these adjustments can work either through exchange rates or wage rate inflation.

It is critical to ensure the broad system we set up post-World War II that effectively allows for smooth adjustments across countries continues. This is as true today as it was in 1944 when the Bretton Woods institutions — the World Bank and the International Monetary Fund (IMF) — were established.

But I also think we need to consider how globalisation will play out going forward.

It is unlikely that we will see further integration of massive amounts of labour into the global economy over the medium term as was experienced with the rise of the Chinese economy over the last two decades. The bulk of these changes are probably behind us. They are not over, but we are not going to see another China being integrated into the global economy.

The next set of challenges is more likely to involve issues related to the rapid wave of new and emerging technologies. These technologies have started to transform our economies in ways we are only now starting to understand.

Advances in artificial intelligence and the rise of data more generally raise questions of privacy, security and intellectual property. They also require competitive conditions that will allow firms and countries to compete on a level playing field.

And so, solving these questions will not only require policy responses within our own domestic economies, but reinforce the importance of international institutions and multilateral cooperation.

In this context, the evolving role of the IMF, the World Bank Group and the World Trade Organization as well as the Organisation for Economic Co-operation and Development (OECD) and the United Nations will be critical to our ability to craft an effective, collective response to these challenges, so that current and future advances in technology result in benefits that are widely shared.

I have to note that I am an optimist on this point. There are people that look around the world and disparage the work of the international institutions, but I think if you look at the response to the 2009 crisis that we managed to put together, it was a globally coordinated response and it was an effective response to a terrible situation. We have made tremendous strides at the Financial Stability Board to put together a set of coherent and internationally coordinated financial sector regulations, and we have recently concluded important work at the OECD on the issue of base erosion and profit shifting.

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While none of these issues are easy, we need to approach them with some optimism. Canada and Australia can play important roles in the international fora on these questions. Working together, we can make significant progress.

That is my first big point.

Let us move on to the next part of the discussion.

THE GLOBAL FINANCIAL CRISIS AND ITS AFTERMATH

Another part of the answer to the question of why the recent period of globalisation and technological change did not deliver broad-based benefits was the scale and impact of the global financial crisis.

In fact, it is hard for me to imagine that we would be here today talking about inclusive growth had we not had the global financial crisis in 2008–09.

Almost exactly ten years ago today, in April 2008, cracks were starting to emerge in the US subprime mortgage market. The investment bank Bear Stearns had just failed. US home prices were down by 8 per cent year-over-year. The single-family residential mortgage delinquency rate in the United States was 4.4 per cent, nearly double what it was one year prior.

Just five months later, in September 2008, the collapse of Lehman Brothers triggered a full-blown global financial crisis and ultimately a global recession.

If you look at the US numbers even today, they are absolutely staggering.

US home prices eventually dropped 26 per cent from their 2007 peak. That is 26 per cent on average. There were segments of the US economy where the price declines were phenomenal. The US mortgage delinquency rate would eventually peak at 13 per cent. In 2009 alone, almost 3 million homeowners in the US received a foreclosure filing.

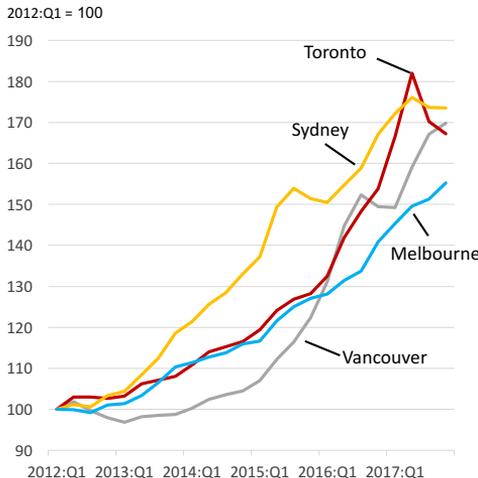
The ensuing European debt crisis resulted in the two largest blocs of the global economy — the US and the European Union — in crisis, followed by an extended period of very low global growth.

That low global growth is exactly what the students of financial crises told us would happen. I remember looking at the studies that had been done and then we went through a period of about eight years where we consistently overestimated growth and asked ourselves why we were off. Well, we knew why we were off. We just found it hard to come to terms with.



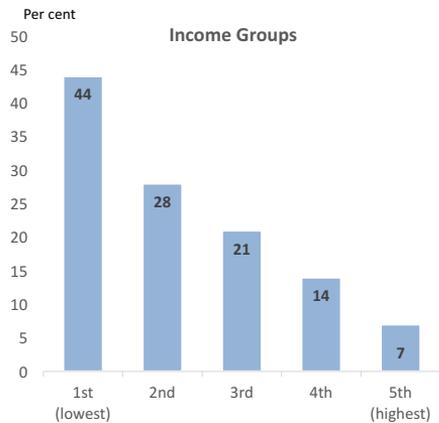
Left to right: Dr Martin Parkinson AC PSM, Dr Dawn Casey PSM, Paul Rochon and Rosemary Huxtable PSM

Home price index in major cities, Canada and Australia, 2012-2017



Sources: Canadian Real Estate Association (MLS Home Price Index); Australian Bureau of Statistics (Residential Property Price Index); Department of Finance Canada calculations.

Share of uninsured mortgage origination with loan-to-income ratios greater than 450%, by income groups, Canada, 2016



Note: It may include some mortgages that are portfolio insured after origination. Sources: Bank of Canada: November 2017 Financial System Review.

House prices and financial vulnerabilities

The combination of severely impaired household balance sheets and a long period of weak wage growth, weak economic growth and low employment explains a lot about the current mood in the United States and in other countries.

The most obvious policy lesson from the great financial crisis is that proper financial sector regulation is critical to both growth and inclusiveness — that is my second point.

The work of the G20 and the Financial Stability Board to improve financial sector regulation — raising capital and liquidity buffers in banks, bringing greater clarity to the interconnectedness of banks, and dealing with shadow banking — is an important step forward and an important aspect of economic inclusiveness.

Fundamentally, a system of financial regulation that ensures that the household sector's greatest asset — their homes — is not at risk is absolutely critical to ensuring that our citizens feel that the economic system is working for them.

For Canada and Australia, of course, the decade of accommodative monetary policies that the crisis made necessary has presented its own set of challenges.

While the period of low interest rates facilitated balance sheet repair and deleveraging in the United States and in Europe, in our countries, where the financial systems and credit intermediation worked perfectly well, that same period of low interest rates has pushed up household debt and house prices. To provide some context for this, consider the above diagram.

As shown on the left-hand side, house prices have increased by 70 per cent since 2012 in Vancouver and Toronto, by 75 per cent in Sydney and 55 per cent in Melbourne. House-price-to-income ratios are dramatically higher than they were just two years ago.

Developments in our housing markets are both contributing to inequality and generating unease about economic conditions.

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Paul Rochon addresses the audience at the National Gallery of Australia

On inequality: rapid house price acceleration acts to transfer wealth from new buyers (mostly young) to existing owners of real estate (mostly old).

On economic unease: as you can see on the right-hand side, the financial vulnerabilities associated with house prices and indebtedness are concentrated in young and moderate- to low-income workers.

And so, ensuring that this system remains stable is one of our more important responsibilities as public servants.

In Canada, we have been taking action both to boost supply and to curb excessive demand.

Most recently, we have required new borrowers to meet a stress test to qualify for new mortgages. This involves verifying that the borrower can meet debt service requirements at an interest rate that is 200 basis points higher than the contract rate.

Similarly, the provinces of Ontario and British Columbia — where house prices are most under upward pressure — have recently introduced foreign buyer taxes to address some of the pressure coming from offshore buyers.

Although some of these changes have been politically difficult, they are absolutely necessary: housing represents 55 per cent of household assets in Australia and 41 per cent in Canada.

And so, again, proper oversight of our financial institutions and housing markets is as important as any other measure that we may take to bolster our economy or improve inclusiveness.

On this topic, we have benefited greatly from the discussions we have had with colleagues in Australia as well as those in New Zealand.

A NEW PATH FORWARD

Up until this point, I have argued that if we want our citizens to continue to have confidence in the face of globalisation and technological change, we need to deliver on some of the basic tenets of economic policy. These include: flexible exchange rates; the need for overall economic balances between countries to adjust smoothly; the importance of enforcing rules-based international trade; and sound financial regulation.

Now I am also going to argue that governments need to rethink some of their domestic policy settings — this is my third point.

‘We are also confronting major public policy issues associated with globalisation, rapid technological change and the rise in income inequality. The emergence of these issues has coincided with widespread ... dissatisfaction with economic outcomes, as well as a loss in confidence in the institutions and approaches to economic policy that most Western countries ... followed from about the 1980s to the present.’

Starting in the 1980s, many countries, including Canada, adopted a similar set of policy reforms in a desire to lower unemployment, increase productivity, and reduce fiscal debt and deficits. These types of policies included: a reduction in top personal income tax rates; a reduction in corporate income taxes; deregulation; cuts to unemployment insurance programs; trade liberalisation and balanced budgets.

Many of the measures were, and still are, the right thing to do to create prosperity. But I think it is fair to say that we policy makers did not pay enough attention to the distributional impacts of these reforms.

In the last decade or so, mainstream economists led by the IMF and the OECD have started to re-examine how the income distribution may affect a country's macroeconomic performance.

New research shows that higher inequality is associated with lower and less durable growth.

The main channel through which this takes place is reasonably intuitive: higher inequality means fewer resources available to families to invest in their kids, leading to growing gaps in investment — particularly in education — between children from disadvantaged backgrounds and those from more-privileged ones.

And, ultimately, this combination leads to unequal outcomes in adulthood.

In short, excessive inequality can be harmful to growth because it locks in privilege and exclusion.

Again, for the most part, Canada and Australia have escaped the worst of the trends that have affected many other countries, but not exclusively so.

The bottom line is that we need to pay more attention to policies that generate greater participation in the economy, promote equality of opportunity, and lead to more equal sharing of the benefits of growth.

The trick, though, is to do so in ways that do not introduce the disincentives to work and risk-taking that crept into some of our social and economic programs in the 1960s and 1970s.

It also entails moving forward in parallel with what we might think of as conventional ‘pro-growth’ policies like open, flexible and competitive markets, and ensuring that tax systems are competitive and conducive to wealth creation.

CANADA'S INCLUSIVE GROWTH AGENDA

In my remaining time, I would like to walk through some of the key policies that the Government of Canada is pursuing to boost growth and economic inclusion.

Classical approaches to growth

Let me start by reviewing what you might think of as traditional levers to increase our long-term growth trajectory.

On this, the government is providing the equivalent of about eight per cent of GDP over ten years to build infrastructure across a broad range of areas — trade corridors, public transit and affordable housing.

We have also created the Canada Infrastructure Bank to leverage private sector capital into public sector infrastructure. On this project, we have learned a tremendous amount from Australia's very forward-looking approach to infrastructure.

What we have done is essentially created an investment fund — consisting of \$35 billion in capital — of which \$15 billion can be used for concessional finance.¹

The idea is to build up a body of expertise in the public sector to serve as an agent for governments to enter into projects with the private sector. We hope to leverage the private sector to add value to public infrastructure to get better planning, stronger execution, better pricing and more infrastructure per public dollar spent.

Turning now to actions to boost the labour supply, the government has recently increased Canada's annual immigration target. We will welcome 310,000 new permanent residents in 2018, or about one per cent of our population. This is set to rise to 340,000 by 2020. All told, that would represent a 30 per cent increase on the average intake over the 2006–15 period.

As we are increasing immigration, we are also renewing efforts to help attract and retain global talent, including highly skilled temporary workers to help Canadian businesses succeed in what is an increasingly competitive global market for talent.

On the productivity side, we have recently undertaken a range of measures to deal with Canada's longstanding conundrum: that we have outstanding, globally competitive scientific research and only modest success in converting that research into commercial products.

And so, we are now reinvigorating our research enterprise with the largest increase in science and research funding since the 1970s — about a 25 per cent increase over three years in funding for basic research. As well, we are moving forward with a major restructuring and simplification of our innovation programs to reduce them from a collection of about 90 programs down to about 30 programs focused on four platforms.

To complement these actions, the 2018 budget launched industry-specific regulatory reviews to examine ways to make our regulatory approaches more streamlined and efficient. The idea is to take a very micro approach to improving efficiency and timeliness of regulatory processes on an industry-by-industry basis.

Lastly, we are pursuing an aggressive trade agenda that includes recent agreements with the Trans-Pacific Partnership and the European Union, as well as continuing work with the United States and Mexico on modernising the North American Free Trade Agreement (NAFTA).

New skills-based economy

So what I have just described is a series of policies that we might think of as fairly traditional responses to boosting growth. The recipe is quite familiar: increase labour and capital, and look for ways to boost productivity.

1 'Dollars' in this paper are Canadian dollars, in April 2018 practically equivalent to Australian dollars.

These policies are necessary, but in no way sufficient to build the type of economy that we want and have come to expect, and to respond to the concerns and the anxieties of our citizens about where we are headed in the future.

To provide some context for this, consider this next diagram. It shows the change in employment by educational attainment in the United States since the peak of the last business cycle in 2007.

You can see that all of the gains have gone to Americans with university degrees. For Americans with less than a university degree, there are far fewer jobs available and, in fact, the level of employment is now lower than a decade ago. In other words, the employment gains from growth in the US are going to knowledge workers.

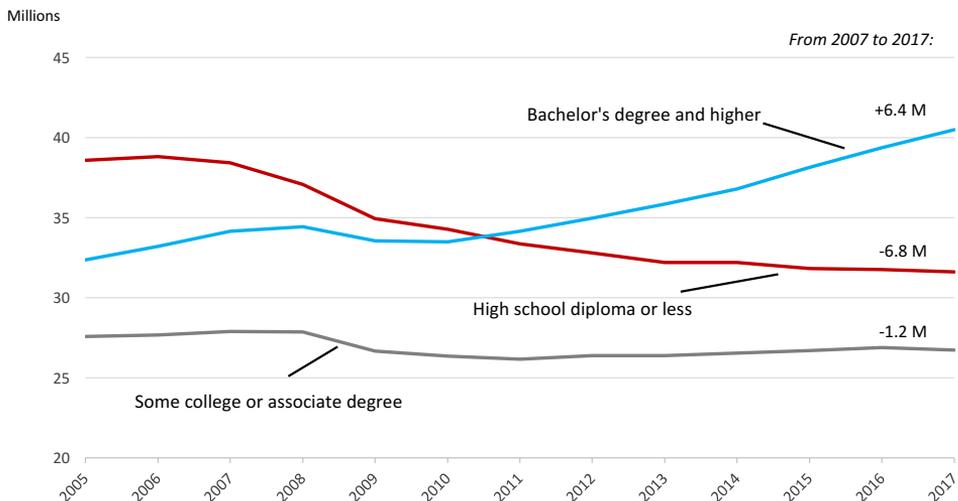
All of our economies are facing a similar challenge. The question is how to build a policy framework that supports citizens and boosts economic inclusion in this intensively skills-based job market.

Approaches to inclusive growth

Over the past three years, Canada has been putting in place a policy framework to boost economic outcomes from childhood to retirement — very much taking a life cycle approach.

With your indulgence, I will provide you with the broad strokes of this policy framework, and leave the details for the question and answer period if there is further interest.

Starting with children and youth in this life cycle approach, the main element is the new Canada Child Benefit. In 2016, the Government of Canada had a complicated system: we had one child benefit that was universal and taxable, and we had two other benefits that were income-tested and tax-free — a fairly complex array of programs. We replaced it with a single tax-free child benefit that was income tested. It is significantly more generous at moderate-and low-income levels than the set of programs that it replaced. Just to give you one metric, the maximum amount for a family with a single child is about \$6,500, indexed to inflation.



Notes: Education groups are not fully comparable across countries; Cover workers aged 25 to 54 years. Sources: U.S. Bureau of Labor Statistics; Department of Finance calculations.

Employment by educational attainment in the United States

We estimate that this measure alone will reduce child poverty rates in Canada by about 40 per cent. So, it was a significant increase in the generosity and targeting of child benefits in Canada towards moderate-to low-income families.

At the same time, the federal government is also working with provincial governments in areas where they have primary responsibility. In particular, we have been acting to provide financial incentives for provinces to increase access to early learning and childhood education as well as to push for minimum key performance indicators as they relate to early learning and childhood education.

At the other end of the education spectrum, the government has also materially enhanced financial assistance for university education, primarily through grants available to students from lower-income families.

And so, for children and youth, the primary thrust of our policies has been to provide greater financial assistance for parents in moderate-to low-income families to care for their kids so they can get a better start in life, and to receive opportunities to have greater early learning and childhood education. And, at the other end of the spectrum, for those who are getting ready to access university, that financial barriers not be a constraint in university enrolment.

So that is what we are doing for children and youth.

To support Canadians in their working years, the government has been pursuing policies to boost both labour force participation and labour market training.

Our analysis shows that boosting labour market participation of under-represented groups — women, recent immigrants, Indigenous peoples and Canadians with disabilities — could boost the level of Canada's economic activity by 5 per cent over the medium term.

To give you some context, in an economy with a potential growth rate of between 1.5 per cent and 2 per cent, 5 per cent is a lot. And it is more than we estimate that we got from any trade agreement that we have ever signed — probably by a factor of two.

To achieve those increased rates of labour market participation, we are taking actions in a number of areas.

We have recently renamed and expanded the Canada Workers Benefit. This is a benefit that provides a wage top-up to lower-income workers who are transitioning from welfare to work. The idea is to encourage more lower-income Canadians to participate in the workforce,

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and that welfare not be a barrier to workforce participation. This is a variant of the Earned Income Tax Credit in the United States, which has proven to be very successful and well targeted.

Recent budgets have put in place a series of measures to increase the labour force participation of women, who have done relatively well in Canada compared to other countries but are still under-represented both in our labour force and in more senior management positions.

As well, we have put in place significant measures to boost economic outcomes for Indigenous peoples and for persons with disabilities.

With respect to Indigenous peoples, there is a tremendous effort taking place in Canada to achieve reconciliation. The last three budgets have put in place roughly \$15 billion in incremental funding for Indigenous Canadians covering a range of areas: childcare services; education; Indigenous languages and culture; as well as Indigenous health. This is a main priority of the government and one that we recognise will take time to achieve but is absolutely critical to moving forward with this agenda on inclusiveness. Our Indigenous population is by far the fastest growing element of our labour force.

That provides a rough sketch of the measures related to the workforce.

On this, maybe the last point is that skills training is becoming a major focus of policy. We do not pretend we have solved everything but we are devoting a lot of effort to try to figure things out.

It starts with a significant increase in resources for skills training, including for work-integrated learning. Many of these resources are transferred to provincial governments, who deliver most of this training.

We are also working with provincial governments, the private sector and universities to test different approaches to skills acquisition through a new Future Skills Lab. The idea is not only to deal with the problems that we currently have in workforce integration, but also to get set to manage what we think is the next wave of disruption related to increased digitisation in our economy and the impact that will have on our workforce.

So, we have set up this Skills Lab. The idea is to work with both government and external experts, and to give the Skills Lab a sufficient amount of funds to conduct pilot projects that, if successful, could be scaled up through our regular programming.

As well, we have announced that we will be undertaking, at the federal level, a comprehensive review of all of our skills programming with the idea of determining what works and what does not work. And so, in the skills area while we are putting significantly more resources into this, we are fundamentally getting ready to try to figure out where we need to go next.

The last point on this approach to inclusiveness relates to retirement. To better support Canadians in retirement, the federal and provincial governments agreed two years ago to increase the Canada Pension Plan. This is our core public contributory pension plan.

The expansion consists of increasing the maximum amount of income covered by the plan by about 15 per cent. The maximum amount is currently about \$55,900 and will go up to about \$64,000. As well as increasing the maximum amount, the earnings replacement rate will increase from one-quarter to one-third. Currently, if you retire and you have a full number of years, you would get 25 per cent of up to \$55,900. In the new world, you will get 33 per cent of up to \$64,000.

Although it might sound modest, it is quite significant. By the middle of the century, we expect the Canada Pension Plan fund to be the equivalent of about one-third of the size of our economy. So, it is a material expansion in our public pension plan, and responds to the reduction in defined-benefit plans that has occurred in Canada in a very material way over the last 15 to 20 years.

So, what I have just described — measures related to supporting kids, workers and retirement income — is not a complete accounting of the measures, and we do not pretend that what we have done is the answer to this question about inclusiveness.

But I hope it provides you with a general idea of the approach we are taking and the policies we are putting in place to promote broad-based participation in the economy and confidence in the economy.

CHALLENGES AND NEXT STEPS

Let me stop here and briefly sum up.

I have argued that the trifecta of globalisation, technological change and higher inequality will be features of our economies and societies for some time to come. If we are to deal with these effectively, we will need to pursue a series of interconnected policies.

These start with bolstering our international institutions and ensuring that they operate effectively in order for us to deal with both the standard trade irritants as well as new and emerging issues like the taxation of digital services, crypto currencies, and the growing importance of data more generally.

Second, we absolutely need to continue to ensure that our financial systems are well regulated, and in the specific context of Australia and Canada, that we are putting in place policies that deal with our high levels of household indebtedness.

Third, our domestic policy toolkits need to be augmented. The standard policies of boosting capital, labour and productivity continue to make sense. Indeed, without economic growth, income redistribution ends up being close to a zero sum game, which is absolutely difficult to do. But these same policies need to be bolstered by implementing others that strengthen growth at the same time as promoting inclusion.

Nonetheless, as we go about building a more inclusive approach, we need to make hard choices involving trade-offs, particularly between efficiency and equity, and not repeat many of the mistakes that we made in the 1960s and 1970s which led to the policy approaches of the 1980s.

So, part of this is a pendulum readjustment. And as we do this pendulum readjustment, it is important for public servants to develop our capacity to identify and evaluate these trade-offs, and understand behavioural economics much better, including having better data.

Finally, although I have focused on promoting labour market inclusion, in this same area of inclusiveness there is a set of other policies with potentially 'win-win' outcomes that are available to us, and that fundamentally relate to dealing with some of the rents that exist in our economies. These include actions to promote more open and competitive markets in areas we all know well.

More work is required to develop thinking on these challenges and to ensure a more comprehensive and effective growth agenda.

But I think we should be hopeful: both of our countries provide great examples to our citizens and the rest of the world that proper public administration can deliver broad-based benefits.

And it is my hope that this Initiative — the Canada–Australia Public Policy Initiative — is an important part of that process and in finding solutions to many of the problems we are both working on.

It was my sincere pleasure to speak to you today. Thank you for your attention.

'We need to carefully think through many of our domestic policy frameworks and ask ourselves if they are really providing appropriate support to equality of opportunity and, where appropriate, equality of outcomes.'



Paul Rochon takes questions from the audience



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SECRETARY VALEDICTORY

SIMON LEWIS PSM

SECRETARY OF THE DEPARTMENT OF VETERANS' AFFAIRS

*'Be persistent and resilient — if your strategy remains sound,
stay the course.'*

SECRETARY VALEDICTORY

SIMON LEWIS PSM

Secretary of the Department of Veterans' Affairs

I begin by acknowledging the Ngunnawal people as the traditional owners and custodians of the land on which we meet today. I acknowledge and respect their continuing culture and the contribution they make to the life of this city and this region. I also acknowledge and welcome Aboriginal and Torres Strait Islander people who are attending today's event.

Aboriginal and Torres Strait Islander people have proudly served in every conflict and peacekeeping operation in which Australia has been involved, from the Boer War to the present day. Although there has never been a requirement in the Australian Defence Force (ADF) for individuals to identify their racial heritage, the Department of Veterans' Affairs provides benefits and entitlements to all eligible veterans including Indigenous veterans and their families. Today I would like to acknowledge all our current and ex-serving Indigenous Defence personnel and our Indigenous veterans' community and their families, and acknowledge the contributions that Aboriginal and Torres Strait Islander people continue to make in the ADF.

I also acknowledge my colleagues from the Secretaries' Board who have made time in their busy diaries to come along this morning, and the large cohort from my own department, as well as many work colleagues I recognise from different parts of my career, and with whom I have shared a wide range of work experiences, many highs and a few lows.

So today, and a little daunted by this impressive audience, I would like to talk about three things:

- first, my story and my career and a few lessons I have learned along the way
- second, my time as Secretary of the Department of Veterans' Affairs, leading up to its current transformation program, and what I predict will be its exciting future
- third, a few thanks, and then open for questions.

I was born in Adelaide. My Dad was one of the 993,000 Australians who served in World War II, then returned home where he eventually met and married Mum. A year later I came along, closely followed by a sister and brother. Four other siblings arrived as we grew up in Melbourne, and then we moved to Canberra, each time following Dad's work opportunities with the Australian Public Service (APS).

'Public servants can become keen advocates for proposed courses of action but this does not take away their obligation to advise the minister comprehensively and objectively regarding the options, the pros and cons, and strategies for mitigating risks and likely criticisms. Only then can we say that the minister has received balanced advice.'

Although we were not well off, we always had enough to get by; we all received a good education, and were supported in a range of sporting and other activities. I now look back in some wonder as to how my parents were able to achieve that with seven children. We had a stable family upbringing; we were all much loved and instilled with good values.

