

TPUBLICodayADMINISTRATION

EDITION 43
JUL-SEP 15



FINAL
EDITION



PRODUCTIVITY



Thinking

Beyond

Today

The world is changing faster than ever.

To keep up, government and all Australians must be thinking for tomorrow.

At KPMG, we have a track record of working with government, business and the community to tackle challenging problems. This makes us the natural choice when government needs insight and analysis to think differently about public service delivery.

Together, we're exploring new opportunities and helping to create solutions that work for the nation today – and tomorrow.

Join the conversation.



Government: thinking beyond today

CONTENTS

COVER: BUSY Dedication, focus and teamwork – ants are inspirationally productive <http://visual.ly/7-productivity-lessons-ants>
©iStockphoto.com @auimeesri

Public Administration Today is
published by IPAA ACT Division

FINAL
EDITION

Today

PUBLIC ADMINISTRATION

EDITOR Ron Dent

**EDITORIAL, PRODUCTION AND
ADVERTISING MANAGER** Sally Woolford

DESIGN EnvyUs Design, Suzanne Green

EDITORIAL & PRODUCTION MANAGEMENT
Faceworks Marketing Solutions

PRINTER Finsbury Green

This edition saved 1250kgs of greenhouse (CO₂)
emissions compared to a non-green printer

PUBLISHER (COPYRIGHT)

Copyright for published articles
(including digital) resides with
Public Administration Today
and its publisher, IPAA ACT
Division, CEO Drew Baker. After publication,
authors may reproduce their articles in other
forms with appropriate acknowledgement.



STATE EDITORIAL CONSULTANTS

ACT & COMMONWEALTH

Amanda Anderson,
amanda.anderson@act.ipaa.org.au

NATIONAL Jo Rose, jo@nsw.ipaa.org.au

NSW Megan Scardilli

megan.scardilli@dpc.nsw.gov.au
Kieran McCann, kieran@nsw.ipaa.org.au

NT Kevin Thomas, kevin.thomas@nt.gov.au

QLD Christine Flynn, christine.flynn@bigpond.com
Ray Lane, rlane4u@optusnet.com.au

SA Tony Lawson, tlawcons@bigpond.net.au
Renaë Haese, renaeH@sa.ipaa.org.au

TAS Rebecca Moles,
rebecca.moles@dpac.tas.gov.au
Summa McIntyre, summa.mcintyre@dpac.tas.gov.au

VIC Robin Astley, rastley@vic.ipaa.org.au
Nick Bastow, NBastow@vic.ipaa.org.au

WA Yohan Fernando, yohan.fernando@ipaawa.org.au
David Gilchrist, david.gilchrist@curtin.edu.au

The ACT Division of the Institute of Public
Administration Australia (IPAA) published *Public
Administration Today*, with the support of National
Council. The magazine was primarily a national
communications medium for all IPAA members.
It aimed to report IPAA activities, promote and
celebrate achievements in Australian public sector
management, disseminate information about major
trends and developments, and facilitate discussion
and debate. Articles were published on editorial
relevance and merit. Views expressed are those
of individual authors and do not necessarily reflect
the views of the Institute or the editorial team.

Today is available on the web – full editions only to
IPAA members and subscribers – via a password.
Sample pages from each edition are freely available
as are covers and contents lists from past issues.

Visit IPAA ACT at www.act.ipaa.org.au

GOLD SPONSORS IPAA ACT acknowledges
the generous assistance of its Gold Sponsors:
Centre for Public Management, Hays Recruiting,
KPMG, Telstra and Minter Ellison.