Despite achieving excellent academic results in my final year at St Eddies in Narrabundah,¹ my initial efforts at university did not go well. It's true that I became an excellent pool player and won loads of money playing poker, but I am sure that dropping out of law school was a relief both to the school and to me!

In need of a job, I started work as a gardener with the ACT Parks and Gardens Service, then part of the APS, and loved the outdoor work. Nonetheless, after a few months I was convinced by Dad to sit for the APS entrance examination, and was successful in joining the Bureau of Statistics as a base-grade clerk in 1976.

I loved work in the ABS and was doing well. Eight years later, I had been promoted steadily, and was then acting in the equivalent of an EL2 position. During that period, I went back to university part-time and gained a BA in economics and statistics and then graduate diplomas in public administration and computing studies. Also during this period I met my future wife, Anne, at the ABS and we were married in 1985.

With strong assurances from senior management of the ABS that I would advance further should I stay, and given I was enjoying the work I was doing — and knew everybody — it was a hard decision to leave the ABS, but I wanted to try different things.

I worked for nearly a year as a statistical consultant on the May Committee,² set up by the Hawke government, and which recommended the abolition of the two airline policy then existing in Australia. In 1986 I transferred to the Department of Defence. For three years I worked in what was then known as the Defence Logistics Organisation, with my work mainly focused on reviews and initiatives to improve the effectiveness and efficiency of defence logistics. As I recall, driving change across Defence at that time was quite difficult, and our efforts were often unappreciated, particularly by the military.

However, substantive promotion opportunities at that time were sparse, so I applied for a position in the Finance Department and was immediately successful for a promotion in the fledgling asset sales force, set up as a Division within the Department. It would turn out that most of the next two decades were spent in the Finance portfolio, either the Department or the Office of Asset Sales, which was created to manage the growing privatisation program which emerged in the mid 1990's.

In the early years, however, I worked on a range of asset sales problematic for one reason or another.

The sale of Cockatoo Island, probably one of the best hospital passes thrown in a long time from the Defence Department to Finance — that island, initially slated for \$100m in sales proceeds in the 1987 Keating May Economic Statement, was never going to be commercially sold.

There was the sale of the Australian National Line (ANL), famously head-lined by the then Transport Minister Laurie Brereton as being a business that 'you couldn't sell for a dollar' — and he was right!

1 St Edmunds College, Canberra

2 Independent Review of Economic Regulation of Domestic Aviation 1985–86 (known as the Two Airline Policy Review) chaired by Thomas May

SECRETARY VALEDICTORY

SIMON LEWIS PSM

Secretary of the Department of Veterans' Affairs

'Try to keep a clear head — even if you are absolutely under the pump, find some time to think without distraction.'



Simon Lewis PSM addresses the audience at the National Portrait Gallery

Then we had the Moomba–Sydney gas pipeline system which AGL had initially set out to construct in the early 1970s but which was nationalised by Rex Connor during the Whitlam era and intended to remain forever in Government ownership. In order to achieve that aim, Rex Connor shackled the pipeline assets with individual veto rights held by each of the Cooper Basin gas producers and by AGL — as well as a first right of refusal on any sale held by AGL.

The hardest of these sales was the pipeline sale. As part of a small team, we had tried to sell the pipeline in 1992, but were thwarted in short order by decisions of the NSW Supreme Court, finding in favour of AGL in terms of its contractual rights, and the rejection of legislation in the Senate designed to effect the sale. The failure of this sale came at a time when my wife Anne and I had two young daughters, Katrina and Jacinta. It was probably the most stressful time of my working life. From that time on I resolved to be more selective about roles I took on, and to be firmer in giving my advice, but also, Anne had to reduce her working hours to help balance our family life.

In 1993 I was given the opportunity, this time as acting branch head, to have a second crack at the sale of the pipeline system, and after an immense amount of hard work by a small team, and through a complex series of negotiations, we managed to effect the sale around lunchtime on 30 June 1994. This was just as well, because the legislation necessary to give effect to the sale was going to lapse at midnight that very same day.

Just three weeks before, the sale had seemed to be a dim prospect, as we had yet to finalise agreements with AGL or the gas producers, and did not have regulator agreement to the regulatory apparatus necessary to address the vertical integration competition issues. We also had issues to address with the states, given that we were seeking to put in place legislative machinery to deal with open access to essential infrastructure a year before the open access legislation was enacted. I learnt my first big lesson in the power of a deadline, when all the necessary approvals came through over a very short period, and I had my first asset sale.

Over the coming decade, particularly upon election of the Howard government in 1996, a wide range of asset sales were to follow, but notably for me, the second tranche of the Telstra public offer and the first and second tranches of the airport trade sales.

Subsequently I led the team running the sale of Sydney airport. The coordinated attacks by Islamic terrorists in 2001 (since known as '9/11') occurred just before the Office of Asset Sales was due to receive final bids for the sale. Walking to the offices of our advisers, part of the US-based Citigroup investment bank, the morning after the attacks, I was musing about what effect these attacks might have on the sale. Upon seeing the huge security presence around the base of the office tower it only took a moment to understand that the impact would be severe. The government took our advice to 'ice up' the bid process until capital and debt markets had stabilised. This pause lasted nearly a year before the sale process was re-commenced by accepting final bids from tenderers. But by then I had moved to the Budget group of the Finance Department.

I found that my asset sales experience helped me immensely when I returned to the Finance Department. Not only had I learned some hard lessons from failed projects but I had also gained much experience in successfully building strong teams and delivering major projects to meet government objectives. In most cases there was a substantial policy development component as well. In fact the range of privatisation projects had extended widely across the economy to include the air, land and sea components of the transport sector, the banking and telecommunications sectors, pharmaceutical, real estate, agriculture, you name it!

It had also helped build my resilience, and allowed me to develop my capacity to advise government, usually through the Finance Minister but often other ministers as well, on complex projects and also to handle external accountabilities such as Senate Estimates and related parliamentary inquiries, media and stakeholder management.

SECRETARY VALEDICTORY

SIMON LEWIS PSM

Secretary of the Department of Veterans' Affairs

I had one year in Budget group. Kathryn Campbell and I, as Division heads, split the responsibility for all of the Agency Advice Units between us that year, before I was promoted to Deputy Secretary of the Asset Management Group.

The third tranche of the Telstra public offer program was a particularly difficult sale. I knew it would be difficult years before it got underway, which was why I advised the then Secretary Ian Watt that I was not interested and suggested alternatives. However when the time for sale came, Ian was very persuasive and eventually convinced me. At its darkest point, I seem to recall advising the Secretary and the Minister that we had spent around \$50m and were at risk of not selling a share. We were at that time only several weeks out from a 'go/no go' decision as to whether to launch the offer and issue the prospectus, and lacked Telstra support for the offer, plus a range of other key approvals. But again, demonstrating how powerful a deadline could be, all fell into place in a very short timeframe to enable a successful launch and then sale.

Just recently I had the chance to go to the movies with Anne, and we saw *The Darkest Hour*, a movie focused on Churchill around the time of Dunkirk in World War II. It made me think about circumstances in our own lives, obviously on much smaller scales, where we have had our own darkest hours and how we have dealt with them at those times. Reflecting on my own experience leading projects at these dark times, and lots of projects have dark times, I would offer the following thoughts:

- try to keep a clear head — even if you are absolutely under the pump, find some time to think without distraction
- be persistent and resilient — if your strategy remains sound, stay the course
- maintain a sense of optimism — you're not dead till you're dead! This is particularly important to the broader team; if they feel all is lost, then their performance will drop and the team will dissipate. Even the little things can count — for example cancelling team meetings because of a crisis might seem sensible if time is precious but is unlikely to have a great effect on team performance or morale

- try to create some personal life balance. For me, my wife and two daughters, my large close extended family and a group of friends I've considered good mates for four decades now, provide ballast to whatever storms may be blowing professionally. Everyone needs to have ballast of some sort in their lives.

Just to round out my career background, I transferred from Finance to Defence as Deputy Secretary Defence Support in 2009. It certainly helped that I had worked previously in the Defence Department, but it also positioned me well two years later to compete for the role of Associate Secretary of the Department of Defence, from which position I was then promoted to Secretary of the Department of Veterans' Affairs.

I now turn to my second topic, my time with DVA. I was honoured indeed to have been appointed by Prime Minister Gillard in April 2013 as Secretary, and considered myself particularly fortunate to have been appointed in the lead-up to the Anzac centenary, which meant that I would be Secretary during a period when the Department would be responsible for a range of services commemorating the centenary of key World War I events such as:

- the departure of the convoy of Australian and New Zealand forces from Albany in October 1914
- the Gallipoli landings in April 1915
- the battles of Pozzières and Fromelles in 1916, Polygon Wood and Beersheba in 1917 and Villers-Bretonneux in 1918.

And just three weeks ago, preceding the centenary commemoration of the battle of Villers-Bretonneux, was the opening of the Sir John Monash Centre, less than three years from the time that the then Prime Minister, Tony Abbott had announced its construction.

The Centenary of Anzac has been Australia's most important period of national commemoration. Marking 100 years since our involvement in the First World War, the Anzac Centenary has been a time to honour the service and sacrifice of our original ANZACs, and the generations of Australian servicemen and women who have defended our values and freedoms,

'We are piloting new ways of reaching out to veterans and their families by providing additional information points throughout rural and regional Australia where no permanent government shopfronts exist.'

in wars, conflicts and peace operations throughout a century of service.

The Anzac Centenary national program administered by DVA has been founded on three objectives:

- education — leading to an improved understanding of Australians' experiences of war, ranging from matters of national strategy to impacts on families and individuals
- engagement — enabling greater personal connection to the service, sacrifice and other experiences of war of Australian servicemen and women, especially through commemorative and community involvement
- empowerment — providing greater capacity for communities and individuals to commemorate the Anzac Centenary in ways of their choosing.

This program has not just been about events of one hundred years ago. This year, for example, major events being held to commemorate Australian military service include the 75th anniversary of the Battle of the Atlantic, the 50th anniversary of the Battles at Fire Support Bases Coral and Balmoral, and the 65th anniversary of the Korean War Armistice.

Privileged though I have been to oversee this program over the past five years, for me the real highlight of being appointed Secretary has been the opportunity to help mobilise the creative energies of staff across the Department of Veterans' Affairs to understand the need for accelerated change, and at least as importantly, to convince the government of the need to invest in the transformation of the Department.

Not long after I arrived, we organised a capability review of DVA, and a year later a functional efficiency review was also conducted. Both confirmed that, whilst DVA staff had a very high commitment to the DVA mission of supporting our veterans, substantial changes were required to the department's operating model, information and communications technology (ICT), organisational design and culture in order to help our staff to meet the changing needs of our veteran community, and particularly the needs of younger veterans. Much of this was told to us directly by staff of DVA, who provided extensive input to both reviews.

These reviews highlighted that DVA's ICT systems, over 200 in number and some dating back to the early 80s, were at critical risk of failure. Further, the stovepipe nature of most client service delivery functions and the inability to provide online services and support were significant limitations to helping our veterans. In general terms, staff were able to focus only on their own area of business, be that compensation, hearing aids, home appliances, and so on, but not on the overall needs of the client; this could be frustrating to many clients.

Early consultation and engagement with the veteran community also highlighted the need to tackle three difficult problems affecting them: homelessness, incarceration, and suicide. Compounding this was the complexity of DVA legislation with three principal Acts governing veteran entitlements, which made it difficult for DVA staff, clients and their advocates alike to establish entitlements to DVA services and benefits.

SECRETARY VALEDICTORY

SIMON LEWIS PSM

Secretary of the Department of Veterans' Affairs

Yet a further challenge was that approximately one in five ADF members were clients of the department at time of their discharge and approximately another one in five would become clients as veterans post-discharge, which meant that most veterans were not clients of DVA. For many that would not matter, but for some it would, and yet DVA did not know who they were and had no way of reaching out to them.

When surveyed, our clients continued to indicate a high level of satisfaction with DVA services, with 83 per cent satisfied or very satisfied in the most recent survey. However when drilling down further into these client survey numbers, it was apparent that the percentage had reduced significantly from the previous survey result of 89 per cent. More importantly it was the younger cohort, from operations post-1999, who were the least satisfied, with nearly one in two dissatisfied.

DVA's client mix is rapidly changing. DVA still has 25 per cent of its clients over 85 years of age (compared with 2 per cent across the broader community), but many of these older veterans or their widows, who have been generally very satisfied with DVA services, are now rapidly passing on. With the numbers of younger veterans increasing, we could expect that the satisfaction trend line would continue to worsen unless we took action to better serve this younger cohort.

In essence, DVA's business case for transformation was based on the need to tackle these challenges, and to better set the department up for meeting the needs of veterans, and particularly younger veterans, in the 21st century.

DVA adopted a strategic partnering approach to deliver the business case. This approach continues to be important to us. Key partners include:

- the Department of Human Services (DHS): to deliver ICT transformation and business process reform to support underlying technological change and digitisation of services
- the Department of Defence: to deliver transformation outcomes with a particular focus on improving the transition process for clients
- the Department of Social Services: for grants program management
- the Department of Health: to facilitate liaison and cooperation on health-related matters relating to transformation
- PricewaterhouseCoopers: providing specialised advisory services to design, set up and manage the transformation Program Management Office.



Left to right: Rob Stefanic, Michael Manthorpe PSM, Chris Moraitis PSM, Gleyns Beauchamp PSM, Kerri Hartland, Frances Adamson, Simon Lewis PSM, Rosemary Huxtable PSM, Dr Michele Bruniges AM, John Lloyd PSM, Liz Cosson AM CSC and Daryl Quinlivan

DVA's transformation will, of course, be a multi-year journey. The government accepted our second-pass business case in the budget before last, and this paved the way for Veteran Centric Reform. In that budget, the Government provided \$166m over four years to initiate the transformation program.

Importantly, our transformation is also aligned with broader government reform agendas such as leveraging whole-of-government ICT capabilities as much as possible. DVA will not be building its own expensive systems but, through our delivery partners, will be adapting and re-using those already available, particularly within DHS. Early improvements will be driven through DHS's Welfare Payment Infrastructure Transformation Program, and progressively all veteran income support payments will be managed through this program.

In November 2017, DVA's online client portal, called 'MyService', was expanded to allow all veterans with a Defence electronic service record to register and submit initial liability claims. As at 9 April 2018, there are over 3,300 registered users who have lodged claims. Functionality will continue to expand for this new portal in line with client feedback.

Transformation across all business areas is typified by our work in digitising paper files. The Digitisation Boost commenced in early October 2017 and now over seventeen million client file pages are available for immediate access to staff. We no longer transport 30,000 physical files between offices across Australia each month.

We want our services to be widely known and easily accessible when they are needed. As part of transformation, DVA has developed a strategy to enable the tailoring of services to client segments. It will provide an informed view of how DVA services its clients in the future and guide a consistent client experience. Through the tailoring of services and targeting of veteran cohorts in need of early intervention, DVA intends to improve veteran health.



Colleagues listen to Simon Lewis PSM make his Valedictory Address

One pilot DVA is running seeks to improve support for ADF members and their families in transition to civilian life. The pilot includes Special Operational Forces members and their families in the first instance. The pilot is trialling a MyService process aimed at providing a one-system solution for all ADF members needing to register a claim, and a dedicated case manager, as needed.

Another pilot is Defence-led through Joint Health Command and includes representatives from DVA and the Commonwealth Superannuation Corporation. This pilot is seeking to develop a single process to improve the complex and fragmented medical assessment processes which separating ADF members can experience and is being run from Holsworthy Army Barracks. The process aims to provide greater security for transitioning members, minimise duplication between agencies and reduce requirements for multiple assessments after discharge. Participation is voluntary and ADF members undergo review by a DVA representative and if appropriate, are assessed by a specialist occupational physician. The pilot, which is showing promise, will be evaluated to assess effectiveness and scalability for other Defence health arrangements.

SECRETARY VALEDICTORY

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A further pilot is about reaching out and engaging with veterans, former serving members and their families who may not have had prior contact with DVA.

Australia Post is one of Australia's most recognisable organisations, and partnering with them gives DVA a new opportunity to engage with potential and existing DVA clients and their families. Information about DVA programs and services are available via a range of brochures, Australia Post's existing iMac facilities, as well as in-store print and digital posters, and the Australia Post concierge.

Finally, we are piloting new ways of reaching out to veterans and their families by providing additional information points throughout rural and regional Australia where no permanent government shopfronts exist. The DHS Mobile Service Centres act as an 'office on wheels' for a range of government services, including Centrelink, Medicare, Child Support and Australian Hearing. Staff in these centres have been trained to deliver a veterans' information service.

Improving the transition from military to civilian life is a key focus. Each year, approximately 5,500 to 6,000 ADF members leave the military. The government is committed to ensuring transition is as seamless as possible. A joint Transition Taskforce has been established to identify barriers to effective transition and report back to portfolio ministers with solutions. The Taskforce engaged and sought the views of approximately 600 current and former serving ADF members and family members throughout 2017, as well as the perspectives of ex-service organisations and government stakeholders. Through this consultation, the Taskforce confirmed that the individual experience of transition varies and is impacted by the reason members are leaving, their willingness to leave, length of service and level of preparation for civilian life. The Taskforce has provided a report and action plan to government, including recommendations to improve the transition process.



The audience applauds Simon Lewis PSM



SECRETARY VALEDICTORY

SIMON LEWIS PSM

Secretary of the Department of Veterans' Affairs

Early engagement with ADF members is a key element of our transformation journey. The model aims to ensure current and former ADF members are known to DVA now and in the future thus facilitating earlier access to DVA services and support. ADF members who joined after 1 January 2016, and those who separated from the ADF after 27 July 2016, are now being registered with DVA. This includes 12,000 current and former members with whom DVA did not have an existing relationship. When members do approach DVA in the future, we will already know them and be in a better position to help more quickly.

We have substantially improved our coordination with state and territory governments through the establishment of both ministerial and officials' forums, meeting on a regular basis to tackle issues around homelessness, incarceration and suicide of veterans. DVA has also substantially increased the scope of mental health support for veterans. For instance we now provide immediate access to mental health treatment services, without the need to establish liability, to anyone who has served a day in the full-time ADF. DVA is also running several pilot studies aimed at suicide prevention. Further roll-out will be based on evidence and outcomes from the current pilots.

We are using data-driven insights to better engage with our clients in a proactive way. Where in the past we had to wait for veterans to come to us, we are now using analytics to help identify veterans at risk so we can get them help early to prevent chronic health problems.

Transformation is being delivered in line with best practice internal and external governance and assurance mechanisms. Implementation is a complex and long-term challenge. In addition to making significant inroads into preparing DVA's business and workforce culture to deliver immediate and future goals, we are working with partners to deliver what has been promised this year. We are currently on track to deliver.

For the year ahead, the government announcement in the May 2018 Budget to continue funding of the DVA transformation with a further \$112m is very welcome indeed.

Under our transformation agenda, the future DVA will be an agency focused on policy, stakeholder relationships and service commissioning. In the future, most of our clients will be able to self-manage through online means, much like most of us do our banking and purchasing today. This will enable staff of the future DVA to focus on those clients with complex and multiple needs, based on an integrated whole-of-client view and effective case management systems. The DVA of the future will continue to play a critical role in policy development to drive the agenda and provide guidance for better policy outcomes for veterans.

Veterans will be better able to access their benefits and needed services, and to interact with the Department in ways of their choosing, but it will also be an exciting time for DVA staff who are keen to better deliver on DVA's mission.

As I finish my remarks on DVA and its transformation journey, the last point I would like to make is that, as we come to the end of the Anzac centenary, we are also celebrating the centenary of the establishment of the Department itself, initially known as the Repatriation Department in 1918. It is important for us to understand our past as we map our future, because what we learn is that although the DVA mission of supporting those who have served really has not changed much over the past century, the ways in which that support has been provided to veterans have changed substantially over the decades. Our current transformation is the latest of many changes in service delivery.

'Public servants can become keen advocates for proposed courses of action but this does not take away their obligation to advise the minister comprehensively and objectively regarding the options, the pros and cons, and strategies for mitigating risks and likely criticisms. Only then can we say that the minister has received balanced advice.'

On a personal note I am delighted that the government has appointed Liz Cosson to replace me as Secretary. After some persuasion, I convinced Liz to transfer back to DVA as my Deputy two years ago, and during that time she has done a marvellous job, both in overseeing DVA's current service delivery business as well as championing its transformation program. I am very confident that Liz is the right person to take DVA on the next phase of its transformation journey. And for those who track gender balance across portfolios, then my departure makes a big contribution, not just because the Secretaries' Board with nine and nine now has gender parity, but Liz will also assume the roles of President of the Repatriation Commission and Chair of the Military Rehabilitation and Compensation Commission, both counting as separate statutory appointments in this portfolio.

My chief of staff, Tara, suggested that I might like to offer one helpful tip to public servants coming along to today's session, and so taking up her suggestion, I offer a tip in the area of briefing ministers. Now I do not like 'pulling' briefs and have done so rarely both in DVA and in prior organisations. But when it has been needed, the most common reason has been what I perceived to be insufficient articulation of the downside of any recommended course of action.

Now I can understand why public servants can become keen advocates for proposed courses of action but this does not take away their obligation to advise the minister comprehensively and objectively regarding the options, the pros and cons, and strategies for mitigating risks and likely criticisms. Only then can we say that the minister has received balanced advice supporting our recommendations, and have him or her ready to back us if these articulated risks and/or criticisms emerge. And of course, all important advice must be in writing.

Turning to my final brief point I would like to offer a few thanks. First and foremost, I would like to put on record how extremely grateful I am to my wife, Anne, who has supported me so steadfastly throughout my career and who has had to make many sacrifices of her own in order to do so. A big thanks also to my two daughters who have had to deal with a distracted or absent dad more than I would have liked. As a general proposition, the further you advance in your career, the more you rely on others. That has certainly been my experience. So to everyone who has helped me, not just over my past five years with DVA but throughout the course of my APS career, thank you so much.





NATIONAL PORTRAIT GALLERY
TUESDAY 3 JULY 2018

LAUNCH OF 2018 INNOVATION MONTH

DR MARTIN PARKINSON AC PSM

SECRETARY OF THE DEPARTMENT OF THE PRIME MINISTER AND CABINET

*'Innovation is hugely important. It's not a feel-good fad.
Not one of us, whether we work in the public or private sector,
should be thinking it isn't important to us.'*

LAUNCH OF 2018 INNOVATION MONTH

DR MARTIN PARKINSON AC PSM

Secretary of the Department of the Prime Minister and Cabinet

INTRODUCTION

Thank you Dr Heather Smith, and thank you to the Institute of Public Administration Australia for inviting me to help launch Innovation Month for 2018. And thank you all for joining us today. I look into this audience and see old friends and familiar faces — and I see many new faces too. Welcome all.

I particularly want to acknowledge our MCs, Ms Jamie Crowe from the Office of Innovation and Science Australia and Ms Emily Casey from the Australian Bureau of Statistics. It's absolutely proper that graduates like yourselves should be up on stage at an event marking the start of Innovation Month. As much as I hate to admit it, I think the best thinking and ideas about innovation in the Australian Public Service (APS) may be more likely to come from your cohort than mine or Dr Smith's.

I am struck by the work the graduates are doing to bring together entry-level APS employees to improve the public sector's use of data. There's been great feedback about the workshop you held last month — with more than 100 graduates from 15 different agencies — where you discussed some of the data challenges we face.

Now this may concern you, but I've taken a look at some of the brainstorming and sketching you all did on butcher's paper at that workshop. I think my favourite line I saw scrawled across some paper was:

One small step for grads, one big leap for datakind.

It certainly makes sense to look to one of humanity's greatest scientific accomplishments for inspiration.

What the APS grads are showcasing is innovation. They're having a go at doing things differently. They're trying to revise and refine what we do, so we do it better. That's really what innovation boils down to.

Innovation might be a 'much ballyhooed word', as the esteemed ANU Professor Genevieve Bell said in an address to the IPAA in March.¹ Of course, she's right in one sense — 'innovation' is certainly a word we use a lot now. But there's a good reason for that. Innovation is hugely important. It's not a feel-good fad. Not one of us, whether we work in the public or private sector, should be thinking it isn't important to us. But don't take my word for it. Consider some of the benefits we can already demonstrate ...

SAVING MONEY AND IMPROVING LIVES

Innovation in the APS is good for the budget bottom line — and it's making things easier and better for the public we serve.

The Australian Tax Office, for example, helped recoup an additional \$23 million in revenue last year — simply by using behaviourally-informed 'pop-up messages' to nudge taxpayers to review their claims if they have unusually high deductions, or unusually low interest or dividend income. That figure bears repeating: \$23 million in increased revenue because of a simple and effective innovation.

And while we're on tax I'm sure you'll also have noticed that the process of lodging your tax return is much less of a headache these days. Almost all individual income tax returns, some 98 per cent, are now lodged electronically. And when you go to do your online return, as many of us will be doing in the coming months, much of the work has already been done: the web-based service pre-fills information provided to the ATO by employers, banks and government agencies. So many people paying for a tax agent are simply paying them for services provided by the ATO!

¹ Professor Genevieve Bell, 'Artificial intelligence and the public sector', *IPAA Speeches 2018: A Year of Public Sector Speeches*. Institute of Public Administration Australia ACT Division, Canberra, pp. 22–33



Dr Martin Parkinson AC PSM addresses the audience at the National Portrait Gallery

Where else are we saving money and time?

Well, the Department of Health has managed to save \$11.7 million using behavioural insights and data analytics to improve Medicare compliance. It did this by writing to high billers of urgent after-hours Medicare items, pointing out that their claiming was higher than that of their peers. This reduced those providers' claiming of the urgent items by 19.5 per cent. Again, that's a simple and innovative step that's saving millions of dollars.

And, as with the tax example, the innovations in this area reach beyond the budget bottom line. Remember the days of keeping receipts from your GP visit, and having to go to the Medicare office to claim back some or all of the cost? Now think about your last trip to the doctor. Your claim was most likely lodged right there in the doctor's reception area, and the money landed in your account within 48 hours. That's making your life better.

Human Services Department data tells us that more than 98 per cent of all Medicare claims are now made digitally — that's approximately 34 million services claimed each month.

We've trialed another 'nudge' in the health sector. Working with the behavioural economics teams in my department and in the Health Department, the Chief Medical Officer wrote to GPs in the top tier of antibiotic prescribers in the country, prompting them to reduce the risk of antimicrobial resistance from overprescribing. This is important because antimicrobial resistance is a growing health threat and in Australia was linked to a number of infection outbreaks in 2015. The letters reduced antibiotic prescriptions by 12.3 per cent over the subsequent six months. The trial itself resulted in savings of \$1.4 million over a year to the Pharmaceutical Benefits Scheme.

Here's another figure for you: \$6.6 million. That's an estimate of the amount of money the Department of Agriculture and Water Resources is saving per annum through its Maritime Arrivals Reporting System. It's the first fully online system for ensuring vessels meet regulations relating to the risk of pests and diseases. It reduces inspection costs and manual processing by Biosecurity Officers.

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And at the Department of Finance, the Service Delivery Office has achieved a 10 per cent reduction in operating costs — with up to 80 per cent improvement in operational efficiency — for whole-of-government shared services, after it introduced an app-based, self-service interface and by automating some of its processes.

Those are all innovations that are having real, measurable impacts on two of our most precious commodities: our time and our money. They are making lives better for the public we serve.

BETTER USE OF DATA

Many innovations come from better use of data.

The Department of Veterans' Affairs is using data provided by Defence to process the claims of some veterans much faster. They can now automatically assess 40 medical conditions, including osteoarthritis and shin splints, and they're looking into whether more conditions can be added. That makes things simpler and more efficient for the department's operations. But, more importantly, there's also a very real impact for the veterans who receive faster medical care, rehabilitation and compensation for their service-related conditions.² The new streamlined processes mean that, in many instances, veterans making claims about post-traumatic stress disorder, anxiety and adjustment disorder are spared from having to recount details of the traumatic incidents that lead to those conditions.

Better use of data will even save lives.

Staff at the Health Department used data from the Pharmaceutical Benefits Scheme to find out where medicines are associated with adverse events. The statistical technique they used was able to flag some medicines that had not previously been associated with heart failure. That's potentially very important information that needs to be explored further — and it's the sort of information that was previously only available by doing expensive and time-consuming clinical trials or lab tests.

And well outside the lab, we are now using new satellite and mapping technology to detect all kinds of physical changes in Australia's landscape through Digital Earth Australia. Using this new platform, for example, we recently monitored in near real-time the release of 30 gigalitres of water into the Barwon-Darling rivers. Digital Earth Australia has provided a 50 per cent productivity gain in Commonwealth and state compliance and modelling processes, with immense potential to increase business productivity over time.

Consider for a moment the breadth of the benefits, impacts and outcomes I've spoken about. What they have in common are that they're all highly innovative and are making things better, easier, faster, safer, smarter or clearer.

Of course there are countless other fine examples across other departments and agencies too. So much so that I have attached to this speech an annex listing other great examples of innovation.

'Innovation in the APS is good for the budget bottom line – and it's making things easier and better for the public we serve.'

² Minister for Veterans' Affairs Media Release: 'Streamlined processing reduces red tape for veterans', 15 September 2016. http://minister.dva.gov.au/media_releases/2016/sep/va087.htm

I'll let you read the annex, but to give you a taste of some other great stories:

- automated 'digital assistants' like Alex, Oliver and Sam have answered over a million questions about government services in the last year or so
- businesses are now taking just six days to finalise grant agreements through Industry's grants hub — down from 49 days
- Department of Foreign Affairs and Trade (DFAT) has a pop-up diplomatic post in Estonia
- Geoscience Australia is leading a world-first demonstration of next generation satellite positioning technology — technology that could generate upwards of \$73 billion of value to Australia by 2030!

It really is an inspiring picture.

INDEPENDENT REVIEW OF THE AUSTRALIAN PUBLIC SERVICE

The APS does great work. It is a strong institution and we are rightly ranked as one of the top public services around the world.

Our challenge is to ensure we're fit-for-purpose for the decades ahead, given the staggering array of global, technological and public policy developments shaking up our economy and society. That is why I recommended to the Prime Minister that we undertake the Independent Review of the Australian Public Service. This Review will help set us up to best serve governments and the Australian public in the decades ahead.

It's an ambitious undertaking. As you may know, the Review is the first root-and-branch analysis of its kind since the Coombs Royal Commission in the 1970s. The Review has broad terms of reference to help it go where the evidence leads it.

The Panel is consulting and engaging widely to develop and draw on the best available research. It is using an agile and iterative approach to inform and test its thinking. I know that Review Chair David Thodey has already been out and about meeting people and, most importantly, listening. In fact, David and his Review team have held more than 40 meetings to learn from existing research and experience. They're having conversations with experts overseas to glean what we can about best practice from other jurisdictions, and see whether that will work in an Australian context. The Review will hold workshops right across Australia, in cities as well as in regional centres. In addition, the panel is also looking at existing research and processes within the APS to draw on their insights and data. It will also work with academia in Australia and further afield. Fittingly, the Review will use 'Artificial intelligence' and natural language processing to develop insights and analysis.

That's all well and good, but what the Review needs is your input. So, after this afternoon's event, I want to you go home and log-on to the APS Review website.³ I urge you to contribute. After all, it's a once-in-a-generation opportunity to shape the future of our profession. And it's very simple to do.

The government will receive a report in the first half of next year — that's not far away. And we'll need to be ready to implement after that, ensuring that we turn good ideas into solutions.

GETTING TO KNOW THE PUBLIC WE SERVE — CITIZEN SURVEY

In December last year, at an address hosted by the IPAA, I floated the idea of a citizen survey as a way to get to know the public we serve better — to better understand the services people need and what they think of them. This idea was also recommended by Terry Moran's 2010 public sector reform blueprint, *Ahead of the Game*.⁴

3 Independent Review of the Australian Public Service: <https://www.apsreview.gov.au/>

4 *Ahead of the Game: Blueprint for the Reform of Australian Government Administration*, 2010: http://webarchive.nla.gov.au/gov/20120316191651/http://www.dpmc.gov.au/publications/aga_reform/aga_reform_blueprint/blueprint.cfm

LAUNCH OF 2018 INNOVATION MONTH

DR MARTIN PARKINSON AC PSM

Secretary of the Department of the Prime Minister and Cabinet

‘Human Services Department data tells us that more than 98 per cent of all Medicare claims are now made digitally — that’s approximately 34 million services claimed each month.’



Dr Martin Parkinson AC PSM presents ideas from the *Graduate Forum on Data Culture in the Public Service*

It's true that many agencies have mechanisms to understand user satisfaction in their services. But there's an obvious gap here. There's no consistent way of understanding the public's overall experiences and perceptions of the diverse range of services we provide. That is not a tenable situation for a smart and innovative institution.

I think we have an opportunity to better understand citizen attitudes and satisfaction with the APS, and to contribute to a 'citizen-centred' APS culture. This afternoon, I'm pleased to announce that my department will conduct a regular national survey of citizen experiences and satisfaction with the APS and the services we deliver. Over time, survey results will provide a better picture of how well the APS is serving the people of Australia, and help us identify where we can do better.

Australia is not the first country to undertake a citizen survey. Canada, New Zealand and several Australian states and territories have pioneered this kind of citizen engagement and found the experience valuable.

I've asked my department to begin developing the survey in collaboration with relevant agencies, and design a methodology and model that ensures the results are robust and useful to us. Transparency will be important and I'm committed to reporting on major results of the citizen survey.

As I indicated in December last year, results should be published after a lag. This will provide time for us to build a baseline and give agencies time to consider what the data means, rather than jumping in response to what may well be statistical noise.

If we show that we're listening and responding to citizens' feedback, we can sustain a relationship of trust — if we lose the trust of Australians then we will have failed as a service.

CONCLUSION

Whether we're seeking out the views of the people we serve, or scrutinising huge and complex datasets of numbers to figure out patterns of behaviour, or automating some processes to make life easier and save money — all of this is innovation in one way or another. And this holds us in good stead to face the challenges of the future.

But technology alone will not get us there. And data alone will not get us there.

Innovation is about our imaginations, and it's about our attitudes.

What's yours?

As I asked the APS last year — how ready are you for disruption? How well do you know the public we serve? And how ready are you with big ideas to make Australia better?

It's my genuinely held view that we've got some of Australia's best, most hard-working and dynamic people in our APS. So I feel confident that we'll be able to look honestly and intelligently at the way we currently work, and come up with some original thinking in how we can position ourselves to best serve the government and Australia now and in coming decades.

I hope you're inspired by the imaginative and ambitious work that's being done right now across the public service — including by our smart graduates. I'm optimistic that today's event is part of a vibrant conversation about how we best serve the government and the public in the decades ahead.

INNOVATION SUCCESS STORIES ACROSS THE AUSTRALIAN PUBLIC SERVICE

Many recent innovations within the Australian Public Service have delivered substantial benefits to citizens, business and government.

IMPROVED SERVICE DELIVERY

Connected, automated online services are making it quicker and easier for people and businesses to deal with government.

Department of Jobs and Small Business — Fair Entitlements Guarantee

The Department of Jobs and Small Business has modernised the Fair Entitlements Guarantee program to deliver quicker, direct payments to eligible claimants. The Fair Entitlements Guarantee supports workers who have lost their job when their employer enters liquidation or bankruptcy, and who are owed employee entitlements which are not able to be paid by their employer or from another source. By 30 June 2017, the average processing time had fallen from 27 to 10 weeks, unprocessed claims reduced from 10,000 to 2,500, and complaints had fallen from 550 to 30 a year.

Department of Home Affairs — Seamless Traveller

The use of SmartGates, which use artificial intelligence facial recognition technology, rose from 6.8 million passengers in 2014–15 to 24.2 million in 2016–17. The implementation of the new SmartGates technology has the potential to facilitate 90 per cent of travellers to self-process at the border by 2020, cutting processing time to as little as 15 seconds.

Department of Veterans' Affairs — MyService

The Department of Veterans' Affairs' MyService gives veterans a faster and simpler experience when lodging compensation claims. MyService has reduced a 16-page claim to a one-off two-screen registration and a two-screen claim. It has reduced the average processing time for these claims from 117 to 33 days.

The department is also using data provided by the Department of Defence to process veterans' claims faster. They can now automatically assess 40 medical conditions, including hearing loss and shin splints. The new streamlined processes also mean that, in many instances, veterans making claims about post-traumatic stress disorder, anxiety and adjustment disorder do not have to recount details of the traumatic incidents that led to those conditions.

Department of Human Services — Medicare Digital Claiming

Medicare's digital claiming channels are now the main way to lodge, assess and pay claims. Digital claiming allows Medicare claims to be lodged at a doctor's rooms, rather than visiting a government shopfront, and are paid within 48 hours. More than 98 per cent of all Medicare claims are made digitally, which equates to approximately 34 million services claimed per month.

Australian Taxation Office — myTax

The ATO's myTax service allows people to quickly and easily lodge tax returns online with 98 per cent of all individual income tax returns lodged electronically. The service is web-based and pre-fills tailored information provided to the ATO by employers, bank and government agencies. With this service, 95 per cent of individual returns are assessed and processed without human intervention.

BETTER POLICY DEVELOPMENT

Data-driven, targeted interventions are improving policy outcomes.

Department of Agriculture and Water Resources — Maritime Arrivals Reporting System (MARS)

The Maritime Arrivals Reporting System (MARS) is the first fully online system for ensuring vessels meet regulations relating to the risk of pests and diseases. Widely embraced by the international shipping industry, the major benefits of MARS include clarity of Australia's biosecurity regulations, transparency of penalties for non-compliance and an efficient clearance process for each vessel. The department estimates that MARS saves \$6.6 million per annum including reduced inspection costs for industry and significant reductions in manual processing by Biosecurity Officers.

Department of Social Services — Data Exchange

The DSS Data Exchange is being used to inform a number of key policy initiatives in social welfare, including identifying linkages between people accessing problem gambling services and Centrelink payments, and implementation of the cashless debit card. The Data Exchange replaced six DSS data collection and reporting systems, and is estimated to have saved non-government organisations over \$6 million per year since 2015.

Department of Foreign Affairs and Trade — Tupaia

Supported by DFAT's innovationXchange, Tupaia is a data aggregation, analysis and visualisation platform that maps the availability of medicines in low- and middle-income countries. Delivered in partnership with six Pacific island countries, the project helps governments distribute health resources more effectively, improves access to lifesaving medicine and helps patients locate appropriate care quickly and safely. It is an example of government supporting an early stage idea and helping it to scale regionally. By April 2018, Tupaia contributed to an increase in medicine availability in Kiribati to 81 per cent at primary healthcare facilities — an increase from 66 per cent in October 2017.

Geoscience Australia — Monitoring water release into the Barwon–Darling rivers

Digital Earth Australia recently monitored the release of 30 gigalitres of water into the Barwon–Darling rivers — a release worth many millions of dollars. It was able to track this accurately by using near-real-time processing and analysing imagery from the Landsat and Sentinel-2 satellites, which offer high-frequency (approximately every three days) national coverage of the Australian continent. State and Commonwealth monitoring agencies have estimated that Digital Earth Australia provided a 50 per cent productivity gain in compliance and modelling processes. Digital Earth Australia is working to bring similar capabilities and productivity gains to Australian businesses.

'Digital Earth Australia has provided a 50 per cent productivity gain in Commonwealth and state compliance and modelling processes, with immense potential to increase business productivity over time.'

LAUNCH OF 2018 INNOVATION MONTH

DR MARTIN PARKINSON AC PSM

Secretary of the Department of the Prime Minister and Cabinet

Data61 — Spark platform

Data61's Spark platform has helped government understand how power lines impact the potential for bushfires to spread. This has been a key issue since the 2009 Black Saturday bushfires, which claimed 173 lives and cost an estimated \$4 billion in losses. Spark draws in a range of data including weather, geography and environmental information. It uses state-of-the-art simulation science and artificial intelligence to predict and visualise the spread of bushfires.

IMPACTING BEHAVIOURS

Predictive analytics and behavioural economics are changing the behaviour of those in front-line services.

Department of Health — Medicare compliance and public health

The Department of Health is using behavioural insights and data analytics to improve Medicare compliance. In April 2016, the department wrote to 1,200 high billers of urgent after-hours Medicare items, comparing their claiming to that of their peers. This reduced those providers' claiming of the urgent items by 19.5 per cent, saving \$11.7 million.

Working with the Behavioural Economics Team of the Australian Government (BETA) and the Department of Health's Behavioural Economics Teams, the Chief Medical Officer wrote to general practitioners in the top 30 per cent of antibiotic prescribers prompting them to reduce the risk of antimicrobial resistance from overprescribing. The letters resulted in around 126,000 fewer scripts — with the most effective letter reducing scripts by 12 per cent over six months. The trial resulted in savings of \$1.4 million over a year to the Pharmaceutical Benefits Scheme (PBS). If implemented at scale to all high-prescribing GPs, this measure would save \$1.6 million per year.

Bureau of Meteorology — Smoke and Air Quality Forecast System

The Bureau of Meteorology collaborated with the CSIRO to develop the Smoke and Air Quality Forecast System. The system enables fire management agencies in Victoria and the ACT to better predict how the smoke from control burns will spread and affect the population through reduced air quality and reduced visibility. The system is guiding the deployment of on-ground smoke monitoring equipment and has been vital in providing more timely and targeted health messaging and precautionary advice to communities.

Australian Taxation Office — Improving tax compliance

Working with BETA, the ATO's myTax 2017 program used pop-up messages to prompt taxpayers who entered unusually high deductions (based on a comparison against the claims of others in the same profession), or unusually low interest or dividend income, to review their claims and adjust accordingly prior to lodgement. This is now business-as-usual and is provisionally estimated to have increased government revenue by around \$23 million.

Another trial with BETA used messages to notify selected tax agents their clients had higher-than-expected work-related expense claims. The impact of this trial increased the average tax paid by their clients by \$76. It delivered a tax revenue increase of \$850,000. These messages have similarly been incorporated into business-as-usual.

Department of Human Services — Job seeker payments

BETA and the Department of Human Services (DHS) used SMS reminders to improve government service delivery and help job seekers get their government payments on time. In this trial, the reminders improved on-time income reporting for job seekers receiving government payments by 13.5 percentage points (from 53.1 to 66.6 per cent).

This saved DHS employees 240 hours each fortnight on calls to resolve issues with late reports (equivalent to over 6,000 hours per year if scaled up) — even more time was saved by jobseekers when accounting for time on hold. These hours could be re-allocated by DHS to assist others in need, improving overall service delivery.

INNOVATIVE PROCESSES

Improvements to internal operations are making the APS more efficient and saving the government money.

Department of Finance — Service Delivery Office

The Department of Finance’s Service Delivery Office is delivering shared services to 13 departments and agencies. Through the introduction of an app-based, self-service interface coupled with process automation capabilities, they have achieved operational efficiencies (80 per cent in some processes) and unit price reductions (a 10 per cent reduction in operating costs in 2017–18).

Department of Industry, Innovation and Science — Gamification (Rev) platform

The Department of Industry, Innovation and Science is using game-design elements and principles — a technique known as gamification — to positively impact employee behaviour. The department’s gamification platform, Rev, motivates staff to engage in professional development, and encourages communication and collaboration. The prototype pilot resulted in almost 40 per cent of participants seeing positive changes in staff behaviours, including increased engagement and motivation. Team interactions improved, with increased communication and better clarity on team and branch goals. Gamification has the potential to be used more broadly to solve problems, including policy challenges.

Department of Foreign Affairs and Trade — Pop-up diplomatic posts

Lightweight and agile diplomatic posts are an innovative and cost effective way to expand Australia’s diplomatic network. The ‘pop-up’ post model, established in Estonia in 2018, has a physical presence for two months of the year and a virtual presence for the remainder of the year. Having the flexibility to implement different models of posts, including through reducing the infrastructure and administrative support required for a traditional embassy, provides Australia the opportunity to expand its foreign, trade and investment, development and consular work overseas.



Emily Casey, Graduate from the Australian Bureau of Statistics



Jamie Crowe, Graduate from the Department of Industry, Innovation and Science





JAMES O FAIRFAX THEATRE
NATIONAL GALLERY OF AUSTRALIA
MONDAY 6 AUGUST 2018

VALEDICTORY ADDRESS

JOHN LLOYD PSM

AUSTRALIAN PUBLIC SERVICE COMMISSIONER

*'Work is dynamic and is constantly evolving. Jobs will disappear,
others will be modified and new jobs will emerge.'*

VALEDICTORY ADDRESS

JOHN LLOYD PSM

Australian Public Service Commissioner

I thank the IPAA for organising this event. I have to be careful with the various Institutes I engage with. If I omitted the second 'A', I may make Senator Wong more unhappy.

Today is an opportunity to offer a slight retrospective of my career, talk about the lessons I have learnt and make some sage observations about an Australian Public Service (APS) fit for the future.

I am retiring at a fascinating time. The APS is being reviewed and reformed. Change, which has always been a companion in my work, is currently presenting many challenges and opportunities.

It is interesting how life experiences affect a career. My mother was the eldest of four children. Her father worked on the railways in country Victoria. She loved school and learning. But during the early 1930s depression there was no capacity to go to boarding school nor even to travel to Geelong daily for secondary schooling. So when primary school finished that was it. This left her with a keen desire to ensure her two sons received a good education, an ambition she achieved.

When I was appointed Australian Public Service Commissioner (APSC) the coverage was curious. Some commentary described me as an outsider and others as a long-term public servant. Typically, the Community and Public Sector Union (CPSU) and their fellow travellers resorted to personal attacks. The divergence in the commentary is unsurprising. I came to the job along an unusual path. Both observations have an element of truth.

My first job upon leaving university in 1971 was as a financial analyst with the Commercial Bank of Australia. The labour market was strong and graduates could be selective. After three years I left and joined the APS after sitting and passing an entrance exam. I soon landed in the Arbitration Division of the Public Service Board (PSB) in Melbourne. The PSB in those days had about 800 employees across the country.

The early days were not easy. I was not recruited as a participant in the PSB's administrative graduate scheme. So, although a graduate, I was viewed as something of an inferior species. Then I gained promotion from Graduate Clerk to a Clerk Class 2/3 only to have the promotion appealed against. Fortunately, I won the appeal.



Left to right: David Kalisch, Finn Pratt AO PSM, Frances Adamson, Glenys Beauchamp PSM, John Lloyd PSM, Rob Stefanic, Dr Steven Kennedy PSM, Kathryn Campbell AO CSC, Daryl Quinlivan and Renée Leon PSM

My career became immersed in workplace relations. It is an immensely interesting area. Those involved are personally invested, highly motivated and assertive. It is consistently the policy area with the sharpest contest between the coalition parties (Liberal Party and National Party) and the Australian Labor Party (ALP). It has spawned many political leaders.

Although my career has predominantly been in this field, I have at various stages embraced unexpected opportunities. After the 1980 federal election I accepted an appointment as Private Secretary to Andrew Peacock. It was an intriguing period as Bob Hawke had joined the parliament and was the shadow minister. Andrew Peacock initiated moves to deregister the Builders Labourers Federation. Bob Hawke completed the exercise.

I worked much of my Commonwealth career in the department responsible for workplace relations identified by various titles such as Labour and National Service, Labour and Immigration, Labour, Industrial Relations, Employment and Workplace Relations, Fair Work something or other, and today Jobs and Small Business — an odd name. I despise the tinkering with departmental names.

In 1992, I was one of the early external appointments to the Victorian Public Service after Jeff Kennett formed government. The Kennett Government was the best organised and most reformist government I have worked for. After that, in 1996 I landed my first Chief Executive role as head of the Western Australian Labour Relations Department.

During the last 22 years I have held a number of senior workplace relations positions.

In 2005 I was fortunate to be appointed the inaugural Australian Building and Construction Commissioner (ABCC). I was counselled by some people not to take the role. The construction industry was ruthless and corrupt. The Commission and its head would attract criticism and worse. The characterisation of the industry turned out to be true. But importantly we achieved change. We markedly reduced the incidence of unlawful conduct, including unlawful industrial action. Contractors observed that the requirement to deal daily with onsite disputes waned. I believe we achieved this because we had a surgical Act with strong powers and high penalties. The staff were very competent and resilient. The contractors, their staff and ultimately the industry's clients were strong supporters of the role.

'There is a danger the diversity of views and opinions that help form good policy advice could be stifled by pervasive groupthink dictated by what is politically correct. The Canberra setting can be particularly conducive to this.'

VALEDICTORY ADDRESS

JOHN LLOYD PSM

Australian Public Service Commissioner

It would be a seriously retrograde step to abolish the ABCC. Without the ABCC many of the industry participants would once again prove they are singular in their disregard for the law and in their use of brutal and unfair practices.

In 2010 when my term at the ABCC finished I thought my time as a public servant was over. However, this was not the case. Those unexpected opportunities kept coming.

First, a move to the Institute of Public Affairs (IPA) and an insight into the exercise of influence as an outsider rather than as a senior public servant. Then an appointment in 2012 as Red Tape Commissioner in Victoria, a job I thoroughly enjoyed. It gave me an insight into the gap between citizens and business and their regulators, an insight I often found disturbing because of the ignorance and contempt shown by too many regulators towards those they regulated.

Finally, in 2014 I was appointed to the APS Commissioner position. I think this is my last full-time role.

The highlights from a career of this length are many. The ones that remain with you tend to have a personal dimension. I will briefly touch on some of these.

In 2005 upon taking up the ABCC job I embraced someone's excellent idea to meet with sub-contractors. We had two or three evening meetings at a St Kilda hotel with 20 or so subbies at a time. I learnt of the shocking exposures and treatment they encountered at the hands of the unions and head contractors. Some had experienced such violence and threats that they could not contain their emotions. I decided then that the ABCC would do all it could to protect the industry's sub-contractors from thuggish exploitation.

In 2013–14 as Victorian Red Tape Commissioner I challenged, with others, oppressive regulations brought in after the Black Saturday bushfires.