ISSN 1832-0066



- 03 **EDITOR'S NOTES FROM THE EDGE**
Goodbye and good luck
- 04 **PRESIDENT'S COLUMN**
Public service productivity
- 06 **PRODUCTIVITY'S 'PRODUCT' CRISIS**
Doug McTaggart on productivity and
better understanding consumers
- 08 **'PRODUCTIVITY PARADOX'**
Janine O'Flynn on
performance measures
- 10 **AUTHENTIC PRODUCTIVITY**
Renu Agarwal, Christopher Bajada,
Paul J Brown and Roy Green on why
current productivity approaches fail
- 14 **BEYOND A SINGLE PLANE OF PRODUCTIVITY**
Productivity is a multi-layered
phenomenon; say Moira Scerri
and Renu Agarwal
- 18 **MOBILE PRODUCTIVITY**
Donna Adams on an innovative
initiative for Tasmania's police
- 21 **EVIDENCE-BASED LINK**
Julie Sloan examines productivity
impact of workforce planning
- 22 **MEASURING REGIONAL RESILIENCE**
Brendan Rynne says that's challenging
- 25 **NEW CONFERENCE FOR CANBERRA**
IPAA ACT's inaugural
public sector conference
- 27 **CHARITIES, COMPLIANCE AND BACKFLIPS**
David Gilchrist on the ACNC
- 28 **PRODUCTIVITY IN PUBLIC SERVICE**
Ed Bernacki says productivity
and innovation are 'personal'
- 32 **WANT INNOVATION IN GOVERNMENT?**
Then keep your CEOs longer,
says David Waterford
- 35 **MIDDLE MANAGEMENT CAN HELP**
It has a role to play,
says Peter Keogh
- 38 **FED UP? OR NOT?**
Sydney hosts IPAA's
2015 national conference
- 44 **FUTURE IN FOCUS**
Geoff Heriot reflects on
Tasmania's screen debut
- 48 **INVESTING IN GROWTH**
Chrissie Berryman on
Tasmania's workforce
development strategy
- 52 **DEVELOPING 'EXPERTS'**
Lynne Curtin on Victoria's
Environment Protection
Agency's program
- 54 **URBAN WATER**
Stuart Kells' case study of
public sector change
- 57 **REVIEW – AROUND THE NATION**
Members' round up from IPAA
across Australia
- 70 **COMING ATTRACTIONS**
The best IPAA has to offer



REINVENTING THE POSTAL SERVICE FOR THE 21ST CENTURY

Australia Post and its Managing Director and CEO, Ahmed Fahour, are revolutionising mail as you know it. They've introduced the Digital MailBox to offer Australians online transactions and instant delivery, alongside stamps and physical mail. It's the future of post. And Telstra's secure Cloud is the foundation of Australia Post's vision.

For more on this and other Telstra solutions, visit telstra.com/enterprise/auspost





Goodbye and good luck



This is the final edition of *Public Administration Today*. It's somewhat ironic the edition is themed

'Productivity'. Your national members' magazine is a casualty of the ever-pressing need to cut costs and strive for new ways of doing things.

Today was once universally supported. Recently, IPAA's most populous divisions opted to discontinue support, making its continued publication problematic. The magazine's long-time publisher, IPAA ACT, carefully considered many options before reluctantly deciding it was no longer able to carry the burden of risk.

From my first edition – Edition 28 in October 2011 – a 'flipping book' digital replica of *Today* was made available on line. It has since been enhanced. We also developed a model for a much more mobile device friendly version. But even that solution was considered unsustainable. Most of the expense in publishing *Today* occurs before the printer presses the start button. And, the plethora of competing

on-line products about government and public administration was considered to offer alternatives.

And so, it's goodbye and good luck.

We have greatly enjoyed bringing you what most people have freely acknowledged is a much improved, very high quality version of *Public Administration Today*. There are many who deserve acknowledgment. Topping the list are IPAA ACT division council and sub-committee members and staff, particularly former executive director, Tamara Cutcliffe.

It's somewhat ironic this edition is themed 'Productivity'.

State and territory editorial advisers – current and former – have done a sterling job in deciding edition themes then following up with contacts and contributions to each issue with tremendous energy and enthusiasm.

Publishing a magazine is somewhat a labour of love. We could not have managed the chaos without our dedicated production team – Sally and Pat Woolford, from Faceworks Marketing Solutions;

Suzanne and Dave Green from EnvyUs Design; Robin Coles and the professional printers at Finsbury Green; Dion Pitsilos, IPAA ACT's IT supplier; and – for getting the magazine to your desk on time every time – John Morrison and the team at Adelaide Business Bureaux.

We are also grateful to the contributors who helped provide *Today* with thoughtful, user-friendly reading on such a wide variety of public sector topics; and to those advertisers and sponsors who did their bit to support the magazine.

For me, it's occasionally been hard but always a pleasure, especially to see each end result. I've learned much – from contributors and attendance at IPAA conferences and events.

It has been occasionally frustrating but ultimately satisfying to present the human and positive face of the much too often maligned public sector. You are people with the best interests of Australians and the nation in your thoughts, hearts and actions. You deserve both acknowledgement and appreciation. *Today* has tried hard to give you that. We can only now wish you more of that 'good press'. Goodbye and good luck. **T**

Ron Dent
Editor
 rondent@faceworks.com.au
 @mrrondent

‘Important to distinguish between productivity and efficiency’

Terry Moran on public service productivity.