People's finances and lives were being destroyed by the draconian application of building approvals. I recall a case of a young couple being told they could not build on a block of land they had purchased at Cockatoo. Every other block in the street had a house on it. One block even had a reception centre. The most overgrown land in the vicinity was a creek, which was the responsibility of the Council. The release of a report I composed was influential in relaxing the austere regulatory approach.

In the APSC role a highlight has been sponsoring with Tom Calma a Senior Executive Service (SES) Indigenous Group. The members of this group are outstanding Australians who have come together to use their skills and resilience to build Indigenous representation in the APS, including the SES. It has been a privilege to work with them.

Now I would like to conclude with some observations about my principal take-outs and thoughts on the future.

Trust: a regular observation today is that there is poor and declining trust in government. This impacts on the reputation and trust of the APS.

Australia once had a reputation for a healthy scepticism about authority. Perhaps it reflected the convict influence over our beginnings. I was born and raised in the city where 164 years ago entrepreneurial miners and their employees took a stand against an unfair tax and aggressive methods of its collection. Their stand at the Eureka Stockade influenced the governance of Australia.

Today this scepticism is not as evident. We are deluged at every turn by do-gooders telling us what we should eat and drink, how we should exercise, how we should think, how we should spend our money, what type of dwelling we should live in. It seems every day is a world day for causes for good, some genuine, some mindless.



Kathryn Campbell AO CSC poses a question to John Lloyd PSM



Frances Adamson thanks John Lloyd PSM for his Valedictory Address

I think there is a danger the diversity of views and opinions that help form good policy advice could be stifled by pervasive groupthink dictated by what is politically correct. The Canberra setting can be particularly conducive to this.

I encourage you as leaders to be vigilant about this and show the courage to express views and pursue ideas that may challenge the dogma of accepted groupthink. Just as importantly, support others that have the courage to stand up and question the prevailing orthodoxy.

I referred at the commencement of this speech to the challenges and opportunities of change. We are in that moment. The APS Review is a potential conduit to inform us how the APS should adapt to its future circumstances. So, if I was on the Review Team what would I concentrate on?

So much is written about digital transformation and data. Both get a mention in almost every meeting and conference I attend these days. I will not add to it today except to say we have done some ground-breaking work with the Digital Transformation Agency (DTA) to establish new learning design standards in this field.

Future of work is another popular topic with excessive hype and ridiculous predictions. Work is dynamic and is constantly evolving. Jobs will disappear, others will be modified and new jobs will emerge. A challenge for the nation is to have

a workplace relations system that is not too inflexible and can accommodate change in a timely manner. I believe the system today is too regulated and inflexible. This is a risk that will only be amplified if the Australian Council of Trade Unions (ACTU) agenda of more and deep regulation gains traction. In that case employment prospects would be damaged.

Hierarchies: management hierarchies and the authority that ensues from the associated structure of work will be disrupted. A more creative allocation of work amongst people and tasks will be required to produce optimum results. The way rewards for effort are offered will change. Traditional approaches to work design and job classifications will not suffice to satisfy many future workers.

Talent competition: to attract, nurture and retain talent is a key role of both human resource specialists and business leaders. The APS will continue to compete for talent and in future the competition will not lessen. Ideally, I would aim for a future where a career interchange between the APS, the private sector and state governments became more common. This is not easy and we must approach it in a determined fashion focusing more on the opportunities and less on the hindrances to mobility. I think the interchange of younger professionals will offer opportunities for good outcomes.

VALEDICTORY ADDRESS

JOHN LLOYD PSM

Australian Public Service Commissioner

The structure of the APS: mega, big and small portfolio structures come and go as fashion and thinking dictate. This will continue in the future. Whatever the preferred approach, some fundamental requirements apply and sadly are not always achieved. I refer to the essential need for clarity of purpose, authorising and accountability. We have an enormous capacity to complicate things, sometimes it seems to a power of 10. We are not obliged to always prove that we are a master of complex concepts.

Clarity of expression, purpose, role and responsibility is often missing from how we go about our business. This leads to unnecessary confusion amongst staff, clients and stakeholders. So if I was on the Review team I would road-test with users the clarity of every proposal.

In concluding, I would like to thank some people. First, the staff of the APSC, a group of about 180 employees who are committed, professional and wonderful to work with. For a relatively small agency we achieve a lot. Second, my executive, a fantastic group of talented people who embrace challenge; a group who are experts, see the big picture and understand the operational dimension of issues. Third, Stephanie Foster and lately Jenet Connell, my most senior and key advisers who embrace responsibility and leadership. Both, along with Kerryn Vine-Camp, regularly give me frank and sound advice. Finally, my Executive Officer Clare Kelly, who is a person with a great work ethic and the utmost integrity.

I have had a fulfilling career. I have stayed true to my values. I have copped criticism, including some recently that still has not been brought to conclusion following a process that I have found most unsatisfactory.

Life, jobs and a career are all finite. My wife and family have been a tremendous support. They have instilled in me a keen sense of standing up for your values and having a go. This is what has guided me throughout my career. I am proud of the APS and my roles in making it a national asset. Now I look forward to the next chapter in my life.





The audience listens to John Lloyd PSM deliver his Valedictory Address





DIPLOMATIC ACADEMY
DEPARTMENT OF FOREIGN AFFAIRS AND TRADE
THURSDAY 23 AUGUST 2018

THE HELEN WILLIAMS ORATION

ANN SHERRY AO

CHAIRMAN, CARNIVAL AUSTRALIA

*'Technology gives government the ability to listen to the community
in ways not previously possible, or even imaginable, and it's
something to embrace rather than be frightened by.'*

THE HELEN WILLIAMS ORATION

ANN SHERRY AO

Chairman, Carnival Australia

It's an honour to deliver the inaugural Helen Williams Oration. Together we honour Helen as a ground-breaker in becoming the first female secretary of a federal department, in 1985.

I also acknowledge the traditional owners, the Ngunnawal people and pay my respects to the Elders past, present, and future and particularly their women who have been custodians of culture and history through generations.

I remember Helen Williams as the Education Secretary, personally engaging with people across the sector and arguing the case for widespread reform. And then as Secretary of the Department of Tourism when such a beast existed!

Helen had an impact that was much bigger than her day-to-day job. It was impressive seeing one of the few female faces at executive levels, under much scrutiny, and out and about at the pointy end of change. She changed the sense of possibility for women in the public sector — 'you can't be what you can't see'. Suddenly, after years of people talking about it, possibility had turned into reality. We should never underestimate the power of that.

Helen copped flak for taking only six months maternity leave and the term femocrat was coined to describe her! In paying tribute to Helen, we implicitly recognise the public sector as ground-breaking in providing opportunities for women. When Helen was appointed there were no female CEOs in Australia — business had yet to make that leap, to be courageous enough to do so, because it does take courage. (Interestingly of course when businesses did shift, they recruited many women executives here in Canberra, including me.)

This evening we celebrate women as leaders, as achievers and change makers. Helen was a quiet but forceful change agent — a leader of change to be celebrated.

I want to share with you some of my experiences as a change agent. I'm passionate about women driving change, whether at the helm of a department or as CEO of a business.

I'm passionate about people: people in the organisation, people as customers, people in the community. That was a hallmark of a lot of the work that Helen did. She treated people well and with dignity. Everyone I spoke to when I was asking for recollections about Helen talked about her ability to engage. People actually did remember her taking time to stop, talk, listen, share ideas, help in a way that many of her male predecessors didn't think was their job or weren't that interested in doing.

I'm also a passionate optimist about the future and the power of inclusion to shape the future of Australia.

SO WHY DID I JOIN THE PUBLIC SECTOR?

My start came after I graduated from University of Queensland with a degree in politics and economics and started looking for a role that could give me opportunities, or at least a job! But this was my first reality check on the strict boundaries that applied to opportunity at the time.

The job ads in the *Courier Mail* were classified as 'men and boys' and 'women and girls'. The former, as you'd expect, offered a diversity of jobs, of all pay scales, and spanning multiple sectors. The other? Limited and poorly paid jobs, most of them part-time — 'women's work' as it was defined then.

I decided the public service was where I belonged. I applied via the main entry door — the public service exam. Today the exam seems like a quaint relic of long lost days, but essentially it measured your performance, gave you a ranking and matched you to the needs of the service. It was gender blind, and merit based. Once you got through the test, you were offered placements, then you could apply for jobs across the public service.

What a radical notion! Is that really a relic? When you consider the exam as part of a talent system as a whole, was it a system ahead of its time and still relevant? Let's return to that in a moment.



Left to right: Ann Sherry AO, Helen Williams AC and Frances Adamson

I became a graduate clerk in the graduate program of the federal Department of Productivity, a new department, and the following years in the public sector gave me some amazing opportunities that I would never have had otherwise.

My passion for change was certainly well met. And I also learned you can make change at any level. You don't have to be a CEO!

As head of the Office of Pre-School and Childcare in the Victorian Government my challenge was to reform children's services, drawing together its many parts, which were disparate and disconnected. The system was out of date, broken, and not able to serve the people who needed it most — the children and their parents, particularly working parents.

Later in Canberra as head of the Office of the Status of Women my role was at a broader, federal policy level, improving the status — the opportunities — for women, ensuring women were accounted for in government decision-making. The office gave women a policy voice at a micro- and macro-level, and we produced the women's budget to ensure public accountability.

The lesson from these years was that change happens when the time is right, or made to be right, and when it's driven by strong leadership. It involves thinking about things differently, being courageous, and taking the risk. Having ministers who are not risk-averse also helps — a challenge in current times.

SHARING VALUE WITH COMMUNITIES

Now I think about driving change more broadly — it is really about creating shared value. Companies, and to a large extent governments, prosper when people get value and communities get value from the changes you make.

My time at Westpac beginning in the late 1990s helped develop my belief in shared value as we moved from having the worst reputation in Australia to being 'number one' on the corporate reputation index. It was a journey lasting a decade and a journey that saw the business double in size and the share price grow even more. Even more astonishing, the most significant changes were introducing paid maternity leave in the private sector for the first time, and community engagement — particularly with Indigenous and rural communities.

THE HELEN WILLIAMS ORATION

ANN SHERRY AO

Chairman, Carnival Australia

The engagement of the organisation shifted to the people who mattered most: the customers and community, as well as employees.

In 2007, in a totally different industry, Carnival Australia was recovering from severe reputational damage. A coronial inquiry was underway after the death of a passenger and we were on the *Daily Telegraph* front page day after day. Some advised we should rebrand the cruise line altogether or close it down.

Rather than rebrand, the challenge was to return to giving customers what they wanted — a great cruise holiday — and focus on how we could deliver it and fix the issues the inquest identified. At the same time, we needed to build the future of the business with the people we impacted — the communities we were visiting in the South Pacific. We particularly needed to bring our communities along with us in our transformation, given the impact — good and bad — that a large cruise ship can have when it arrives on an island, in the short and the long term.

Three things are paramount to our transformation.

One is, we want people to want us to come — that creates a great customer experience.

The second is that the places we go should be better as a result of us visiting, not worse. Our legacy must be to bring value to those communities, through things they wouldn't have otherwise had — jobs, businesses, services.

Third is our obligation to share knowledge and information and perhaps find new opportunities, perhaps via partnerships. For instance, creating jobs in the Pacific for the long term, in hospitality, that wouldn't be there otherwise. The shared value is that people as a result of your engagement will get real jobs. That changes people's lives and community wealth. Ultimately companies only do well when the communities in which they operate do well.

We have a partnership with DFAT creating innovation in how to deliver aid to the Pacific — the innovation exchange. We were the first company to sign an MoU five years ago and I have no qualms in saying it was hard work. Despite the desire, we spoke different languages. We operated in quite different timeframes. Our speed of decision-making was completely different. We had to learn a lot about each other. Our people in Carnival had to comprehend the concept of 'the Minister's office wants', and DFAT had to understand we couldn't wait for months while documents were reviewed, revised, approved just to get things signed off. Our way was to just do it.

The learning on both sides was worth it because we agreed that what we were trying to achieve was better than different pockets of money appearing in the one small location, trying to do the same thing, only differently. Better to collaborate. Collaboration is a hallmark of the way Helen led the agencies that she was involved with in the public sector. Collaboration takes work, and it takes understanding and it takes time.

'Change happens when the time is right, or made to be right, and when it's driven by strong leadership. It involves thinking about things differently, being courageous, and taking the risk. Having ministers who are not risk averse also helps — a challenge of current times.'

Essentially it is time to build trust, perhaps the most valuable commodity of all. The more we understand each other, the better relationship we have, and the better the outcomes.

Again, it's the people that are at the heart of change.

PEOPLE AND THE APS

It comes as no surprise — and I'm pleased to see — that people are embedded in the mission to transform the APS.

Several of the objectives of the APS Review seek to improve the Service's talent base and modernise the way government engages the community and provides services.

'Collaborating with the community, business and citizens' to tackle complex challenges is one objective — essentially that's listening to and partnering with your community.

'Improving citizens' experience of government' is another. This is being close to your customers — knowing them — so that you can develop the services people are asking for, and most importantly in this era of technology, working out how to deliver them. Again, Helen when she was at the Public Service Commission spent a lot of time and effort contemplating how that could be done.

A third is 'acquiring and managing the necessary skills and expertise' needed to fulfil your responsibilities. Attracting and keeping people is paramount to your success.

The review has other broad objectives, relating to the economy, policy, and foreign and security interests among others, but looking at these through the prism of people, how do you achieve them?

SOME THOUGHTS

The community — please engage!

To borrow the mantra from the Clinton era, 'it's the community, stupid!' We have to engage, engage and engage. The world is changing rapidly, the need for information and understanding of government is changing with it.

Community expectations of their governments are shifting resulting in a disconnect between government and its citizens.

Technology gives government the ability to listen to the community in ways not previously possible, or even imaginable, and it's something to embrace rather than be frightened by. The people who have commonly complained of their voice 'not being heard' can be given multiple channels to voice their information, ideas, opinions, and recommendations.

Technological tools enable government to reach the people who might not necessarily be tuned into politics and policies. Instead of 'kite flying' policy ideas via leaking to the media, we can fly our kites openly and gather views directly from people. It's a two-way engagement, one that excludes the filters of others.

Internationally, engagement is happening on many fronts. Online portals, for instance, are enabling people to submit ideas to government, express views on challenging topics or respond to calls for information. Citizen juries are happening as one means of decision-making, with the idea being to enable groups of people to deliberate together, and reach a consensus on an issue. The cost of doing this via traditional channels has been too high to be feasible and probably is now too slow. Technology is needed.

Technology is also key to success in the policy of fighting fraud in the public sector. How can we fight cybercrime when we're deficient in cyber capability?

Technology, while always enticing, poses the challenge of skills, management and cost. Government needs to understand both how the technology works and the way people use it. One drives the other. It's difficult for government as it's a completely different approach to policy making or managing service delivery and requires a shift in mindset.

But it's really fundamental — it has to happen.

THE HELEN WILLIAMS ORATION

ANN SHERRY AO

Chairman, Carnival Australia

Customer experience — understand us

Next is customer experience: understanding your customers. They want to sign-in once, not every time they touch a piece of government, whether it is family benefits, Medicare, or tax. Lots of people don't even distinguish between state and federal government. People feel that they should be interacting with one government, but they encounter many different structures, beasts of bureaucracy. How many passwords and digipasses does it take? In company terms we call it 'know me'. If a customer has signed in once they expect to be known.

We find ourselves in a strange situation where the government has to find its way when it comes to openness and secrecy. At the moment when it's about engagement, it's about secrecy. It's ironic the government knows more about most of us than anybody else, but it can't leverage that. Does it know anyone?

And demands are different. Older Australians are more concerned about privacy than younger Australians. Younger people and busy people want convenience and speed. Government has to balance the needs of both.

Talent for the future — attract and keep

This brings me back to my public service exam and Helen's appointment to Secretary, the question of how to attract and keep skilled people in your ranks.

In the past, government has led the way on the recognition of merit. It's led the way in achieving gender diversity in the most senior ranks of agencies, and more broadly in the way it has attracted and managed talent well.

How? Government applied its own policies to itself. Merit selection panels were three people. There was clarity in what the jobs were, and a set of clear selection criteria. It was documented and managed before most companies had processes like that. There's a lesson there.

The public sector actually has a massive competitive advantage because it offers jobs with purpose and that resonates with people today, particularly young people. Can it build on that advantage now?

It seems the public sector is now constraining itself by choice. The recruitment of graduates, for instance, is being done at the agency level as are the salaries being offered. The mobility across agencies, things that once gave an incredible opportunity for anyone, the sense that you could work anywhere in government — those things have changed. There is much more store-housing of talent than sharing of talent. This might seem sensible, but if you were a keen employee looking for new challenges and experience, would you really want to be stuck in one agency rather than being free, or encouraged, to move?

I think it's worth thinking about what it looks like from an employee point of view. What do people really want and what's your selling proposition? Because the great selling proposition of government when I joined as a graduate was that I believed I could work in any agency. As it turned out, I did work in quite a few, in completely different sorts of jobs in different cities, in different places, doing completely different things. Every time I moved, I learned something different. It was a store-house of knowledge on which I've leveraged everything I've done since I left government. Everything. I think there's an incredible opportunity being missed.

Diversity

In diversity terms if you're trying to attract culturally and gender diverse people, restricting opportunity is a dumb policy. Capable people are in demand and mobile, they're looking for opportunities and if it doesn't come easily in the public sector they'll get it elsewhere.

That warehousing was happening to me many years ago when the private sector came hunting; it would be disappointing if that's repeated today. Beware becoming the hunting ground for the private sector and losing your most capable women. Unless of course it's Carnival who comes looking!

The leadership group particularly needs to be diverse. Business knows that we have to reflect the community in which we operate. The more homogenous your leadership group is the fewer new ideas come to the table. It becomes self-reinforcing, not open to change

When the former CEO of Westpac Bob Joss arrived in Australia, he famously looked around and said ‘Where are the women?’ He said to every member of his executive team, the next person every one of you hires must be a woman. You can imagine the response. ‘We’ve looked’, they said. ‘We can’t find any.’ ‘There aren’t any.’ ‘It’s the pipeline.’ ‘We’re waiting for them to come through university.’ There was every excuse you could imagine. But he had a different view of the world. He said, ‘If you guys can’t find one each, then maybe it’s your job that’s up for grabs next’. That galvanised them very quickly. Eight women arrived almost simultaneously in the senior executive ranks at Westpac.

Similarly when our CEO Arnold Donald looked out to the Carnival world he asked ‘Where is the diversity?’ Diversity came quickly! Within a very short period, there were three women running the big brands, and two African-Americans in the global leadership group. There was no African-American in any leadership position until Arnold became CEO in the US. Rather than talk rhetoric about diversity, he made it happen. That is leadership and courage!

CONCLUSION

Let me conclude with some challenges.

The challenge for the APS is to be really serious about talent management. Recognise the value of your people, what they will bring into your organisation and the future they give us.

The challenge for all of you — think like a ground-breaker! Opportunities won’t be just given to you; you need to grab them. Helen Williams was a ground-breaker and we have an opportunity to build on her legacy and the legacy of people like her.

On diversity, we can’t be complacent and assume opportunity will continue in the way we have come to experience it. There are many female secretaries, but the number of women has waxed and waned. Let’s keep opportunity on top of the agenda and have the courage to broaden our diversity!

And the lesson in achieving change is to be more curious — relentlessly curious — about what could be done better, every day in everything we do ... and then think about creating shared value in a more holistic way and measuring impact.

It’s the future.



Left to right: Finn Pratt AO PSM, Kathy Leigh, Kerri Hartland, Frances Adamson, Helen Williams AC, Ann Sherry AO, Rosemary Huxtable PSM, Glenys Beauchamp PSM and Dr Michele Bruniges AM





IPAA SECRETARY SERIES

NATIONAL BALLROOM
HOTEL REALM, CANBERRA
WEDNESDAY 26 SEPTEMBER 2018

WHY DELIVERY MATTERS

KATHRYN CAMPBELL AO CSC

SECRETARY OF THE DEPARTMENT OF SOCIAL SERVICES

'We need the confidence of governments that our advice is high quality and that we can deliver policy. We also need the confidence of citizens that we can engage with them and deliver outcomes in an effective manner.'

WHY DELIVERY MATTERS

KATHRYN CAMPBELL AO CSC

Secretary of the Department of Social Services

I acknowledge the traditional owners of the land on which we meet today, and pay my respects to Elders both past and present.

It's always difficult to work out what an audience wants to hear from a departmental secretary. Today I will speak about the importance of the delivery of public policy — why delivery matters.

Confidence in the Australian Public Service (APS) is essential for us to do our jobs. We need the confidence of governments that our advice is high quality and that we can deliver policy. We also need the confidence of citizens that we can engage with them and deliver outcomes in an effective manner.

To ensure confidence, we need to pay attention to both policy development and delivery. Each of us needs to consider how the ultimate recipient, the citizen, will experience, or be impacted by a policy. We need to include delivery options when we develop policy and we need to apply appropriate resources and attention to the roll-out of the policy. Our focus must always be on achieving the policy objective.

So today I will:

- explore why delivery is so important in maintaining the confidence of Australians in the APS
- quickly explain the public policy life cycle model that I use, in order to provide context
- share what I consider to be the key elements of successful policy delivery, gleaned by my experiences, both positive and negative
- discuss the importance of organisational accountability to the successful integration of policy development and delivery
- finally, offer some ideas on how we attract talent to delivery roles.

Compared to some other jurisdictions, in the Commonwealth we don't do a lot of direct policy delivery. We often fund third parties — for profit and not-for-profit, and states and territories — to deliver on our behalf. Maybe that is why sometimes we think a cabinet decision delivers public policy. I consider that public policy is only delivered when the targeted sector — community, participant, recipient or citizen — is actually impacted.

Of course, both policy development and delivery operate within a tight fiscal environment, immediate deadlines, and a political environment that is constantly moving. These are constants and we need to develop senior managers who can deliver under these conditions.

CONFIDENCE IN THE APS

Every day, Members of Parliament engage with their constituents on issues. MPs quickly understand how the Tax, Centrelink, Veterans' Affairs and Child Support systems work and how grant rounds are undertaken. They quickly learn to navigate the Commonwealth/State split as it applies in their electorate, or state or territory in the case of senators. MPs go on to be ministers. Ministers know that citizens' views of the government and the APS can be shaped by their own, or their families', experiences of our service delivery. Ministers do expect we will deliver services in the most efficient and effective manner possible. They do understand that information and communications technology (ICT) systems will have issues at roll-out — preferably very few — and they expect us to fix any issues quickly. As such, they also expect us to be across the detail.

Citizens expect that we will get service delivery right. Most citizens are not really interested in a public policy framework. They have a high expectation of public services because they are paying for the service through their taxes; and most of the time, we do get the delivery right.

Confidence in delivery is something that needs to be constantly monitored. Social media means one service delivery failure can become a major issue quickly. Immediate, and well publicised, service recovery is therefore essential.

‘Citizens expect that we will get service delivery right. Most citizens are not really interested in a public policy framework. They have a high expectation of public services because they are paying for the service through their taxes.’

Participant satisfaction is a good measure of how our service delivery is considered. The National Disability Insurance Agency (NDIA) currently has an 88 per cent satisfaction rating. The agency and board are rightly proud of this. And yet, if you read some of the media, you might think that rate would be much lower. As you would expect, we spend a lot of time focusing on why the 12 per cent are not satisfied and what can be done to improve their experience.

Trust in institutions is achieved and maintained in different ways. Competency is a fundamental expectation. To retain trust, we need to develop quality policy and deliver effectively and efficiently.

PUBLIC POLICY LIFE CYCLE

I am sure we each have our own model or framework for the life cycle of public policy. I have a simple model — policy development, delivery, and evaluation.

For me, policy development includes:

- the initial ideas or hypotheses
- the collection and analysis of evidence
- the review of stakeholder views and positions
- identifying the objectives of the policy
- the development of options, including delivery, change management and risk management, for government consideration
- government decision-making
- the explanation of the policy to the public
- the passage of legislation.

Direct policy delivery includes:

- the development of the implementation plan
- engaging in co-design with the policy owner, the delivery entity, and the recipient
- systems development which includes ICT, operating procedures, and staff training
- clear communication to recipient
- continued monitoring to address implementation issues.

The final part of the cycle is the evaluation of the policy to determine if the objectives are being realised. I might save evaluation for a future speech!

I have spent about half of my career in a central agency, six-and-a-half years in direct service delivery, and for the last year, I've been back in a predominantly policy department. I have therefore had the opportunity to reflect on ways to improve outcomes. As in all areas, most of the time things go boringly well, and I have drawn lessons from successful approaches. Occasionally, things go not so well and they end up in the public domain. While difficult, I consider it vital that we develop lessons from these instances and share the lessons broadly.

WHY DELIVERY MATTERS

KATHRYN CAMPBELL AO CSC

Secretary of the Department of Social Services

DELIVERY CONSIDERED AS PART OF POLICY DEVELOPMENT

Early and fulsome engagement is the best way to develop policy that takes into consideration delivery issues and ensures that the citizen experiences the policy outcomes as intended. Involving service delivery entities early in the policy development cycle is the best way to provide informed and workable options to government. Service delivery entities have insights into the environment that will enhance the policy. There should be a shared focus on better outcomes.

Productive engagement requires policy development and delivery staff to understand each other's roles and be willing to compromise. It also requires trust. Sometimes policy departments would prefer not to consult too widely in order to mitigate the risk of leaks. A balance needs to be struck in order to ensure workable policies are developed.

The best results are achieved when policy and delivery work in partnership. In 2016, the Department of Human Services (DHS) undertook a review to determine opportunities to enhance service delivery for both recipients and for the government. A number of areas were identified for improvement, including the operation of the complex job seeker compliance framework.

Some job seekers were confused by what they were meant to be doing and found themselves inadvertently non-compliant, thus losing access to payments. As well as annoying the job seekers, this led to an increased workload for DHS as they were required to sort out what had happened. Driven by the then Minister for Human Services, DHS worked with the Department of Social Services (DSS) and the then Department of Employment to develop a new, simpler compliance framework that met the policy objective of activating job seekers, whilst providing an avenue for vulnerable job seekers to access specialist support from DHS. The then Ministers for Social Services, Human Services, and Employment brought forward the proposal in the 2017–18 Budget and it has now been implemented.



Left to right: Frances Adamson, Kathy Leigh, Chris Moraitis PSM, Kathryn Campbell AO CSC, Rob Stefanic, Glenys Beauchamp PSM and Daryl Quinlivan

PLANNING

Once government agrees to a policy, comprehensive planning for delivery needs to commence. Project management is an essential skill, not just for engineers or ICT professionals but for all of us. Delivering a cabinet submission requires project management. Delivering the roll-out of a complex reform such as the National Disability Insurance Scheme (NDIS) needs much more detailed and ongoing project management. All of us come under pressure to do things faster and cheaper. The discipline of project management allows us to offer options and demonstrate why time and resources are required.

NDIS is a massive reform. At full scheme, there will be 460,000 participants throughout Australia. A large number of participants will not have ever accessed services before. The NDIS allows choice for participants about the services they receive and the providers they engage. The families of participants are deeply involved. The introduction of the NDIS has significantly disrupted providers, moving from block funding to individual service funding. In some locations, there are very thin provider markets and providers-of-last-resort need to be identified.

Planning for the implementation of the NDIS was undertaken from 2013. In hindsight, plans probably did not quite capture the scale of the ramp-up nor the extent of the disruption to providers. The planning could have been more extensive with more detailed involvement of both DSS and DHS. From August 2016 DSS and DHS, under clear direction from the then Minister for Social Services, worked closely with NDIA to address delivery issues. Both secretaries and the agency head were involved in weekly meetings, working through detailed remediation plans to ensure problems were rectified. More comprehensive project management would have identified key risks much earlier and allowed mitigation action to occur.

This lesson was immediately shared with the Department of Education and Training (Education) which was planning the roll-out of the new childcare payment. Again, DHS was responsible for the ICT system with Education responsible for change management, the communications strategy, and stakeholder engagement (both parents and providers). Education appointed a Senior Executive Service (SES) Band 3 officer with delivery experience, as the lead to ensure a 'joined up' approach. This resulted in a successful outcome with the new payment delivered from 2 July 2018.

CO-DESIGN

Listening to the voice of the citizen ensures that policy will be delivered in a manner most likely to achieve success. Some policy will be welcome by citizens and some policy less so. Co-design means working with the recipient or participant to determine how best to deliver services. It can be achieved by the use of focus groups or one-on-one in customer experience laboratories. The bottom line is that we hear from the citizen.

It is fair to say that we in DHS didn't initially do enough co-design when we were rolling out the Online Compliance Initiative (OCI) which came to be known as robo-debt.

The policy intent of OCI was to match Australian Taxation Office (ATO) and Centrelink records of income declarations by income support recipients and identify mismatches which may have led to an income support overpayment. Once the mismatches were identified, recipients would be contacted and given the opportunity to explain the mismatch. If after a number of letters the recipient had not responded a debt letter would be raised. If the recipient was no longer in receipt of a payment, the debt would be referred to debt collectors. If a recipient was currently in receipt of a payment, deductions would commence from the ongoing payment to address the debt.

WHY DELIVERY MATTERS

KATHRYN CAMPBELL AO CSC

Secretary of the Department of Social Services

This became an issue in early January 2017 when many people claimed that the first they had heard of the issue was when the debt collectors contacted them. Being early January there was not a lot of other news around and this ran hot until the 26th of January.

A Senate inquiry and an Ombudsman's review provided us with plenty of opportunities to reflect on lessons learnt. The Ombudsman's report found that while we were carrying out the policy as intended, we could have improved the recipient experience.

We immediately addressed some concerns and over a longer timeframe, addressed others. We used registered mail to ensure recipients received letters. We had previously created the Design Hub at 1 Canberra Avenue and we used the Hub with 'real recipients' to test our letters and ICT system interfaces. Watching the co-design participants review what we had thought was good design was refreshing. Their insights were powerful.

One of the lessons we addressed immediately was the need to appoint a Chief Citizen Experience Officer. We recruited from the private sector.

Another important lesson was that we had failed to explain to recipients and the broader public what was required. We should have had a 'call-to-action' message which reminded recipients of the need to act when they received a letter.

SYSTEMS DEVELOPMENT (ICT, OPERATING PROCEDURES, AND STAFF TRAINING)

Ensuring the planning of implementation is critical. Executing that plan to develop systems, both ICT and operating procedures, and training staff, is where the 'rubber hits the road'. Small things overlooked have big impacts.

ICT systems are inherently complex. Even when brand new systems are developed, there are always teething issues. This is even more acute when working with legacy systems that have been developed and updated over 30 years without comprehensive documentation.

Internally, detailed procedures and staff training are vital. This needs to be planned and deftly executed, often for large numbers of junior staff in geographically disperse locations.

The then Government agreed in the 2012–13 Budget to change eligibility for parenting payment for recipients grandfathered from 2006. This resulted in recipients whose youngest child was aged over eight transitioning from Parenting Payment Single to Newstart from 1 January 2013. The Government had agreed that recipients would not lose access to the pensioner concession card even though recipients were moving to an allowance. The measure had attracted significant public criticism.

DHS had been involved in the policy development, had undertaken comprehensive planning, had developed the ICT system changes, and trained staff in the procedures to implement the new policy. The implementation plan did involve a face-to-face interview with the affected recipient to ensure they understood the changes as well as establishing referrals to a job search agency.

The legacy Centrelink system generated letters using a number of set paragraphs which were inserted depending on the individual circumstances of a recipient. One such paragraph detailed the changes when moving from a pension to an allowance, including a direction that the recipient no longer use the pensioner concession card. This conflict with the agreed policy was identified late in the testing. When it was determined that the paragraph could not be changed in the available time frame, a work-around was established where the recipient would be advised to ignore this advice in the letter at the time of their face-to-face interview. Unfortunately this matter was not escalated to someone who would have appreciated the policy sensitivity.

The media were sent the letters and in early January 2013, reported that the government had reneged on its promise. Immediate service recovery was undertaken, including me writing to every one of the affected recipients. While we received less than 100 calls from the 90,000 recipients, the issue led to a lack of confidence in service delivery and further criticism of the policy.

'I don't think delivery skills are as well valued in the Commonwealth as they should be. There is a view that policy is of a 'higher calling'.'



Kathryn Campbell AO CSC addresses the audience

WHY DELIVERY MATTERS

KATHRYN CAMPBELL AO CSC

Secretary of the Department of Social Services

I am always looking for positives. We immediately commenced work on the business case to replace the Centrelink legacy ICT system. In the 2013–14 Budget we received agreement to develop the business case. In the 2015–16 Budget, the Welfare Payment Infrastructure Program (WPIT) was announced. WPIT is now considered a key element of the modernisation of the APS.

CLEAR COMMUNICATION

We know that clear communication to recipients is essential. We sometimes refer to it as the 'call to action'. Importantly, sometimes we deliver a 'no need to act' message. This allows resources to be directed to priority areas.

The measure Rebalancing of the Pension Asset Test was announced in the 2015–16 Budget with implementation from 1 January 2017. The changes involved pensioners with higher levels of assets losing access to part pensions and for some part-pensioners with lower level of assets, being able to access full pensions. It was expected that around 370,000 pensioners would be adversely impacted and 165,000 positively impacted. Again, this measure had attracted some media criticism so it was important that the implementation did not add to that criticism. It was also important that millions of pensioners who were not affected received the 'no need to act' message.

We implemented a comprehensive strategy of co-designed letters, social media and conventional media to explain what was happening. Hank Jongen, the DHS spokesman, did lots of talk back radio during the lead up to 1 January 2017. This was a successful strategy. While the policy continued to be discussed, the implementation did not attract criticism.

This is how public policy should be debated — ideas not administration.

CONTINUED MONITORING TO ADDRESS IMPLEMENTATION ISSUES

Service delivery requires constant monitoring and readiness to address issues as they arise. This is not just for new measures but also for long-running programs such as age pension, which has been in place for nearly 110 years.

On 1 July this year, the Government introduced the National Redress Scheme for survivors of sexual abuse in institutions. This is a complex policy which requires referral of powers by states, and agreement by non-government institutions to participate. Delivering the policy requires engagement with often elderly survivors where the need to tell their story risks re-traumatisation.

DSS and DHS have worked closely on the policy development and the planning of the roll-out. Co-design with advocacy groups, survivors and trauma specialists has occurred on forms and processes. Clear and sensitive communication products have been developed. Staff have been trained by trauma specialists to work with survivors.

Three months in, we are closely tracking the reaction of survivors. We are working to adjust processes as we learn from doing. We will continue to monitor and remain agile and intent on improvement.

ORGANISATIONAL ACCOUNTABILITY

While I have discussed some key factors that are important to successful delivery, it is essential that organisation structures drive appropriate engagement and clear lines of accountability. In some instances of Commonwealth direct service delivery, this is achieved by having policy development and delivery in the same entity, such as the biosecurity function within the Department of Agriculture and Water Resources. Other examples include policy development and delivery being in separate entities but within the same portfolio, such as Treasury and the ATO within the Treasury portfolio; and DSS, DHS and the NDIA within the Social Services portfolio. Separating policy and service delivery into different portfolios gets a bit trickier.



Colleagues listen to Kathryn Campbell AO CSC deliver her address

Each portfolio needs to have in place arrangements that ensure appropriate engagement and accountability between policy development and delivery. Ultimately, the senior minister is responsible for the performance of the portfolio in delivering public policy outcomes. Department and agency heads have legislated responsibilities but most importantly, we need to ensure the relationships and systems are in place to ensure we are 'joined up'.

In our portfolio, if we have a problem in delivery, we work together to resolve it. For example, neither the public nor ministers want to hear that it is an NDIA problem and not a DSS issue. They just want it fixed. And to reinforce that message, I get plenty of direct correspondence from citizens about their payments. I recently had a correspondent who pointed out to me that as the Secretary of DSS, I was responsible under the legislation for the payment he was seeking. Fortunately, I already knew that.

ATTRACTING TALENT

You have probably worked out by now that I consider service delivery skills to be essential for the APS. In no way does that detract from the importance of policy development skills.

Most people will specialise in one area or the other. I consider that senior managers need experience in both domains. Our ability to develop good policy needs to be informed by an understanding of the intricacies of delivery. Delivery sharpens the mind on the end point, the participant or recipient. Equally, delivery staff need to understand policy development so they can better contribute and deliver the objective.

I don't think delivery skills are as well valued in the Commonwealth as they should be. There is a view that policy is of a 'higher calling'. To be honest, I also think people are a little scared by delivery. It is hard work and there is nowhere to hide. If something goes wrong, it becomes apparent very quickly and sometimes in the public arena. Alternatively, if you make a mistake in developing a policy option, the secretary and Minister might be unhappy but it rarely enters the public domain.

So why is delivery worth doing?

Service delivery gives you the opportunity to engage with citizens. I recently visited a school in Redbank in Queensland from where a community hub was operating. Newly arrived Australians had dropped their children at school and were undertaking skills training, in English and certificates in child care, aged care and disability care; all areas where we need skilled labour. This is a community led initiative with a very small investment by the Commonwealth. It was a great example of how our policies and programs are making a difference in the lives of Australians. It encouraged me to come back and look at the next steps for this program.

Managing delivery builds resilience. What could possibly go wrong when you are rolling out complex policy to millions of Australians, sometimes relying on legacy ICT? Managers quickly learn that agility in addressing problems is critical. The media, both social and mainstream, can be quick to criticise and sometimes personalise the criticisms. While uncomfortable at the time, such experiences do prepare you for future challenges. I was very well supported during robo-debt by Glenys Beauchamp, Dennis Richardson and Michael Pezzullo. The staff in DHS were amazing and we came together as a really strong team.

WHY DELIVERY MATTERS

KATHRYN CAMPBELL AO CSC

Secretary of the Department of Social Services

Service delivery generally involves leading large teams and contract management. Both of these skills are important to staff who aspire to take on senior roles.

I do consider that all SES should have gained experience in both policy and service delivery before being promoted to a Deputy or an Agency Head position. The discipline of having to develop policy and then follow through, from idea to action, is invaluable. Corporate areas provide excellent opportunities for such experience. Consular services is another example. When I was the Secretary of Human Services, we offered SES secondment opportunities to other agencies and attracted a number of participants. I see a formal program of secondments, to both policy and delivery areas, as enhancing the skills base of the APS. Culturally, we need to value both policy and delivery skill sets.

CONCLUSION

In concluding, my overall message is that we need to pay attention to delivery right from the start, at policy inception. Delivery can't just be an add-on. It has to be integrated and we, as a public service, need to continue to develop people with the appropriate skills and passion to deliver.

We also need to be willing to review both positive and negative outcomes and share learnings broadly. Hopefully I have been able to share some of my learnings with you today. It has been cathartic for me.

The importance of engagement between policy development and delivery requires constant reinforcement. We all need to be vigilant and think deeply about the entire policy life cycle when confronted with an issue. We need to be curious and constantly working on relationships. This is not some bureaucratic turf war. Ultimately, this is about delivering good public policy to the people of Australia and retaining their confidence.



'I consider service delivery skills to be essential for the APS. In no way does that detract from the importance of policy development skills. Most people will specialise in one area or the other. I consider that senior managers need experience in both domains.'



The audience listens to the address
by Kathryn Campbell AO CSC





IPAA SECRETARY SERIES

NATIONAL PORTRAIT GALLERY
TUESDAY 30 OCTOBER 2018

PROSPER THE COMMONWEALTH: THE PUBLIC SERVICE AND NATIONHOOD

MICHAEL PEZZULLO

SECRETARY OF THE DEPARTMENT OF HOME AFFAIRS

'The public service is the custodian of continuity in administration, and the repository of knowledge, managerial and administrative skills, strategic policy capability, and service delivery competency. It increases the nation's 'democratic efficiency' — that is, it ensures that elected governments are able to rely upon a ready-made administrative and policy machine ...'

I should like to address the role played by the public service as one of the central national institutions of our democratic Commonwealth. I need to begin with the act of British settlement in 1788. British institutions were the platform for the building of a distinctly Australian system of national governance. With the assertion of British sovereignty in 1788, the foundations of that system were laid. On that January summer's day, the Common Law, with its ancient rights, the political philosophy of Hobbes and Locke, the primacy of Parliament over absolute monarchy, and so much more, came ashore. From settlement to Federation in 1901, and extending to today, we built the national institutions of governance which constitute the anchor points of our democracy: representative or parliamentary democracy and 'responsible' or ministerial government; the rule of law; and the machinery of executive government, including the public service.

However, it should not be thought that our colonial forebears were passive recipients of British political and legal wisdom. Nor should it be thought that British 'constitutionalism' arrived fully formed in 1788. Our colonial forebears took the opportunity presented by political reform and increased self-government in the 19th Century to build a local mode of democratic practice — not least with the expansion of the electoral suffrage, especially for women.

On 1st January 1901, a new body politic, the Commonwealth of Australia, came into being, and our Constitution became the fundamental law of Australia. Following British and colonial practice, Chapters I, II and III of the Constitution confer separate powers to the legislature, the executive and the judiciary. Most relevantly, 'executive power' as conferred in Chapter II is the power to administer laws and to carry out the business of government. Our fellow public servants were present at the creation of the Commonwealth of Australia when the Governor-General created through the Executive Council the first departments of state under s64 of the Constitution — Attorney-General's, Defence, External Affairs, Home Affairs, Postmaster-General's, Trade and Customs, and the Treasury.



Left to right: Kathryn Campbell AO CSC, Michael Pezzullo, Frances Adamson, Glenys Beauchamp PSM, Daryl Quinlivan and Rob Stefanic

In the official history of the Australian Public Service, published in 2001 under the auspices of the Centenary of Federation, there is an image (at page 3) of the first administrative arrangements order, written in Prime Minister Barton's own hand, setting out the ministry list — the first three of which were Barton himself as Prime Minister and Minister for External Affairs, along with the Attorney-General and the Minister for Home Affairs. And so were laid the legal and administrative foundations of the Commonwealth.

We were also bequeathed another inheritance at this time. In the latter half of the 19th Century, the British Civil Service underwent significant reform, in the wake of the Northcote-Trevelyan report of 1854, reforms which laid the platform for a merit-based, professional and impartial civil service in the United Kingdom, shorn of the corruption and patronage of earlier times. Thankfully, again, we followed British practice whereby those reforms influenced the development of the colonial civil services and then the public service of the new Commonwealth.

Why is this history important? Is 'the past' not dead? Is it not a created zone of memory, an ideology by which we sanctify our culture, buttress institutions, legitimate power, and invest our societies with a destiny which conveniently validates the present? Whether or not history serves these or other purposes, I shall leave to another day. For my purposes today, suffice to say that history and memory are essential to self-knowledge. They foster identity, continuity and community. A nation-state is not an arbitrary geographical construct that happens to be inhabited at any one time by randomly selected individuals who lack any prior connections or common history. It is not a blank slate to be made and re-made every generation.

The very idea of 'Australia' implies continuity in terms of identity and institutions. A nation is of course an 'imagined community'. Citizens are essentially strangers to one another in that we will never know more than a handful of our fellow countrymen and women, meet them, or even hear of them — even with the spread of social media. But a nation is not an 'imaginary community'. It is a real phenomenon.

The nation-state is a concept which politically and socially binds people, time and space, in that it links our predecessors, our contemporaries and our descendants within a bordered space.

Through the nation-state, we are bound together by a 'social contract' which is the basis on which rules are set and interests harmonised. The 'social contract' founds the political community, shapes its institutions, confers authority, and ensures that power is distributed and balanced. The latter ensures that government can be effected with legitimacy, without any citizen having to seek recourse through extra-constitutional action.

Consider the process of conferring citizenship. With every pledge of allegiance on the part of new citizens, and affirmation of allegiance on the part of existing citizens, our mutual bonds of national association are invoked, as are the undertakings that we have made to one another, to our forebears and to our descendants through the 'social contract' that is otherwise known as 'Australia'. That is why our citizenship pledge and affirmation invoke allegiance to Australia and its people; to our shared democratic beliefs, rights and liberties; and bind us to the observance of our laws.

National governance is the expression — and enabler — of sovereignty. A nation-state has to be able to make laws and enforce them, and carry out its policies and implement public programmes — and it has to be able to do so within secure borders. All key public goods are organised and effected on national lines — the operation of law, defence, immigration, border protection, taxation, welfare, public safety, education, health, labour markets, and so on. Even where international agreements and treaties have a bearing, their impact is mediated through sovereign law-making and executive action.

‘An apolitical public service is one of the key institutions in our Westminster system. It is the repository of knowledge and practice in relation to key Westminster understandings — such as the Cabinet system and the caretaker conventions’

There is I would contend a ‘nationhood power’ — or the constitutional capacity which can be deduced from the existence and character of the national body politic. The extent of the powers and capacities of executive government can be inferred from powers which are conferred by statute, or which reside as the prerogatives of the Crown (including those which are referable to s61 of the Constitution), or are a consequence of the nature of the legal personality of the Commonwealth. This array of powers and capacities is not of course unlimited, and is checked by the Constitution and the law, but within those constraints is as broad and as deep as the nation requires at any particular point. These powers and capacities enable the proper conduct of government for the benefit of the nation. They underpin enterprises and activities which are peculiarly associated with the execution and maintenance of the Constitution, with government for the common good, and with the peace and order of the polity — and which cannot be carried out otherwise, or by any other entity.

This focus on nationhood does not mean isolation from the world. It means that we as a people are sovereign within our state, and we have to be able to protect that sovereignty. Our coming together as a nation in 1901 was a manifestation of sovereign will. Rather than representing a ‘dead’ past, that sovereign act of founding a body politic remains a living force which is reflected in the continuity of Commonwealth laws, the chain of executive action which can be traced back to Federation, and the body of judicial authority which is reflected in the jurisprudence of the land. These threads do not themselves, when viewed backwards in time,

terminate on 1st January 1901. The legislative, executive and judicial powers of the Commonwealth themselves extend back in time to inherited legislative, administrative and jurisprudential traditions which were incorporated in the body politic of the Commonwealth at its founding.

Taking such a long duration view of national institutions matters, and never more so than when geopolitical and social trends are leading us to think that with the advent of new technologies of connectivity, global inter-connectedness and the rise of global networks of influence we might, perhaps, be able to put musty old political concepts behind us, especially those which have their antecedents in imperial eras.

Let me argue to the contrary. Institutions anchor our polity and ensure that power is legitimated and wielded with consent. I am specifically interested in the national institutions which constitute the British form of ‘constitutionalism’ which we inherited through settlement. Our particular ‘social contract’ cannot be understood without reference to that tradition, and the subsequent evolution of our system of national governance.

British ‘constitutionalism’ consists of a set of institutional practices which are concerned with a particular mode of distributing the power of the state (known as the ‘Westminster system’). It reflects historical norms, ‘rules’ and conventions, some of which are codified but most of which are not. In this system, power is divided such that no single person or group of people can effect arbitrary rule, or indeed a dictatorship,

without being checked. The 'rule of law' is the most fundamental value which underpins our system of national governance, a value which holds that power is not to be exercised arbitrarily or oppressively, or absent due process.

The most relevant idea of the Westminster system for public servants is that of ministerial responsibility. The responsibility of the Minister to the electorate through the Parliament, which flows from s64 of the Constitution, is the key feature in our system for effecting popular control over the direction of government. The end of responsible government is that the will of the people prevails, and for that reason Ministers are expected to explain their actions and policies to the Parliament and to keep it informed. Ministers are responsible to the Parliament for their conduct as Ministers, and for that of their departments and agencies. Of course, under the rule of law, Ministers, their departments and agencies are also under judicial scrutiny, not least in light of the original jurisdiction of the High Court, upon which the Constitution confers the power to issue constitutional writs (s75).

This constitutional tradition also relevantly has at its centre the Cabinet system, and the idea of collective Cabinet responsibility and solidarity. The Cabinet is not mentioned in the Constitution. Moreover, the Constitution does not specify the role of the office of Prime Minister. Nor does it set out the procedure by which a Government is formed — which of course falls to the political force which is able to command a majority on the floor of the House of Representatives, insofar as confidence and supply are concerned. The Constitution does not require the formation of an Opposition, led by the Leader of the Opposition, and nor does it require that there be a 'caretaker convention', whereby a Government does not, once an election is called, take significant decisions, absent consultation with the Opposition.

Perhaps we in the public service take these issues to be simply the natural order of things, and we are not moved to look behind that order of things. At one level, our Constitution, laws and regulations, and the policies and programmes of the executive, seem to constitute our entire realm of consciousness and action.



Frances Adamson thanks Michael Pezzullo for his address

PROSPER THE COMMONWEALTH: THE PUBLIC SERVICE AND NATIONHOOD

MICHAEL PEZZULLO

Secretary of the Department of Home Affairs

What more is there to comprehend or contemplate? I would suggest much. For one thing, I am becoming concerned, and increasingly so, at the paucity of knowledge of these traditions and understandings amongst public servants — even relatively senior ones. We need to do more to teach and inculcate this worldview.

An apolitical public service is one of the key institutions in our Westminster system. It is the repository of knowledge and practice in relation to key Westminster understandings — such as the Cabinet system and the caretaker conventions, both of which are documented by way of administrative guidelines which are maintained by the Department of the Prime Minister and Cabinet, under the authority of the Prime Minister. Moreover, the public service is the custodian of continuity in administration, and the repository of knowledge, managerial and administrative skills, strategic policy capability, and service delivery competency. It increases the nation's 'democratic efficiency' — that is, it ensures that elected governments are able to rely upon a ready-made administrative and policy machine which is able to implement its policies and programmes as directed.

Only the public service can bring the widest lens to bear on any given issue, given its broad and deep access to intelligence and data, and its unique capabilities, many of which are not entrusted to the private sector or to non-government groups. While the policy space is crowded and contested — as it should be in a democracy — the public service has a privileged position, due to these capabilities and to its trusted role as the premier, and sometimes sole, adviser to government. Deep, long-term policy thinking and strategic imagination on the part of the public service, and a mutual commitment to a policy partnership, are at the heart of the ministerial–departmental relationship, a relationship which joins the political and the administrative elements of the executive in its most important function — focussing on the advancement of the nation and the 'commonwealth', by which I mean the common good or common well-being. Of course, Ministers must decide the major issues of policy. Our democratic order permits no other approach. However, a public service which does not see itself conjoined to this endeavour has lost its way.