This edition contains differing perspectives on how, or indeed if, you can measure public sector productivity, given that many of the services that our sector provides can't be measured in the same way that economists measure the work of the private sector.

I won't attempt to predict all the views expressed in this edition of *Today* but I will make some general observations about my experience of discussions about productivity in the public sector.

The first is that it's important to distinguish between productivity and efficiency. Too often these terms are used as if they are interchangeable. Even within 'efficiency' there are a range of useful distinctions, from the traditional sense of doing the most work with the fewest resources, to a measure of how well we are allocating resources to the right places, to a more dynamic sense of being able to use new technologies and adopt new ways of operating. This isn't esoteric wordplay because the way that we use the words will ultimately shape the policies and programs we devise. The last and more dynamic sense of efficiency

is particularly significant given that the next wave of the digital revolution will dramatically reshape the nature of many public sector workplaces.

The community want governments to play a role, rather than the private sector, in providing services to the community.

My second observation is that public administrators at all levels of government are keenly aware of the need to do better. In part, this is because administrators often see at first hand the inefficiencies caused by the 'programmatically confetti' that has been sprinkled across core government functions by successive waves of political leadership, often with little evidence or outcomes to show for it. This is a reminder that any rational discussion about productivity and efficiency improvements needs to be framed around the bigger issues, including reducing risk aversion at the political level, better public

sector performance management systems and improving the relationships between ministerial offices and senior public servants. That discussion also needs to bear in mind the importance of core public sector principles, including merit based selection, incorruptibility and impartiality, which are the foundations upon which the public sector is built.

Finally, it's also worth remembering that at the heart of public sector productivity is the sense of performance. As Professor Janine O'Flynn notes in her article on page 8 'looking more broadly to a range of measures of performance is much more practical and meaningful than a never-ending quest for productivity'. Here, we do have more evidence, particularly in comparing the Australian public sector internationally. Notwithstanding its shortcomings in some areas, Australia is well served by its public sector when you compare our cost of government, as share of GDP, to other countries. At around 35 per cent of GDP, Australia's public sectors cost less than almost all comparable countries including the US, UK, Canada and New Zealand. We also know that the public continues to report a very high trust in the front line providers of public services including nurses, teachers, police and judges. Indeed a recent survey discussed in *The Conversation* of 3 June 2015 showed that the community overwhelmingly want governments to play a role, rather than the private sector, in providing services to the community.

For all of us, that combination of international level competitiveness and community level trust should be a source of pride in what we have achieved and a source of confidence that we can do even better. **T**

IPAA ACT 2015 CONFERENCE 24 SEPTEMBER PUBLIC SERVICE IN INTERESTING TIMES: DELIVERING BIG REFORMS?

**IS BIG REFORM GETTING
HARDER TO DEVELOP
AND DELIVER?**

**HOW DOES THE PUBLIC
SERVICE GET AHEAD
OF THE CURVE?**

**HOW CAN WE ALL WORK
TOGETHER BETTER –
THE PUBLIC, PRIVATE AND
COMMUNITY SECTORS –
TO DELIVER BIG REFORMS?**



The inaugural IPAA ACT Public Sector Conference will be held in Canberra in September 2015.

A range of speakers will share the stage, including Michael Thawley AO, Secretary of the Department of the Prime Minister and Cabinet and Kathy Leigh, the Head of the ACT Public Service.

We invite you to be a part of this important conversation with colleagues from across the sector.

Date: 9am–5pm Thursday 24th September 2015
Optional pre-conference dinner on
Wednesday 23rd September

Location: Gandel Hall,
National Gallery of Australia

More information and registration is
available at www.act.ipaa.org.au/conference

	Corporate & Individual Members		Non-Members	
	Conference Only	Including Dinner	Conference Only	Including Dinner
► Standard Rate	\$750	\$850	\$850	\$950

Member pricing will be honoured for members of IPAA in other jurisdictions.

Productivity's 'product' crisis



Doug McTaggart, left, poses some penetrating questions about whether the public sector can improve its productivity without a better understanding of consumers and what they want.

Governments have been in the business of delivering goods and services to consumers for a long time. Over that time not much has changed in both the structure and organisation of the public sector or in the mode of delivery of product. However, two current global trends are significantly challenging this complacency.