Michael Pezzullo addresses the audience at the National Portrait Gallery

'The 'rule of law' is the most fundamental value which underpins our system of national governance, a value which holds that power is not to be exercised arbitrarily or oppressively, or absent due process.'

While the public service exists primarily to serve the Government of the day, it also maintains a jealous watch on the papers and records of earlier governments, while also maintaining an underlying capability to serve future governments, including by way of an ability, and a disposition, to switch its loyalty to a newly elected government at the appropriate moment. Elected governments are fully entitled to expect loyalty and dedicated service from its officials. In my experience, Ministers recognise also that this means that former governments are entitled to expect the on-going discretion of the officials who served them, and that discretion all round is a crucial ingredient of our system of governance. The fact that we have a career-based service enhances the effectiveness and cohesion of our democracy, precisely due to this capacity to attend to the interests of past and future governments while only ever serving the commissioned government of the day. In my experience, Ministers and seasoned staff overwhelmingly appreciate this, and indeed fully expect the public service to act accordingly.

For all of that, it would be mortally dangerous to our system of government for the public service to come to possess an aggrandised conception of its role in the proper processes of government — as the ultimate guardian of ‘the public interest’, located outside of the political process. There is no legitimate basis for contending that unelected officials have any purportedly ‘supranational’ responsibility as custodians of the ‘public interest’, somehow separately identified from the domain that is termed too often to be that of ‘politics’.

As I touched on earlier, the very object of executive government is to utilise all of the powers and capacities which are intrinsic to nationhood in order to advance *the public interest*. This consists of substantive and purposive activity, where ends, means and ways have to be brought together, first in policy and then in action. Only the elected executive can determine these questions. While we in public service are all expected to act ‘in the public interest’ — which goes to procedural questions of acting reasonably, impartially, honestly, lawfully,

with integrity, and avoiding conflicts of interests, properly accounting for public funds, and so on — only elected members of the executive can *determine* and *advance* ‘the public interest’, for only they can do so under the supervision of the people through their elected representatives.

The requirement for the public service to be politically neutral does not, and cannot, mean that the public service is uninvolved in ‘politics’ as such. Governing is intrinsically concerned with politics, in that it entails the public contest of values, ideas and policies. In this sense, the implementation of policy is a part of the ‘political’ process of the nation. This does not mean that the public service is ‘politicised’. There is no inconsistency in the APS being both responsive to the government, on the one hand, and simultaneously existing as an apolitical career service to enhance the effectiveness and cohesion of Australia’s democracy.

Almost 50 years ago, on 18th November 1968, Sir Paul Hasluck gave the Garran Oration to this body. He was at the time serving as the Minister for External Affairs, and would go on to serve as the Governor-General (1969–74). The title of his Oration says it all: ‘The Public Servant and Politics’. Sir Paul said in his Oration that ‘[P]olitics is as comprehensive and as complex as the whole process of decision-making in government ... The public service cannot avoid politics any more than fish can avoid the water in which they swim.’ He advised public servants to be jealous of their honour and not seek to please a Minister — but rather to inform and advise in good conscience according to one’s knowledge and judgement.

The public servant cannot be unaware of political happenings. They are all around us. What is important for the public servant is to absent oneself from any partisan discussions and avoid exposure to raw politics, especially as it might relate to electoral considerations or criticisms of the Opposition. Secretaries of departments have a particular obligation to protect the boundary between the political and the administrative — especially in relation to the law as it relates to non-interference in public service appointments;

the integrity of departmental advice as provided (which must never be withdrawn or modified at the request of the Minister or ministerial staff); and generally upholding the impartiality of the public service. Ensuring that everyone stays on the correct side of the line is not always straightforward and there are grey areas. In my experience, Ministers and seasoned staff well understand this, and are just as keen to ensure that the 'administrative' does not stray into the 'political'.

Of course, as already observed, in our Westminster system, Ministers are duty-bound to make the final decisions on all matters of policy, but in my experience Ministers are equally, in the main, inclined to take advice in relation to matters such as legal risk, expense, conflict with extant Cabinet authority, implementation challenges, international complexities and so on. I would contend indeed that, constitutionally, the elected and unelected executive is a single, integrated scheme. This is best seen in the partnership between a Minister and a Secretary, a partnership which joins the political and the administrative in an association for the common good, and specifically for the employment of national powers and capacities for the advancement of the public interest.

There is no doubt that the Minister is in charge as the senior partner, while the Secretary by law runs the Department 'under the Minister'. I deliberately here am using the term 'partnership' — it is a time-limited association which does not extend, for instance, beyond elections where the government is defeated. If you are looking for a reference to 'teams' in this context, you would be listening to a lecture on the operation of political parties. As in any partnership, the relationship has to be built on close trust and evident confidence, for the sake of the proper conduct of the administration of the Commonwealth.

Unlike some other aspects of our version of the Westminster system, the underlying conventions of the public service as an institution have been codified in law, in the form of the Australian Public Service Values and the associated APS Code of Conduct, which are enshrined in the *Public Service Act 1999*. Relevantly, the Act (s10) requires APS officers to be 'committed to service', which amongst other things requires us to be responsive to Ministers, and understand the Government's objectives and the environment in which it operates. The Act requires us to be 'accountable' to the Australian community under the law, within the framework of Ministerial responsibility. It requires us to be 'impartial' and apolitical, providing the Government with advice that is frank, honest, and timely, and is based on the best available evidence.

'Churchill was a great parliamentarian, first and foremost, and from that flowed all of his achievements, including his most glorious ones. And the greatest lesson from this greatest of democrats? Democracy is an outlook before it is a law, an instinct before it is a rule, a tradition before it is a procedure.'

The Australian Public Service Commissioner has issued Directions which spell out the expectations of APS officers with regard to impartiality. In summary, we are expected to serve irrespective of which political party is in power and of our own personal political beliefs, and our actions must not provide grounds for a reasonable person to conclude that we could not serve a government of another political persuasion.

Moreover, public service employment is taken to go beyond the implied contractual duty that would be owed to an employer. We are 'officers' who are charged to carry out the business of the Commonwealth, holders of special positions which serve public and constitutional purposes. To the end of maintaining public confidence, we are required to 'act in the public interest' and to observe tighter strictures and limitations in terms of integrity and professional standards than are to be found in most other areas of employment.

Taken together, the law and our own professional outlook mean this: our vocational calling is to assist governments to be better than they would otherwise be, but not to seek to make them different governments, which perhaps might conform to our preferences and outlooks. If we have a different interpretation of the 'public interest', and feel strongly enough about it, we should resign our positions as public servants and run for elected office ourselves.

It is sometimes said that we are living in a 'post-truth' world, which is characterised by so-called 'fake news' and disinformation, as well as the ascendancy of opinion, belief and emotion over facts and 'the Truth'. The modern milieu has an appearance of immediacy ('going viral') and connectedness (with its trending, hashtags, and 'influencers') — whereby, it is thought, 'power' is able to be attained through being connected to networks of influence, as distinct from traditional institutions of authority, which tend to be predicated on mediated (and therefore indirect) power. Some would thereby contend that the very nature of power is being transformed, in that it is being deconstructed and dispersed through global networks which render archaic ideas such as the 'border', the 'state' and the 'nation'.

In this milieu, confidence in institutions is eroding and 'Truth' has, it seems, become a battlefield, and not simply due to the increased volume of opinion and comment, the mobilisation of sentiment, the rise of identity politics and the polarisation of civic discourse. The idea of 'Truth' is also, it seems, being deconstructed by the deliberate interference and manipulation of opinion, with the objective being of sowing confusion and discord in democracies — so as to undercut their deliberative capacities, sap national will, and corrode strategic confidence.

In this world, it is clear that connectedness has not proven to be a catalyst for democratic renewal and transformation. It is perhaps ironic that as information is approaching limitlessness, we are narrowing our horizons of interest, as our search preferences, and their unseen underlying algorithms, curate and limit our discursive fields. We should not delude ourselves. In the digital age, the 'Truth' is still mediated — by algorithms, foreign interference, market research, disinformation, and so much more. We are not seeing, as the digital-industrial complex would have it, the unmediated expression of the popular will, free of the taint of 'power'. Rather, our shared sense of what is true is being undermined and power is being reframed, under a veneer of 'freedom' — but without the apparatus of representation and the mediation of power which allows the latter to be held to account.

So, what is to be done? Our system of representative democracy and responsible government, an impartial public service, and the rule of law are foundations which will hold us secure in the face of the storm surge of 'post-truth' falsehood and disinformation. Intrinsic to our scheme of national governance are traits which are the antithesis of 'post-truth' — moderation, deliberation, scrutiny, check and balance. The epistemological model of democracy is necessarily empirical. Democrats say that 'Truth', while contestable at a metaphysical level, can — for the purposes of informing deliberative action — be arrived at through investigation, experimentation, verifiable data analysis, research and modelling, and reasonable conjecture about the future.

I should especially like to think in this context that traditional public service values might well come into vogue as antidotes to the temper and tone of the times, values which favour reason, evidence, diligence, and dispassionate and disinterested endeavour.

Moreover, democratic discourse presumes the resolvability of difference, the ability to arrive at a view of 'the public interest', and deliberative action by elected officials and those of us who have taken up the vocation of public service.

In a representative democracy, we moderate and check power in the ballot box with our pencils, when we are asked to express our preference as to who will represent us, and from that group, who will govern us. Such a simple thing, the putting of a pencil mark on a piece of paper — but from this simple act flows the governance of the 'common-wealth'. That is why we have to protect that ballot box, that pencil, and that piece of paper.

Beyond this general frame, we should seek to encourage an informed and active citizenry — including through civics education and digital literacy. The discourse of civics will need to be enhanced and made more accessible — and will have to consist of more than a primary school visit to Parliament House. Impartial and professional journalism will become even more crucial, as will be an apparatus and capacity for 'fact checking'. Elections will have to be protected, and with each election, new assaults will have to be anticipated and thwarted in an unrelenting struggle. Active thought will have to be given to the protection of the freedom of political communication, which is essential to representative democracy, and which has come to be a constitutionally enforceable right.

Our intelligence, security and law enforcement agencies, graced with powers that only Parliament can grant, and continually supervised in the performance of their functions, will have to wage an unceasing war, especially in the cyber shadows, against attacks on democracy that will become more pervasive — some driven by nihilism, and others by sinister statecraft, born of geopolitical motivations. We will have to construct ever-stouter defences against the dark arts of disinformation and political warfare.

As we look ahead, one thing can be certain: the public service as the continuous component of the state will be at the service of the nation. The past is not 'dead'. Rather than ignoring our institutions, or allowing them to corrode through indifference, we should see them as sources of strength and stability, and we should rededicate ourselves to passing on their precious wisdom.

Perhaps rather perplexingly, I mentioned dictatorship during this lecture. In this age, it would not be far-fetched for us in the West to pause to reflect on the historical lessons of other eras and draw inspiration from those who have in times past fought to defend democracy. They did so because they carried in their hearts and minds the assumed values and assumptions which constitute the deep corpus of democratic thought and sentiment. In February 1935, Winston Churchill published an article entitled 'Why Not Dictatorship?'. In it he argued against those in Europe, and Britain, who were at that point inclined to advocate for illiberal dictatorship, as a solution for the social and economic ills of the post-Depression era.

Churchill would have none of it. He argued that democracies must fight against this 'loose talk of dictatorships and one-man power', and that society must be protected from the malice of such rulers. Churchill argued that democracies must guard with the utmost vigilance the '... inviolability of even the humblest home; the right and power of the private citizen to appeal to impartial courts against the State and against Ministers of the day; freedom of speech and writing; freedom of the press; freedom of combination and agitation within the limits of long-established laws; the right of regular opposition to government; the power to turn out a government and put another... in its place by lawful, constitutional means; and finally the sense of association with the State...'. Churchill was a great parliamentarian, first and foremost, and from that flowed all of his achievements, including his most glorious ones. And the greatest lesson from this greatest of democrats? Democracy is an outlook before it is a law, an instinct before it is a rule, a tradition before it is a procedure.



The audience applauds Michael Pezzullo

I doubt that dictatorship could arise in the hallowed democracies of the West, except to say that in a world where nothing is 'True' and everything appears possible, who can say for certain. In an era of rage and discord, we have to trust our institutions to bear the strain and stresses of the age. I should certainly like to think that our institutions and, in Australia at least, our culturally-ingrained scepticism would safeguard us. Vigilance might nonetheless be in order.

Optimistically, I end on this note. Robert Garran called his memoirs *Prosper the Commonwealth* (1958). If you examine his legacy, you will find someone who was utterly dedicated to public service, in the purposive sense that I have chosen to emphasise. In the sense of being embarked on nation-building, and using the powers and capacities that are intrinsic to our nationhood to advance the common-wealth, to secure the

nation and protect the Constitution, and to unify the people, while respecting their democratic right to differ. It was with more than half an eye cast in his direction that we chose the following purpose statement for the Department of Home Affairs, a departmental title known unto Garran: our purpose statement being **Prosperous// Secure//United**.

As we face another review of the Australian Public Service, it is to be hoped that a substantial reform agenda will emerge, and one which moves beyond the soul-less focus of the managerialist frame of some earlier efforts — an ideology which would have been unfamiliar to our forebears, who knew only active and purposeful public service which, when properly partnered with the political executive, was dedicated to wielding for the common good the full powers and capacities of the nation.





IPAA ACT CONFERENCE

NATIONAL BALLROOM
HOTEL REALM, CANBERRA
WEDNESDAY 7 NOVEMBER 2018

FUTURE PERSPECTIVES

KERRI HARTLAND

SECRETARY OF THE DEPARTMENT OF JOBS AND SMALL BUSINESS

'We need to ensure we're looking at our own on-the-job training in our departments, and throughout the APS, and apply the lessons we are promoting to others.'

I'm pleased to have this opportunity to share with you my thoughts on how we can work fit for the future. It's a topic that should be of interest to all of us.

My take-home message for you today is this: continuous skilling and upskilling in your present job is key to remaining competitive and employable into the future. I want to talk about fit-for-the-future as it relates to employees, employers, what the Australian Government is doing to ensure our workforce maintains its skillset, and how that also translates into the skills and actions we need in the Australian Public Service (APS).

Employees have access to billions of dollars in formal education and training. Governments of all persuasions, and at all levels, rightly invest a lot of money in this area. Education is particularly accessible and affordable to younger Australians, people studying for the first time. Older workers, however face different financial and non-financial barriers: these often relate to finding the time and the space to study as our worlds become more complex, and family commitments take over. People who wish to have longer working lives will need to keep updating their skillsets to ensure they remain relevant to the jobs of the day. You will be ahead of the pack and enjoy longevity in your working life if you continually renew and refresh, and diversify your skills. This will indeed be necessary, particularly as technology brings new changes into our workplaces. It also makes you more marketable for a wider range of jobs.

When I was studying to be a journalist never did I imagine that there would be a job called 'social media manager'. My daughter in fact was amazed when I dug out a typewriter last night. She was so thrilled, and I said, 'No, you can't touch it until after exams', but she said, 'Oh my gosh, you used that thing?'. When I worked in the Federal Parliamentary Press Gallery early on in my career never did I think that any job would threaten to become more important than the traditional journalist role of sharing information with the public. Well, how wrong I am. How about your favourite barista or personal trainer?

Who would have thought that those careers existed, and there would be so many of them in demand today?

Change has been a constant part of our workplace. I think of numerous senior people I've worked with in the past, who had a computer on their desk merely for decoration. Now I do virtually all of my work, either inside or outside the office, pretty continuously online — and I'm sure all of you do too. People who fail to renew, refresh, and diversify their skills are at greater risk of being left behind, potentially competing for lower-skill jobs, and becoming redundant or sliding into early retirement.

For me, it's less about a change in occupations that we're seeing, but more a change and enhancement in tasks. You might have heard Jennifer Westacott's speech last week to the National Press Club. She pointed out a few of the things that I was going to point out today — that access to adult education and training may be limited for those most vulnerable to structural change in the economy: existing low and medium skilled workers; those working in small and medium enterprises, including, importantly, the self-employed; and those living in regional and remote areas where alternate work opportunities can be scarce. Data shows us that those who are at the lower end of the skill spectrum are least likely to engage in job-related education and training. Put simply, those most in need of training receive the least amount, and it's a worldwide trend.

This is really significant in so far as the majority of workers that Australian businesses will rely on for the future workforce have already completed their initial education and training. As of May this year, 43 per cent of our workforce were in occupations commensurate with the two lowest skill levels: Certificate III or lower. Couple this with demographic trends that will see people having potential working lives of 50 or 60 years, and you can quickly identify some of the policy challenges that we have.



Left to right: Kerri Hartland, Professor Elanor Huntington, Hannah Wandel and Dion Devow

Employers, industry bodies and departments will need to plan for their future workforce needs. For many small and medium-sized enterprises this may not be the first order of business on any given day. There are customers to attend to, jobs to complete, and someone has to ensure there is enough money coming through the door to pay the rent, utilities, and wages. However, for all of us, an appropriately skilled workforce will not only enable increased productivity, but also provide opportunities for new and improved products and services.

The data is telling us that we need to invest more in the upskilling and reskilling of workforces. Work-related training in the economy is falling across all age groups, and worryingly this decline is greater for older workers and those in low socioeconomic groups. For example, quoting Australian Bureau of Statistics data, only 17 per cent of people in the most disadvantaged socioeconomic group were engaged in work-related training in 2016–17.

That was down from 25 per cent in 2005. It's a big drop. By comparison 24 per cent of the least disadvantaged (or the most advantaged) group were engaged in workplace, workforce training in 2016–17, and that was down from 43 per cent in 2005, an even bigger drop. There's a clear correlation that we're seeing between business size and work-related training, with self-employed and small business employees receiving the least amount of work-related training compared with other groups: 15 per cent for small and medium-sized enterprises, and 30 per cent in others.

Workforce planning is critical for growing or contracting industries, and with effective planning businesses can take advantage of new growth opportunities and lessen the impact on workers that are undergoing job transitions.

Every Australian Government department and agency is responsible for addressing the policy implications associated with the workforce and the workplaces of the future, and understanding the implications for our own workforces.

The challenge we face is to connect two different policies that support life-long learning: one that supports embracing technology, and hence global competitiveness; the other that supports the most vulnerable people to gain the skills they need for the jobs as they evolve.

Let me assure you that departments are working together effectively on these issues in a way that I haven't seen before. This is both a necessary, and also a positive thing. I think sometimes people are surprised at how much time secretaries spend working through these issues, and we need to ensure that work is visible and flows through our organisations. At the departmental level we're seeing an ongoing need to respond to new evidence about the changing nature of work, and there's been an increased emphasis in recent years on a whole-of-government approach to implementing policy. For example, my department works closely with the Department of Education and Training on the skills checkpoint for older workers, which the government announced in the Budget this year. The program gives older Australians access to increased support to upskill for transition into new roles and careers. That checkpoint cuts in at 45 years. My department delivers the skills and training incentive element of that program. It does show the need for early training and early transitioning.

We can also steer financial and behavioural changes to embed new practices that value reskilling and upskilling. My department's policy has been on developing targeted interventions to assist cohorts to enter the labour market, remain connected to that labour market, and gain the skills they need as jobs evolve. As part of the Youth Jobs PaTH program, young people receive what we called employability skills training, or EST. It's part of a 'prepare' stage of this program, which is a \$760 million government investment to help young people into employment. What it does is equip participants with the so-called soft skills that are necessary to hold down a job: how to behave at work; what to do or not to do; how to dress; when to use your mobile phone; and preferably when not to. It's the issue that I hear most about from employers as I travel around the country.

Similarly, we are assisting older workers looking for work. The Career Transition Assistance Program provides assistance to help older Australians gain the contemporary skills they need to move into ongoing employment. Participants attend one or both of two career transition programs around tailored assistance and functional digital literacy. They also have an opportunity to work alongside other mature age people looking for work, led by a facilitator experienced in career coaching and professional development. We're also targeting assisting businesses and individuals in certain regions to adjust to structural change, and transition into new jobs, such as we saw with the decline and eventual closure of Ford and Holden car manufacturing in Australia.

These efforts have taught us an important lesson about early intervention: that early intervention delivers much better than if we wait for the last minute. Long-term strategy and collaboration is key. Partnerships between government and business, NGO's, and others can deliver more sustainable economic development and better job transitions. For example, the Advanced Manufacturing Growth Centre has studied the needs of the sector and forecast growth in higher- and middle-skilled roles in R & D, production, logistics, and sales, and a fall in low-skilled roles, particularly in production. It's up to all of us, government and industry, to assist those in lower-skill and declining roles to develop their credentials and transition into more rewarding and stable roles.

Life-long learning is a means of raising living standards; it can support improved productivity, and participation in the workforce and society. Employment and the ability to skill and reskill are important for achieving these outcomes. Enabling people to invest in life-long learning — that's continuous learning — and manage job transitions will empower them to pursue new opportunities for growth and development. But ongoing learning requires a cultural shift and a new mindset, one where the workforce embraces new opportunities and learns to seamlessly change.



A member of the audience poses a question

How do we apply these in the APS?

Three questions I'd like to leave you with:

- First, are we thinking enough about our workforce needs in the future in line with these trends I've outlined?
- Second, do we have enough flexibility and agility to adapt to changing demographics, and factor in life-long learning in the APS?
- Finally, are we looking enough in the mirror at the utilisation of programs that we developed for the broader economy and applying them in our own departments?

Change is ongoing in our workplaces and planning will be the key. We need to do our best to anticipate those changes so we are in the best possible place to satisfy the complex policy and delivery challenges that workforce changes will bring. We also need to ensure we're looking at our own on-the-job training in our departments, and throughout the APS, and apply the lessons we are promoting to others.

'People who fail to renew, refresh, and diversify their skills are at greater risk of being left behind, potentially competing for lower-skill jobs, and becoming redundant or sliding into early retirement.'





IPAA ACT CONFERENCE

NATIONAL BALLROOM
HOTEL REALM, CANBERRA
WEDNESDAY 7 NOVEMBER 2018

FUTURE PERSPECTIVES

PROFESSOR ELANOR HUNTINGTON

DEAN OF THE COLLEGE OF ENGINEERING AND COMPUTER SCIENCE,
AUSTRALIAN NATIONAL UNIVERSITY

'Interestingly across all of the work that people have done around creativity they have found there is an emerging theme, which is that creativity tends to rest on four things: deep expertise, divergent thinking, motivation, and confidence.'

I'd like to begin by acknowledging the traditional owners of the land on which we meet, the Ngunnawal people, and pay my respects to their Elders, past, present, and emerging.

My name is Elanor Huntington, I'm the Dean of the Australian National University (ANU) College of Engineering and Computer Science, and I need to start today's presentation by saying that I have no idea what I want to be when I grow up, and in fact I never have. That caused no end of consternation when I was a kid, when I was having conversations with grown-ups, who persistently would ask me exactly that question. I used to engage in a whole bunch of entirely conflicted conversations with these grown-ups, and I have variously professed an interest in being a genetic engineer, an accountant, an astronaut (although that one was real), and an astrophysicist. What tied all those together was that I was reaching for the things that I instinctively knew I was good at, which was science and maths. The other thing that tied them all together was that I actually had no interest in any of them except for being an astronaut. That, I think, will give you some context for where I'm going in this particular conversation. I'm going to touch on a number of very similar themes to the ones that you've already spoken about. However, I'll come at this from a somewhat different direction.

I want to start by talking about notions of creativity. In the 1970s psychologists were interested in understanding the nature of creativity. One experiment they did was to take 30 fine arts students, lock them in a small room with a bunch of objects and say, 'Make something'. Then they just watched them. The students very quickly sorted themselves into two different groups. There were those that took all of the objects, looked at them, scratched their chins for a bit, and then just made something, and the psychologists called them problem-solvers. The other group looked at the objects, sorted them, didn't like that sorting, unsorted them, re-sorted them, and then generally fuffed around for about an hour, and then finally made something in the last 10 minutes; and the psychologists called them problem-finders, as opposed to me who was a problem-maker. Then the pieces of work were independently judged for creativity, and they found that the artwork made by the problem-finders was generally regarded as more creative than that of the problem-solvers. Then they circled back 10 years later, and looked at career success as judged by how frequently the artists were hung in really good quality galleries, the average sale price of their pieces of work, and so forth. Again, it was found that the problem-finders were generally considered to have had better career success than the problem-solvers.

'So, what is the right kind of problem-finder these days? It is going to be somebody who can go all the way down deep into the details of a particular domain, as well as zoom all the way back out again and take a helicopter view, and understand how they all pull together.'

The question I want to pose today is: 'What is the right kind of problem-finder for the middle of the 21st century?' Interestingly, across all of the work that people have done around creativity they have found there is an emerging theme, which is that creativity tends to rest on four things: deep expertise, divergent thinking, motivation, and confidence. I'm going to keep coming back to these ideas of problem-finding, the 21st century, and those four areas because that's what we need to be thinking about as we move into the middle of the 21st century.

It might not surprise you to hear that I'm going to suggest that we don't have enough of the right kinds of problem-finders for our day and age. If you look at what's going on in the world at the moment we've got climate change; we have mass urbanisation — by 2040 six billion people are expected to live in an urban environment. We've got mass unemployment all around the world, particularly amongst young people, as well as, paradoxically, tremendous skill shortages in particular areas including engineering and computer science. We've got ageing populations. We've got wearable technology. We've got probably the beginning of the rise of mass antibiotic resistance. We've got software which is going to eat the world, and destroy swathes of jobs, at least that's what people think, and of course killer robots who are about to escape into the wild. The question that we need to ask ourselves is, 'What do we do about that?'

The interesting thing, the thread that unites all of these grand challenges is that we're talking about large scale heterogeneous groups of people whose actions and interactions are mediated by the digital and physical world in which they live.

So, what is the right kind of problem-finder for these days? It is going to be somebody who can go all the way down deep into the details of a particular domain, as well as zoom all the way back out again and take a helicopter view, and understand how they all pull together. If you think in terms of creativity, then that's going to require a different type of deep expertise, it's going to require a different set of motivations, and the confidence to do it.

Let me give you a specific example coming from my world. These days civil engineers don't spend a lot of time calculating how strong a railway girder needs to be. We've got computers that do that these days, so what they do is spend much more time figuring out how to get a couple of million people home safely in half an hour after work, from one side of a city to another. Now play the tape forward 10 years, and we're talking about possibly 50 million people home safely from one side of the city to another. At the same time the electrical engineers are working out how to do dynamic delivery of electricity, not just to the railway station or to the railway network, but to the whole city, and possibly the whole continent. At the same time the medicos are working out how to do in-home delivery of healthcare, based on Twitter usage.

We just don't have the kind of people who can think about all of that at once in their own heads, at the moment. That's the sort of thing that we need to be starting to think about. What's that going to mean? I'm an engineer, I like finding and then solving problems not just making them, so my suggestion is that we need to start to think about a different way of taking a journey through life. This comes back to my original comment that I still have no idea what I want to be when I grow up.

I had a little moment just now when I was told in no uncertain terms that I'm no longer representing the youth voice in our discussion. That's okay. I'll just point out that when you get to a particular point in your career you tend to look back and think about leaky pipelines — in my area in particular we talk a lot about the leaky STEM¹ pipeline, but everybody talks about leaky pipelines. Now that's been a useful metaphor because it makes people start to think about why people leave a particular profession. But it has limited utility because it drives a very particular way of thinking about things. You spend all of your time trying to figure out where to stick your fingers in the holes to stop people leaking out of the pipeline, and this stops you asking fundamental questions such as, 'Why are they leaking away?', 'Where are they going to?', and most importantly, 'How do you get them back?'

1 STEM — science, technology, engineering, mathematics

IPAA ACT CONFERENCE: FUTURE PERSPECTIVES

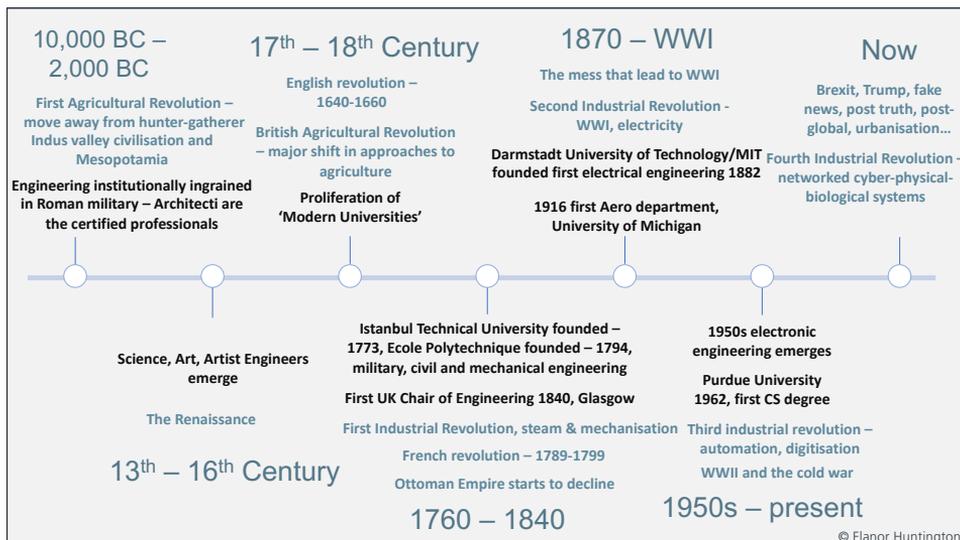
PROFESSOR ELANOR HUNTINGTON

Dean of the College of Engineering and Computer Science,
Australian National University

I think we need a different metaphor, and I think the different metaphor needs to be the map of the London Underground, the idea being that you can start anywhere and you can end anywhere. Then our job becomes: 'How do we sort a little bit of order into the chaos, and allow people to find their own journey through their own lives, to get from wherever they're starting to wherever they want to be, even if at the start of that journey they don't know where they want to be?' Then part of our job is to figure out how to create all of the route, all of the switching stations so you can get off at one track, walk over to a different platform and get on to a different track, if that's what you want. That is a much, much bigger challenge than a single university can deal with, so I'm going out and telling as many people about this metaphor as I can; because this isn't just a university, in fact this is bigger than the whole higher education sector. This needs the entire educational system to work. More importantly it also needs the entire employment system to engage in this way of thinking about things. If we can actually start to work through that, then we start to get somewhere kind of interesting.

Now I'm going to leave you with one last thought. If you look through history for moments-in-time of simultaneous economic, technological and societal disruption, you **can** find those moments. If you then overlay the birth of engineering disciplines, you discover a bunch of things, one of which is that engineers save the world! But those moments-in-time of disruption do actually correspond to the emergence of engineering disciplines, and the reason is that engineers are the ones who bring together people, technological systems and science. Engineers are the ones who balance technical risk with technical opportunity.

I'm going to give you just one particular example. Historically there's a bunch of really interesting things to talk about here, but I'll go for the birth of mechanical engineering. That came around about the time of the emergence of the first industrial revolution. At that time steam engines were known to be this really cool piece of technology, and they just did amazing things, and it kind of escaped into the wild and people started building stuff. That stuff was for a while seen as having tremendous technological opportunity, but it was also dangerous — people died.



Economic, technological and societal disruption and birth of engineering disciplines

There were also genuine concerns about larger issues, for example people were genuinely concerned that if you travel faster than the speed of a horse your internal organs would explode. It was also the moment in time coincident with one of the waves of massive urbanisation. It was the moment in time when people started working outside of the home. It was the moment in time when women got two jobs, one at home and one at work.

Interestingly, France created the École polytechnique to bring mechanical engineering to post-revolutionary France, as a means of stabilising the country, as a means of doing nation-building, and as a means of stabilising the economy as well.

Play the tape forward a little bit, where do we stand now? I argue that we stand at such a moment in time again. If you think about what's going on in our world at the moment, we've had Brexit, Trump, fake news, post-truth; we're starting to see post-globalisation; we've got killer robots about to escape into the wild; we've got the massive economic and societal disruption that's coming from software.

We, I believe, need another one of these engineering disciplines to emerge. This one will be the one that does two things, one of which is that we need to start to elevate the traditional engineering disciplines to look at this system-of-systems level, and the other is to create a whole new discipline, which is to bring about tame AI — basically tamed artificial intelligence. Because we, for the first time, are inside a massive socio-technical system. So at the ANU that's what we're doing right now. We can't do this alone. And anybody who wants to roll up their sleeves and have a go at it with us, this is an open invitation to join us.



Nina Terrey and Professor Elanor Huntington during the panel discussion





PAA ACT CONFERENCE

NATIONAL BALLROOM
HOTEL REALM, CANBERRA
WEDNESDAY 7 NOVEMBER 2018

A VISION FOR AUSTRALIA'S PUBLIC SERVICE

DAVID THODEY AO

CHAIR OF THE INDEPENDENT REVIEW OF THE
AUSTRALIAN PUBLIC SERVICE

'You, the APS, carry the baton for what is now a 117-year tradition of service to our people and nation. It is a privilege to experience the extraordinary depth of passion and commitment displayed cross the service as we have started this review.'

INTRODUCTION

I would like to acknowledge the traditional custodians of the land we meet on today and pay my respects to their Elders past and present. I also want to extend that respect to all Aboriginal and Torres Strait Islander peoples.

My thanks to Drew Baker and the Institute for giving us this platform to reflect on the future of the Australian Public Service (APS) — an institution that has contributed so much to our society, economy and democracy.

I would also like to thank:

- conference chair and host Carmel McGregor
- Secretaries Renée Leon, Steven Kennedy and Chris Moraitis
- Director General and head of the ACT Public Service Kathy Leigh
- Australian Public Service Commissioner Peter Woolcott
- my review colleagues including Gordon de Brouwer
- all of you for the time you are investing in thinking about the future of your sector.

You, the APS, carry the baton for what is now a 117-year tradition of service to our people and nation. It is a privilege to experience the extraordinary depth of passion and commitment displayed across the service as we have started this review. It really is quite remarkable and inspiring.

However, all large, complex organisations around the world are experiencing a period of change. This is often described as a period of 'no ordinary disruption' by the commentators, driven by many external factors. The APS is not immune to these pressures. While it has performed well in the past, it must continue to reinvent itself if it is to deliver on its mission. We need a confident, independent and impactful public service!

When I started this review and when I spoke to the Prime Minister at the time, the comment was made that the Australian Public Service is not broken. It's not that we're trying to fix something that is fundamentally not working. Our work to date has validated this. We've uncovered significant optimism and capability across the service — but there is also a vein of frustration.

The roughly 700 submissions¹ covered a wide range of issues:

- purpose and culture
- outcomes and people
- how the service is valued or not valued
- skills and capability
- leadership
- expertise
- and the difficulties of remaining responsive and inventive.

The submissions also made it clear there are many challenges, frustrations and inefficiencies. These include:

- a lack of confidence in parts of our organisations — that is, lack of confidence in the recognition of what the group did and how it was recognised both within the political context and by the citizens of Australia
- a disparity or misalignment in some of our priorities
- a sense of not always meeting potential or fulfilling expectations
- fragility in many of our relationships with stakeholders
- a struggle to find and hold onto good people
- and too many barriers to success at an operational level.

What is encouraging is the willingness of the public service to identify these challenges, confront them and propose new solutions. This is an essential part of remaining relevant and impactful.

1 Independent Review of the APS, 'Submissions': <https://contribute.apsreview.gov.au/submissions>



Renée Leon PSM, Peter Woolcott AO and David Thodey AO during the panel discussion

I am going to discuss four areas today:

- some considerations in navigating the future
- a vision for the APS
- some thoughts on how to realise that vision
- the review's plan of action.

NAVIGATING THE FUTURE

I'll start by talking about the long term — because the next two decades are guiding this review.

I understand this morning you looked at the domestic and international trends that will shape our lives in 2030. Our review commissioned some work on how possible scenarios might play out,² which shortly we will publish on our website.

As you know, it's very difficult to predict the future but we do know some external realities:

- populations are shifting in location, number and age, domestically and globally
- the resources we need are scarcer, yet more in demand

- power is converging in different parts of the world while simultaneously becoming less centralised.

To these changes in our society and geo-politics, we add:

- growing public expectations of government
- advances in technology, data, computing power and online threats
- new jobs and different ways of working.

While scenario planning cannot predict the future, it is a powerful tool to work through unknowns and overcome our tendency for short-term thinking. Here are some glimpses of the possible futures we have thought about:

1. A world in 2030 where disruptive technologies have developed at an accelerated and exponential pace, where huge leaps in quantum computing, artificial intelligence (AI) and blockchain see Australians embracing the possibilities these offer their lives.

2 Independent Review of the APS, 'Imagining the future': <https://www.apsreview.gov.au/news/imagining-future>

'World-class is more than a metric. It's an attitude, a disposition, an outward focus on the people we serve — a curiosity to learn and a push for continuous improvement. In pursuing excellence, we should of course measure ourselves against others and that's why we are looking to other Westminster systems.'

2. How about a world where people have lost further trust in big institutions and old established brands — preferring to reconnect with their local communities, embracing place-based approaches, buying local and relying on tailored services?
 - embracing data and analytics at scale
 - deploying specialist talents to tackle specific problems
 - working across organisational boundaries and subject areas — how do we build organisations that are more agile where organisation boundaries are not the defining constraint?
3. Or a world where global instability increases at all levels — political, economic, environmental and social — causing all nations to turn inwards rather than outwards? Where caution and conservatism around data and cybersecurity slows the rate of technology adoption. We've seen some of the signs of this already.
 - boosting openness, transparency, ethics and pursuit of the public interest
 - demonstrating people come first.

We know the APS is working on many of these areas already — in a way there is nothing new. So what can we do to help further these ends?

Each of these futures poses challenges and opportunities for the APS. Each would demand an APS that looked and functioned quite differently to what it does today. That's why the concept of fit-for-purpose is so important.

A VISION FOR THE APS

A number of people have set out their compelling visions for the APS recently.

Such scenarios reinforce some clear 'no-regrets decisions' for the public service, including:

I agree with the Minister's hope for a public service which is enabled to do a good job and advances the interests of Australia and Australians.³ Effectiveness, efficiency and productivity are good measures.

- focusing and making the most of finite resources
- tailoring solutions for people and places, greater personalisation of services

3 Senator Mathias Cormann 2018, 'Address to the Australian Public Service', APSWide Conference, Canberra, 10 October 2018: <https://www.financeminister.gov.au/speech/2018/10/10/address-australian-public-service-apswide-canberra-conference>

I also like the Shadow Minister's recent description of 'clear eyes, cool heads, corporate memory, policy courage'.⁴ It's so evocative of what our public service can and should be.

I applaud the Public Service Commissioner's vow to maintain the service as the 'beating heart of good government'.⁵

And just last week, one of your secretaries provided us with a very timely and insightful reminder of the historical context for the APS⁶ — the very foundations of your work.

Each of these perspectives is relevant to this review.

I see a strong future for your profession. A future where you can be all you wish to be — forward looking, respected and impactful, delivering the highest quality work, engaged and motivated to deliver great outcomes.

Today I would like to lay out our initial thinking of the vision this review has for the public service. There are five characteristics or themes that we are focused on for 2030 and beyond.

The five themes are:

1. A strong APS united in a collective endeavour
2. A world-class APS in its policy, regulation and delivery outcomes
3. An APS that is truly an employer of choice
4. An APS trusted and respected by its partners
5. An APS renowned for using dynamic, digital and adaptive systems and structures.

So the big question is — how do we make these aspirations a reality by 2030?



David Thodey AO delivers an address at the IPAA ACT 2018 Conference

REALISING THIS VISION

These themes are designed to take us away from inputs and outputs, the constant 'you should do x and y' advice so often given to the public service.

In these five aspirations, we describe a future state which — if consistent and pervasive — would allow you to make a difference, to step in and perform to your potential.

We will use this framework to consider our recommendations and these recommendations will fall into two different areas. They are likely to include actions for the public service, as well as legislative or other changes for government.

Of course these attributes are not set in stone. We are only six months into this review, and we do not report until the middle of 2019.

4 Jim Chalmers MP 2018, The 'Labor and the public service', Address to ANZSOG and ANU Crawford School, 9 August 2018: <https://www.jimchalmers.org/media/speeches/labor-and-the-public-service/>

5 Peter Woolcott 2018, 'Where to for the Australian Public Service', Address to the APSWide Conference, Canberra, 11 October 2018: <https://www.themandarin.com.au/99870-peter-woolcott-where-to-for-the-australian-public-service/>

6 Michael Pezzullo 2018, 'Prosper the Commonwealth: The Public Service and nationhood', in *IPAA Speeches 2018: A Year of Public Sector Speeches*. Institute of Public Administration Australia ACT Division, Canberra pp. 114–25

But they are our overall direction and themes that we are adopting to help us explore big ideas that can drive real, sustainable change. Let's look at each one.

United in a collective endeavour

The first — united in a collective endeavour — is about a clear purpose and clarity of roles which unites the whole APS. This asks, Why are we doing this? How are we delivering on our current legislated objective — serving the government, the Parliament and the Australian public? It goes to fundamentals — culture, behaviours and just how aligned we really are to the APS values.

Leaders play a major role in getting people on the same page. Secretaries and board and agency heads bring to life the 'one APS' enshrined in legislation. Other parts of the public service have crucial roles to play — whether central agencies, line departments, the Australian Public Service Commission (APSC), or the many portfolio bodies. This is a whole ecosystem which needs to be driven by a common purpose — perhaps a new, clear purpose statement, owned and lived across the whole APS, with decision-making arrangements that deliver 'one APS'. A clear purpose must reference a transparent, accountable performance framework that entrenches stewardship and drives the behaviours and outcomes we all seek.

As for a focus on the people, Australia's first public servant Sir Robert Garran knew they were the main game from the start. 120 years ago, he wrote:

The nation will be a nation, not of clauses and sub-clauses, but of men and women; and the destiny of Australia will rest with the Australian people rather than with the Australian Constitution.

In drafting the Constitution, Garran's fingerprints are on the birth of this nation and his work has served us well for over a century.

World-class performance in policy, regulation and delivery

The second part of our vision for Australia's public service in 2030 is world-class performance in policy, regulation and delivery.

This goes to the heart of what you actually do, and the quality of what you produce and implement. In part, this stems from the rest of our vision. You don't get great performance without empowered and courageous leaders, a high calibre workforce and modern work practices.

'At least some of the answers lie in our authorising environment, the incentives and the disincentives — some explicit, others implicit — which underpin the current APS. In the coming months we are committed to unpacking these basics and reframing them in the context of a public service that is fit-for-purpose in the decades ahead.'

World-class is more than a metric. It's an attitude, a disposition, an outward focus on the people we serve — a curiosity to learn and a push for continuous improvement. In pursuing excellence, we should of course measure ourselves against others and that's why we are looking to other Westminster systems like Canada, Singapore, and the United Kingdom. But at the end of the day, the only measure of success can be results. As one workshop participant told us, the aim is to 'deliver services as if your customer had a choice'.

We need agreed ways of evaluating performance and results. We also need to build skills, capability and expertise, and we need to assess the extent to which the APS is truly fulfilling its aspirations as a profession with common and consistent standards. What could an APS version of the UK Civil Service Policy Profession look like? Could we take the 'Academy' model and apply it right across the service? Would that develop the capabilities needed?

APS as an employer of choice

The third part of our vision for the future of the Australian public service is being an employer of choice.

Public service is valuable and valued work and must be seen as such — both within the service and by those outside it. It should continue to be a home for some of our best and brightest people. The question is: How do you attract, nurture and keep the people you need? Is there an employee value proposition that will be compelling to the graduates and mid-career professionals who will become senior leaders in 2030, and what capabilities will we need? This means investing in the necessary resources to develop our people. If you don't invest in something you don't get a return — it's that simple.

So we're interested in terms and conditions, recruitment processes, and developing, training and managing people. How should the public service reflect the diversity of the people it serves? How will you draw on your people and outside help to meet your objectives in 2030?

And what would it take for the APS to become more porous, with people moving in and out during their careers, bringing expertise and insight from other sectors?

One workshop attendee described his public service employment as 'started by chance and stayed by choice'. It's an insight into how fulfilling they find their work and a vote of confidence in what you have to offer.

But even as an employer of choice, the APS does not stand alone. You stand within the bigger context — the private sector, academics and not-for-profits. You stand within society. So you need to be able to engage actively and well with all your stakeholders, which brings me to the fourth quality which is a public service that is trusted and respected by its partners.

The APS as a trusted and respected partner

We've chosen the word 'partner' deliberately. It applies to the relationships between the public service and the people and organisations you need to inform, support, implement, or benefit from your work. In this group, we include:

- the Parliament, elected representatives, ministers and their staff, the government of the day and governments of the future
- your peers in other levels of government
- non-government organisations such as business, academia and charities
- the broader community.

We want to set out what genuine 2030 partnerships would look like with each of these groups, developing and delivering workable and successful outcomes for the Australian people. What would encourage collaboration, clever compromise and clearer understanding of each other's capabilities and constraints? And how does partnership look in different contexts, for example with a policy department versus a regulatory agency, or in the large delivery departments?

There is real equality in the open and free sharing of ideas. It's a process that shuns status and embraces curiosity and debate. One workshop participant suggested the APS should facilitate rather than lead discussion on important issues.

It's interesting also to reflect on how trust has manifested previously. Let's consider the critically important partnership with the government of the day. Australia's longest serving Prime Minister Sir Robert Menzies had a great relationship with the public service. An economic adviser who served a number of prime ministers said Menzies spent more time with the public service than with his ministers. A secretary of his department referred to the relationship between the public service, Menzies and his ministers as 'an integrated enterprise' which 'led to much of the achievement of the whole Menzies period'.

Go forward 20 years to when Bob Hawke was in the early stages of a prime ministership known for enduring reforms such as Medicare and floating the Australian dollar. It may not have been a coincidence that — as several people have pointed out to us — most of the ministers in that government had public servants as their chief of staff or senior adviser.

In serving others, trust is a foundation stone for good work. It is vital to government, but also underpins doing things differently. Global expert Rachel Botsman calls trust 'the conduit that enables new ideas to travel' and the 'social glue between the known and the unknown'. It is hard to forge a new path without it.

It's in this spirit of doing things differently that we come to the fifth and final characteristic for our future public service.

A dynamic, digital and adaptive organisation with agile systems and structures

This is about how you work. And how we must make it easier to be nimble and flexible while having clear processes, rules and approaches to risk — that enable not constrain.

It is a difficult balance. But it demands serious thinking about your current operating model, the rules around resources, your people and their incentives, how funding is allocated, and enablers such as digital systems and a healthy risk culture. Your job is to manage risk; it's not to avoid risk, it is to manage risk. The PGPA Act⁷ does provide an excellent foundation but it does not and is not a substitute for leadership or good judgement.

It also means acknowledging that, outside the APS, no one cares how many departments there are. No one knows what a 'MOG' is, or even which level of government is doing what. But people do care about the services they receive and the outcomes for the nation. They are interested in what we actually deliver.

Interestingly, a new take on the 'outcomes' focus has been deployed with some success recently in New Zealand and in New South Wales. We've seen their political level and public service focus on big social outcomes and economic outcomes that has rallied them to deliver things that work across multiple departments. I think it's a concept that is really worth looking at.

We're not the first to say that collaboration across the APS is vital to success. But how many times have we all seen that undercut by process, structures, funding or culture?

When it comes to systems — and you can never talk about the future of the public service without looking at information technology — how do we enable an environment where technology is just part of what you do? Not the end but the enabler of what you need to do. We all know that the world is changing quickly but we're still struggling with some of the policy settings. As an example, Australia's Secure Cloud Strategy⁸ found that our resourcing models don't support uptake for that service-based technology. Those sorts of barriers must go.

⁷ *Public Governance, Performance and Accountability Act 2013*

⁸ *Secure Cloud Strategy*: <https://www.dta.gov.au/our-projects/secure-cloud-strategy>

One public servant asked the review how we could shift a mentality that sees the APS continuing to use antiquated software because newer versions can be seen as extravagant. The judgement implicit in that word — 'extravagant' — is something we need to change.

CONCLUSION

We've spent the last six months listening, talking and thinking. Starting today we have opened the next phase of engagement for this review, which includes an online forum available on our website.⁹ There we will share the initial thinking of the panel on each of these five themes, starting with 'trusted and respected partner'. We'll share more of the research guiding our work as well.

By the way, 'trusted and respected' does not mean you always agree with somebody. In fact, it's how you have trust and respect when you disagree or you have a role that requires you to go against what their self-interest may be.

What we are looking for is your ideas on how we realise this wonderful future. And we'll be scanning for suggestions which are truly transformative. This change must stand the test of time. Plenty of ideas have merit but the bar we set is a direct contribution to the vision I've outlined today.

If we end up with a list of 50 recommendations that you have to implement, we will fail — because 50 recommendations will mean another committee to be set up to monitor the implementation.

What we need is big, bold ideas, but sometimes the big, bold ideas are really simple. Transformation does not necessarily mean revolution. The simplest ideas can change the world. We know there are many good initiatives already underway. We're not about reinventing the wheel. But we also know there have been many well considered ideas in the past. So we are looking at why they weren't implemented or fully realised.

It seems to us that at least some of the answers lie in our authorising environment, the incentives and the disincentives — some explicit, others implicit — which underpin the current APS. In the coming months we are committed to unpacking these basics and reframing them in the context of a public service that is fit-for-purpose in the decades ahead.

I encourage you to continue to advocate for your work and your craft. You can and should have these conversations with your peers and your organisation. Talk about what you can do differently because while reviews are important, it's actually the leaders in this room that make more difference than well-written reports.

I have great confidence in your future and you should too. We all need the APS to be confident, independent and impactful — as it has been for more than a century.