The first trend, widely acknowledged, is the austere global fiscal environment. Worldwide, demand for publicly-provided goods and services is increasing but public revenues are not rising as fast. Nor are they likely to in the foreseeable future. The second trend, less widely acknowledged in public sector discussion, is the disruptive impact of new technologies. Generally speaking, these technologies are disintermediating service providers and middlemen and are empowering consumers. As some have declared, we are entering the 'age of consumer empowerment'. This will have dramatic implications for any service provider, governments included.

Addressing first the issue of fiscal austerity, on a 'business as usual' basis, Accenture, in conjunction with Oxford Economics, estimates that by 2025 the average expenditure gap for a range of different governments will be around 1.5 per cent of GDP. They suggest this will require productivity improvements in the public sector of around 1 per cent a year. One supposes that could be achieved by an ongoing 'efficiency dividend' of 1 per cent annually imposed on public sector budgets. The challenge here, however, is just how such a policy would be implemented in an informed way that would give confidence of achieving better outcomes.

Cost cutting is just as likely to be counter-productive and unsustainable if it is not known what those costs contribute to in the production of the output consumers ultimately receive. And herein lies the heart of the problem: until the public sector can clearly specify – to a contractual standard – what it actually does and delivers – its 'product' – then any attempt to increase productivity will ultimately fail because there is no metric against which success can be judged.

Most public sector agencies have little or no knowledge of who their customers are or what they want.

The fiscal pressures currently impinging on the public sector are only going to get worse given the way the sector functions. It has been claimed that the very nature of the products – goods and services – delivered by the sector, consigns it to low productivity. Effectively, the argument is that production largely uses fixed-coefficient functions so there is only one way of doing things – 'business as usual': think of how a symphony orchestra operates. Hence we have what Baumol and Bowen termed 'the cost disease' – that is, as private sector productivity continues to rise, driving up real wages, by definition public sector productivity is doomed to grow more slowly but their costs rise with rising real wages. Ultimately, the shares of public sector costs in the economy continue to rise with no concomitant increase in product.

It is not hard to see the source of the problem. In simple terms, public provision of goods and services was initially conducted to fill market failure gaps. By definition, public provision was a monopolised activity as the private market had failed to provide. Lack of external competition facilitated an inward focus on process and an exclusion of external considerations – customer needs and satisfaction in particular. A 'business as usual' approach was accommodated, further evidenced by the lack of innovation in public sector structures and organisation not designed to ensure effective implementation of product delivery. But should we accept the proposition that public sector productivity is by definition low or no growth?

Productivity is ultimately measured in terms of 'product' ('outputs'). Claims that past attempts to define, measure and improve public sector productivity have failed – and thus it is a forlorn hope – have been based on activity and process, not product. Before one can even think about productivity, the product itself must be defined.

It is safe to say this is not an easy task. After all, governments got involved in product and service delivery when markets couldn't or wouldn't. But it is essential. Ideally, it must begin with a clear specification of what product – goods and services – the customer wants. Logically therefore, the customer set must be identified. In my experience, most public sector agencies have little or no knowledge of who their customers are or what they want. Without such information, it is very difficult to know the best way of delivering product for the public.



This brings us to the challenge of the second identified global trend: the age of consumer empowerment. By that is meant the ability for consumers to take positive control of their consumption decisions. Technological progress is, increasingly, putting the consumer directly in contact with producers, bypassing intermediaries, leading to directly customised product.

In the public sector we can think of patient-directed health care, demand-led disability services and student driven education. These activities alone account for a large share of public expenditure. More generally, what sphere of public sector activity is not, in some way currently provided by non-government sector bodies? Competition – either for government funding in the case of not-for-profit organisations, or for customers where profit drives activity – stimulates innovation and new ways of doing things. Taking advantage of the new technologies enhances the consumer proposition.

The threat to the public sector is it gets left behind in terms of innovative, consumer-sensitive provision of product in areas traditionally supplied by the sector. In a competitive democracy, funding will follow consumer demands and the public sector may become increasingly irrelevant.

Lack of external competition facilitated an inward focus on process and an exclusion of external considerations – customer needs and satisfaction in particular.

One plausible outcome is that the public sector ends up being the service provider of last resort, with the difficult, complex and most resource intensive customers. That raises two issues. First, these are the most expensive to service.

Secondly, these are the most difficult to service and will require goods and service provision different from that delivered to the bulk of consumers.