David Thodey AO takes questions from the audience

9 Independent Review of the APS, 'Have your say': <https://contribute.apsreview.gov.au/page/have-your-say>





GANDEL HALL
NATIONAL GALLERY OF AUSTRALIA
MONDAY 17 DECEMBER 2018

2018 ADDRESS TO THE AUSTRALIAN PUBLIC SERVICE

DR MARTIN PARKINSON AC PSM

SECRETARY OF THE DEPARTMENT OF THE PRIME MINISTER AND CABINET

'A cohesive and capable APS — confident in its values, clear in its purpose and proud of its culture — is my vision for the Australian Public Service.'

ACKNOWLEDGEMENT OF COUNTRY

Let me start by acknowledging the traditional owners of the land on which we meet.

Dhawra nguna, dhawra Ngunawal.

Yanggu gulanyin ngalawiri, dhunayi, Ngunawal dhawra.

Wanggarali-ji-nyin mariny balan bugarabang

In the language of the traditional owners, this means:

This is Ngunnawal Country. Today we are all meeting together on this Ngunnawal Country. We acknowledge and pay our respects to the Elders.

Let me extend this respect to all other Aboriginal and Torres Strait Islander colleagues here today.

INTRODUCTION

It is a great pleasure to be here with you this evening.

But, I don't think it's any exaggeration to say that 2018 has been another big year!

I want to thank you — the Australian Public Service — at all levels and everywhere you serve Australia, here and abroad, for everything that you have delivered this year. Year in, year out, you deliver notwithstanding what's happening around us.

I am immensely proud of the work that the APS does. Public service is a vocation.

I know that you might not hear this very often, but trust me — the Government and the Australian public are fortunate to be served by such a capable and motivated group of people. Not just those of you in this room but all the nearly 160,000 people of the Australian Public Service.

TRANSFORMATIONAL REFORM

As most of this audience will know, David Thodey, recently announced the APS Review Panel's vision for the APS in 2030 and invited public submissions. He called for big, bold ideas to make us as successful in the future as we have been in the past. But David was very clear in saying that the APS of 2018 is not broken, far from it, which is a point I have made repeatedly.

Many in this room have spoken on this issue, put in submissions, talked informally and agreed — the service is not broken. But all of us share the same view that transformational change is needed if the APS is to be fit for purpose for the future and ready to tackle the challenge that are coming.

So what does it take to transform an organisation?



Dr Martin Parkinson AC PSM
delivers his address



Left to right: Michael Manthorpe PSM, Dr Heather Smith PSM, Finn Pratt AO PSM, Peter Woolcott AO, Liz Cosson AM CSC, Dr Martin Parkinson AC PSM, Carmel McGregor PSM, Michael Pezzullo, Renée Leon PSM, Rosemary Huxtable PSM, Glenys Beauchamp PSM, Dr Michele Bruniges AM, Daryl Quinlivan and Rob Stefanic

GLOBAL FORCES, LOCAL CHANGES

Over the last decade there has been a lot of talk about change — how the world has and is continuing to change.

We are at the intersection of a number of big global dynamics — some new and some previously seen but interacting now at a more rapid pace:

- we’re seeing the reshaping of the post-World War II global power balance, the re-emergence of strategic competition but this time in our region — and that is going to change the environment we confront
- we’re seeing rising nationalism and the emergence of illiberal democracies
- we’re seeing structural adjustments as a result of globalisation
- seemingly ever more rapid technological advancement and an increasingly strident social media
- demographic trends and changing patterns of global mobility, which can be enriching but which are also stressing the social fabric of many countries
- a set of environmental pressures reflecting the impact of human activity on the planet.

In Australia, the effects of these changes are all around us.

- our region — where we do a significant amount of our business — is reshaping itself
- our economy is undergoing adjustment, some of it quite uncomfortable
- our cities are amongst the fastest growing in the OECD — too fast for some — but this trend is not being seen in parts of regional Australia where jobs are plentiful but workers are scarce.

These global and local changes — their shape, pace and trajectory — are creating deep uncertainty. They are creating uncertainty for communities, politicians and, if we’re honest, they are creating uncertainty for the APS.

And the way they are playing out can, and is, having disparate impacts — creating new opportunities, but also new pressures, some of which we can see and others that will only emerge in the fullness of time.

Understanding the impact and meaning of these changes is challenging enough, but the APS needs to respond to this rapidly changing environment in the context of declining trust in government and democracy more broadly.

‘The public mistrust our competence. This mistrust arises because governments — bureaucratic government — have failed to bridge the worrying gap between the sorts of services, interactivity and engagement citizens want and those that they receive.’

DECLINING TRUST IN GOVERNMENT AND DEMOCRACY

The Edelman Trust Barometer, which measures changes in levels of trust around the world, shows that over the past five years trust in all four key societal pillars — businesses, government, non-government organisations and media — has fallen.¹

Governments are now the least trusted institution in the world.

And Australia has recorded the lowest levels of trust in government and politicians since the introduction of time series data. If you take the data at face value, only Russians have lower trust in government than do Australians. When put like that, I have only one reaction, which is — really!

But rather than dismissing this out of hand, we should think of this as a wake-up call to the APS.

And don’t take this analysis the wrong way. This is not a party political phenomenon. The decline in trust is occurring across the globe and it is occurring in Australia and it is occurring irrespective of which side of politics happens to be leading any particular Western democracy.

The most worrying aspect of this trend is declining confidence in democracy itself.

The Pew Research Centre’s online survey found that in the USA there is broad support for making sweeping changes to the political system: 61 per cent say ‘significant changes’ are needed in the fundamental ‘design and structure’ of American government to make it work for current times.²

This trend — this decline in public confidence in democracy — is equally seen here.

In 2018, a Lowy Institute poll found that slightly less than half of Australians aged under 45 agreed that ‘democracy is preferable to any other kind of government’.³

So think of that — it means more than half of the population under 45 do NOT think that democracy is the form of government they want to live under.

I don’t know what they think is the preferred alternative, but I’m reminded of Winston Churchill’s statement that ‘democracy is the worst form of government except all those other forms that have been tried from time to time’.

1 Edelman Trust Barometer survey 2018: https://www.edelman.com/sites/g/files/aatuss191/files/2018-10/2018_Edelman_Trust_Barometer_Global_Report_FEB.pdf and Australian Values Study, ANU 2018: <https://www.srcentre.com.au/ausvalues>

2 Pew Research Centre Online survey: <http://www.people-press.org/2018/04/26/the-public-the-political-system-and-american-democracy>

3 Lowy Institute Poll 2018: <https://lowyinstitutepoll.lowyinstitute.org/democracy/>

CAUSES OF THE DECLINE

So what's driving this decline?

One hypothesis is that it's a response to economic conditions, particularly stagnating income growth and growing income inequality.

This might explain low levels of trust in the USA and the UK, where the effects of the global financial crisis have been felt deeply and over a long period of time.

But it does not explain declining trust in Australia, which has had a record 27 years of continuous economic growth.

And there's no evidence so far that we've experienced marked rises in income inequality — after taxes and transfers — unlike other comparable economies.

Over the past 30 years, income growth has been broadly similar across all household quintiles, in contrast to the United States where it has barely grown, except for those at the very top. And yet, even while wealth inequality (which is different to income inequality) has not changed that much in Australia over the last decade, we do know there are areas where disadvantage is entrenched. But that seems insufficient to explain why just five per cent of Australians believe they have personally gained a lot from our record stretch of economic growth.⁴

So, 27 years of economic growth and only five per cent of Australians say they have gained a lot from it.

Francis Fukuyama believes that democratic discontent relates in some way to the economic and technological changes brought about by globalisation. But, he argues it's also rooted in the rise of identity politics.⁵

Across Western democracies, the social cohesion that was once the foundation of political consensus is fragmenting and giving way to a cultural and ideological diversity so robust that it thwarts a common sense of belonging.⁶

Australians themselves say their lack of trust in democracy is being driven by eroding social values, immigration and globalisation.⁷

And disengagement increases the further you move away from central business districts.

In recent years, the majority of our population growth has been driven by our migration program, particularly skilled and temporary migration, and most of this growth has been in the major urban centres. Our biggest cities have become younger, more multi-ethnic and more skilled.

But areas that have not experienced the same type of population growth have become older and typically have lower household incomes⁸ — although admittedly housing costs in those areas are also cheaper.

But that isn't just a cities/regions divide. It is also occurring within cities. Within cities there are complex issues at play, particularly for those in outer metropolitan areas where there are higher concentrations of lower income households that are heavily reliant on government services.

4 Community Pulse survey by the Committee for Economic Development of Australia, April 2018: <http://ceda.com.au/Research-and-policy/All-CEDA-research/Research-catalogue/Community-pulse-2018-the-economic-disconnect>

5 Francis Fukuyama 2018, 'Against identity politics', *Foreign Affairs* (September/October 2018 issue): <https://www.foreignaffairs.com/articles/americas/2018-08-14/against-identity-politics-tribalism-francis-fukuyama> (Paywall)

6 Nathan Gardels 2018, 'Francis Fukuyama: Identity politics is undermining democracy', *Washington Post*, September 18, 2018: <https://www.washingtonpost.com/news/theworldpost/wp/2018/09/18/identity-politics/>

7 Edelman Trust Barometer 2018: https://www.edelman.com/sites/g/files/aatuss191/files/2018-10/2018_Edelman_Trust_Barometer_Global_Report_FEB.pdf

8 This emerging trend in Australia is similar to results seen in the USA. Kennedy, Steven 2018, 'Global challenges, regional consequences'. Speech to the Research School of Economics, Australian National University: https://infrastructure.gov.au/department/media/mr_270918.aspx

WHEN OTHERS DOUBT US, WE DOUBT OURSELVES

When our partners and the public doubt our capability and integrity, it is not surprising that we've come to doubt ourselves.

The public mistrust our beneficial intent — they doubt that we in fact intend to do the right thing. And they mistrust our competence.

David Thodey and Peter Shergold both report a 'crisis of confidence' in the APS.⁹

And this has been a clear theme in submissions to the APS Review and recent surveys of IPAA members — largely current and former public servants. According to a recent survey, disquiet about the future of the APS and anxiety over the retreat of liberal democratic traditions now plague more than two-thirds of the public sector's most motivated employees. For those of us who are secretaries and agency heads this should be really, really concerning. But it should concern us all as public servants. For those of us who are leading, we really need to ask ourselves — what is going on here?

This pessimism could not come at a worse possible time — when confidence in liberal democracy is at an all-time low and disillusioned voters are increasingly attracted to simplistic responses to complex public policy conundrums.

CONFIDENT IN OUR VALUES AND CLEAR IN OUR PURPOSE

So what do we do? How do we go from where we are today to become, as David Thodey suggests, a cohesive and capable APS — one that is confident in its values, clear in its purpose and proud of its culture and which is going to continue to evolve to meet the challenges that confront us?

As every management consultant will tell you, transformational change is not possible without a compelling vision and a powerful narrative.

For the APS, this has to be grounded in our contribution to Australia's democratic processes and, more than that, in a deep confidence in the profound worth of liberal democratic values.

'Machinery of government changes — the movement of functions between departments — should be undertaken judiciously, following careful consideration of the costs and benefits. Organisational restructures take time and energy to bed down. And for a substantial period, they turn organisations inward.'

9 David Thodey 2018, 'A vision for Australia's Public Service', in *IPAA Speeches 2018: A Year of Public Sector Speeches*. Institute of Public Administration Australia ACT Division, Canberra pp. 138–47 and interview of Peter Shergold by Jessica Irvine, 2018, 'The future fix, part 1: The policy chaos eroding our faith in democracy', *Sydney Morning Herald*, 19 November 2018: <https://www.smh.com.au/national/the-policy-chaos-eroding-our-faith-in-democracy-20181115-p50g8l.html>

These values inform our constitution and are given expression through our governing conventions, our legal frameworks and through our national institutions — our parliament, our judiciary and our public service. They are variously described but basically they include:

- freedom of speech, assembly and political participation
- rule of law
- respect for dissent and for the views of others
- mutual tolerance and acceptance of diversity and difference
- equality of the sexes and before the law
- respect for the individual rights and private property, and
- that uniquely Australian commitment to a 'fair go' for all.

These are the values that underpin Australia as one of the world's leading liberal democracies and multicultural countries.

Many of our core values are **actually about managing differences**. They are the norms, habits of mind and day-to-day practices that — over and above whatever differences may lie between us — keep us together, allow us to work through challenges, and set boundaries for what is and is not okay.

Significantly, they forge a shared interest in the prospects and fate of our nation.

Having shared values is not the same though as having a singular national identity. With almost half the country born overseas or having a parent who was born overseas, there is no one simple picture that represents all Australians.

In my mind, our national identity is open, tolerant and nourished by an undiminished confidence in the value of liberal democratic principles and institutions and, as such, it's a source of great strength and unity.



Left to right: Peter Woolcott AO, Carmel McGregor PSM and Dr Martin Parkinson AC PSM

It creates competitive advantages — for our prosperity, our cohesiveness, and our ability to knuckle down as a nation to tackle challenges together.

Diversity is undoubtedly a source of social and economic dynamism, but too much diversity on basic issues regarding commitment to the nation's underlying values becomes problematic.

As Peter Shergold has put to us:¹⁰

We need to proclaim that our commitment to a multicultural future is firmly grounded on distinctive liberal values...

These are the values of reason not dogmatism. They liberate knowledge. They are the foundation of human freedom, personal liberty and political pluralism.

Confidence in our values — as a public service, as Australians — brings clarity of purpose.

¹⁰ Peter Shergold 2015, 'Australia's multicultural future is a story in three parts', *The Conversation*, 26 November 2015: <https://theconversation.com/australias-multicultural-future-is-a-story-in-three-parts-51041>

2018 ADDRESS TO THE AUSTRALIAN PUBLIC SERVICE

DR MARTIN PARKINSON AC PSM

Secretary of the Department of the Prime Minister and Cabinet

An apolitical public service is, to my mind, one of the key institutions in our Westminster system. Like so many of the governing conventions, it's a core part of our constitutional order though its role is not itself set out in the constitution.

The APS is the custodian of continuity in administration. It's a repository of knowledge, administrative competence and policy capability. It ensures that newly elected governments have at their disposal an effective administration and policy apparatus that is immediately ready and able to implement its policies and spending commitments.

The APS contributes to the health of our democracy by supporting inclusive, reasoned and transparent public debate of policy issues, and it does that through strong engagement with our partners and the public. And we should not be shy about that.

Better evidence and greater transparency helps mitigate the power of vested interests, and makes it easier for government to listen to the full range of voices in our community and make decisions in the public interest.

This is why we, the public service, should be champions of evidence-based policy making. But as Gary Banks has urged, that requires both supply and demand for evidence-based policy making — we can provide the supply but others have to be willing to provide the demand!

The APS also has to contribute to the health of our democracy by guarding our independence and providing advice without fear or favour.

This means maintaining an equal commitment to all Australians — to making economic opportunities and government services available to Australians, whenever and wherever they may reside, to build fulfilling and self-reliant lives.

And we must help ensure the integrity of our electoral process by upholding caretaker conventions, through our independent electoral commission, and by the work of security agencies in countering foreign interference.

In short, I want you to walk out of here thinking and believing, as I do, that a rigorous and apolitical public service is part of the bedrock of democratic governance.



Dr Martin Parkinson AC PSM addresses the audience at the National Gallery of Australia

TRAINING FOR MINISTERS AND THEIR ADVISERS

While confidence in the integrity of our electoral process remains high, there are aspects of our democratic system where we, the APS, I believe have done too little to support it.

Our politicians and their staffers, whose actions and decisions have such important consequences for Australia, receive no prior training before taking up positions that are central to our democracy. Think about it — no training on the operation of government, their personal roles and responsibilities, or the separation between the apolitical public service and their own, correctly, political roles.

As a former senior minister once remarked to me, you can learn a lot about social and economic policy by being a parliamentarian and representing constituents — but beyond that it gets harder.

Many of the issues that ministers must deal with in the defence, international affairs and particularly the national security-related portfolios are necessarily opaque to outsiders — even those in the parliament. And it can be hard for staffers and new parliamentarians to know how to work properly and most effectively with the public service to implement their agenda.

Now I cannot conceive of any serious company or organisation where its senior leadership or its board would require people to take on important roles without at least some form of prior training. Indeed, it would seem quite bizarre to suggest this anywhere else. Yet this is the position in which ministers and their advisers find themselves. This is an area where I think the APS, if it took a sufficiently long perspective, could actually do better, and could help improve the functioning of our democracy.

And lest this be thought of as something quite radical — it's actually done in other jurisdictions — but it's something we in the APS shy away from offering our political leaders.

CAPABLE AND COMPETENT

Now as I alluded to earlier, the public mistrust our competence.

This mistrust arises because governments — and by governments I don't mean politicians, I mean bureaucratic government — have failed to bridge the worrying gap between the sorts of services, interactivity and engagement citizens want and those that they receive.

But all is not lost; we can build confidence and trust through sheer competence and self-evident capability. Increasingly, our technological aptitude will be the marker of competence.

The recently appointed Minister of Digital Government in Canada argues that if governments can't serve citizens well using digital tools and technology, then citizens will lose faith in government generally.

Now I've said before, better use of data offers perhaps the most significant opportunity to transform policy development. Our national survey of citizens is just one example of us trying to approach data in a different way. We are running three waves of surveys to establish a sound baseline that will form the foundation for us to record, over time, citizens' experiences and attitudes to the APS.

While data will drive better policy outcomes — if welcomed by the public and decision-makers — digital will drive better service delivery no matter what.

Digital technologies can enable services to be tailored to recognise and respond to individual circumstances and preferences. Better still, they can be tailored to anticipate citizens' future needs, making the APS a true partner in their life journey.

STRUCTURE OF DEPARTMENTS

We could also improve our capability by structuring government departments according to a clear administrative logic — the alignment of functions and purpose to ensure ease of access for citizens — and then keeping them relatively stable.

Machinery of government changes — the movement of functions between departments — should be undertaken judiciously, in my view, following careful consideration of the costs and benefits. Organisational restructures take time and energy to bed down. And for a substantial period, they turn organisations inward.

Yet our experience is one of frequent restructuring — for reasons that are unclear to the restructured and unclear to those who are looking on. The result is disorienting for our partners and disruptive for our staff. And it is even more so if there is no compelling rationale for the change — for example, if the change is driven by a political logic, such as rewarding a minister, rather than improving the lot of the citizen.

Institutions and organisations take time and effort to build but are quickly weakened and damaged — if they deserve condemnation and reform, that should occur, but if not, I would urge caution and counsel against regarding the APS as a set of Lego blocks to be painlessly re-created.

And unfortunately, I have got to say that we as public servants probably have not done a very good job of communicating to the broader community and our political masters some of the challenges that inevitably come about from restructuring.

I thought a really interesting thing with Prime Minister Morrison's appointment was the decision to have no machinery of government changes. Yes, he wanted things done differently but what did we do? We simply allowed departments to report to more than one minister. We put in cross-portfolio reporting lines. So, the Office for Women in PM&C reports to the Minister for Women, rather than the Prime Minister. The Minister for Women is in her own role a full Cabinet minister. The Australian Public Service Commission, again in the PM's portfolio, reports to the Minister for Finance and the Public Service.

We didn't have to slice and dice portfolios, we simply had to be constructive about how we thought about reporting lines.

PROUD OF ITS CULTURE

Now I've talked a bit about the challenges we face, but we can't talk about APS capability without talking about its people and its culture.

When I came to Canberra in 1981, it was by accident not design. I joined by chance but I stayed by choice. I was captivated by the variety of the work and won over by the opportunity the APS gave me to improve the lives of my fellow Australians.

That spirit of service is something I see when I travel around the country talking to fellow public servants — whether they are in Canberra or in a capital, in a remote location or serving overseas — that spirit of service seems to animate almost all committed public servants. And it should because it's a source of great pride for us. It should motivate everything we do and animate our engagement with our partners.

It should be the spirit that's at the heart of APS culture and our appeal to new and potential recruits.

I stayed in the public service because it made space and provided opportunities I never expected would come to someone like me. And I know from talking to many of you that you feel the same way.

We've pushed hard, as a group, over the last few years, for greater diversity in our Senior Executive Service and for the APS to become more inclusive. The diversity of our workforce is a fact. Whether we leverage this diversity is a choice — it requires us to be more inclusive, and to recognise that with diversity can come greater disagreement and debate, and that this can be a very healthy and powerful outcome.

If we want to tackle the challenges of the future, we will need to take full advantage of the breadth of experiences, perspectives and backgrounds of our workforce.

If we value all Australians equally, a diverse and inclusive culture is axiomatic. And, again, should be another source of pride for us as public servants.

‘Across Western democracies, the social cohesion that was once the foundation of political consensus is fragmenting and giving way to a cultural and ideological diversity so robust that it thwarts a common sense of belonging. Australians themselves say their lack of trust in democracy is being driven by eroding social values, immigration and globalisation.’

AUSTRALIAN PUBLIC SERVICE REVIEW

When Review Chair David Thodey presented on the APS Review last month, he outlined a few possible glimpses of the future that were being considered by the APS Review team.

One scenario was a world where people have lost trust in big institutions and old established brands — we’re a big institution and an old established brand — preferring to connect only with their local communities, embracing place-based approaches, buying local and relying on tailored services.

This might sound idyllic but, in fact I think it’s a pretty bleak scenario. If it comes to pass, our national institutions will not have been successful in earning and retaining the trust of our citizens. And it’s unlikely that we will have been successful in stemming the erosion in social cohesion.

So let me be clear on this — we absolutely need to deliver place-based approaches, but they need to be nested in coherent, cohesive national strategies and approaches.

I am personally optimistic we can do that as a service.

I am optimistic that Australia’s liberal democracy contains within it the seeds of renewal and innovation that have helped us face challenges in the past.

I am optimistic that liberal democracies encourage, nurture and reward innovation, respect and the contest of ideas — which are concepts that we will need more than ever in a changing world.

And I’m optimistic that transformational reform of the APS will occur, and will be compelling and powerful.

It will be grounded in Australian, liberal democratic values and our role in Australia’s democratic processes.

These are not matters which the APS should shy away from. We should not be tentative. We should not be apologetic. We should be proud, powerful and on the front foot.

A cohesive and capable APS — confident in its values, clear in its purpose and proud of its culture — is my vision for the Australian Public Service.

CONCLUDING REMARKS

So in summing up, I just want to thank you again for all your hard work, your professionalism, commitment and dedication to improving the lives of your fellow citizens.

GLOSSARY AND ABBREVIATIONS

9/11

September 11, 2001 terrorist attacks against the United States

ABCC

Australian Building and Construction Commission

AC

Companion of the Order of Australia

ACTU

Australian Council of Trade Unions

ADF

Australian Defence Force

AGD

Attorney-General's Department

AGL

AGL Energy Ltd (formerly Australian Gas Light Company)

AGS

Australian Government Solicitor

AI

artificial intelligence

ALP

Australian Labor Party

ANL

Australian National Line

ANU

Australian National University

APS

Australian Public Service

APSC

Australian Public Service Commission

ATO

Australian Taxation Office

BETA

Behavioural Economics Team of the Australian Government

CAPPI

Canada–Australia Public Policy Initiative

CEDA

Committee for Economic Development of Australia

CEO

Chief Executive Officer

CPSU

Community and Public Sector Union

CSC

Conspicuous Service Cross

Defence

Department of Defence

DFAT

Department of Foreign Affairs and Trade

DFID

Department for International Development (UK)

DHS

Department of Human Services

DSS

Department of Social Services

DTA

Digital Transformation Agency

DVA

Department of Veterans' Affairs

Education

Department of Education and Training

EL

Executive Level

Financial Stability Board

An international body that monitors and makes recommendations about the global financial system.

G7

The Group of Seven (G7) is a group of countries consisting of Canada, France, Germany, Italy, Japan, the United Kingdom, and the United States of America

G20

The Group of Twenty (G20) is an international forum for the governments and central bank governors from 19 countries and the European Union. The members are: Argentina, Australia, Brazil, Canada, China, the European Union, France, Germany, India, Indonesia, Italy, Japan, Mexico, Russia, Saudi Arabia, South Africa, South Korea, Turkey, the United Kingdom, and the United States of America.

GDP

gross domestic product

global financial crisis (GFC)

The period of extreme stress in global financial markets and banking systems between mid- 2007 and early 2009

Great Recession

The sharp decline in economic activity during the late 2000s

ICT

information and communications technology

IMF

International Monetary Fund

IPA

Institute of Public Affairs

IPAA

Institute of Public Administration Australia

MARS

Maritime Arrivals Reporting System,
Department of Agriculture and Water Resources

MOG

Machinery of Government

NDIA

National Disability Insurance Agency

NDIS

National Disability Insurance Scheme

NGO

non-government organisation

OCI

Online Compliance Initiative

OECD

Organisation for Economic Co-operation and Development

PBS

Pharmaceutical Benefits Scheme

PM&C

Department of the Prime Minister and Cabinet

PSB

Public Service Board

PSM

Public Service Medal

robo-debt

Online Compliance Initiative

SES

Senior Executive Service

UNGA

United Nations General Assembly

WPIT

Welfare Payment Infrastructure Program

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