Some would argue that is the most appropriate position for the sector to be in. But it is a significantly different and scaled-back position compared to that currently occupied. It still does not abrogate responsibility for understanding customers and their needs and providing relevant product. Nor does it mean that productivity measurement is irrelevant.

The public sector's choice is to become consumer oriented in what goods and services it delivers and to become innovative in how it does so, or become increasingly expensive and ultimately less relevant. This begins with knowing the customer, understanding them and the product they want and finding the best way of doing that. In this environment productivity improvement has real meaning. **■**

Doug McTaggart is Chairman of the Queensland Public Service Commission.

‘Productivity paradox’



Janine O’Flynn says looking more broadly to a range of measures of ‘performance’ is much more practical and meaningful than a never-ending quest for (the paradox of) ‘productivity’.

A paradox is a proposition that seems self-contradictory or absurd, but in reality expresses some truth. My view is we have a productivity paradox in the public sector: we want more of it but we don’t know if we have it.

It seems, over the past few years, ‘productivity’ has moved back to centre stage. While it never really goes away, there is a fixation with productivity in the public sector that reflects, perhaps, an era of fiscal pressure cuts, and austerity. A quick, albeit unscientific, scan of the public sector provides a flavour of this. The big consulting houses are talking up productivity, arguing that governments need to look beyond cuts to sustainable productivity improvement (PwC) and will need to either increase taxes or raise productivity (Accenture).

A recent NSW public sector report made the case that productivity was the fundamental measure of how well the public service was performing. And poor or lower public sector productivity than in the private sector is seen as a drag on the economy (McKinsey). It is common to publicly state that public sector productivity is, as a matter of fact, lower than productivity in the private sector.

But do we really know this? I don’t think we do. Largely because we don’t have the ability to measure productivity in the public sector but also because we are mostly never talking about productivity when we use that term.

A 1978 issue of *Public Administration Review* is strangely reminiscent of the current passion for productivity. For Burkhead and Hennigan productivity improvements were ‘obviously a virtue worth pursuing’ – hard to argue. Quinn agreed and argued productivity was ‘the very hottest new word ... the enthusiasm for the concept facilitated by the fact that, at the abstract level, everyone is for productivity’. Now, almost 40 years later as we hit another ‘peak productivity’ moment, most of the ‘more productivity’ emphasis remains. But so do the challenges – most notably, we haven’t solved the measurement problem, not that you would know it as the productivity juggernaut moves along.

We don’t have the ability to measure productivity in the public sector.

While the chatter on productivity is intense, most of what we tend to talk about is not productivity, but probably a bunch of very different measures of public sector performance. Using the productivity term, however, seems to be on the increase and reflects past misuse of the term. Edward Hamilton wrote in the early 1970s that ‘the public is now assailed by more irrelevant facts, half facts, and non-facts on this subject than any issue in public affairs’.

So, are we experiencing a classic back to the future moment? I would argue the answer is yes. There is lots of loose talk about productivity and there exists substantial, and well-recognised technical issues in measuring productivity.

The ‘productivity paradox’, it seems, is all around us. We want to pursue productivity in the public sector but we don’t know what it is. Let me set out three critical statements to explain my argument.

Productivity is one possible measure of performance but not the only one, and maybe not even a very useful one.

Productivity is a measurement ratio focused on the rate of production and refers to the ratio of output to input for a specific production situation. Most of what gets called productivity is not productivity but probably broader notions of performance, or other measures.

Former Secretary of Prime Minister and Cabinet, Ian Watt, has publicly noted that when we talk about productivity we tend to be actually talking about efficiency, and sometimes effectiveness. ‘Efficiency’ is how well we use resources in either a technical sense – most outputs from given inputs – or an allocative sense – choosing the optimal mix. ‘Effectiveness’ is about how well we did in achieving intended results. (*Editor’s definition: ‘Efficiency is doing things right; effectiveness is doing the right things, right’.*)

Efficiency and productivity are often related with efficiency increases, or technological change – driving productivity improvements, for example. Therefore, we could say that efficiency is one aspect of productivity and efficiency improvements might lead to improvements in the productivity ratio. But efficiency and productivity are not the same. All of these are, however, measures of performance in some sense; all distinct from the other but we tend



©iStockphoto.com @lorint

to conflate them, at this point in time, into this notion of productivity. The loose talk on productivity, in my view, masks that we are probably much more interested in broader performance than narrow productivity.

There is no accepted way of measuring public sector productivity; statements on public sector productivity are not robust.

Almost 40 years ago Hayward and Kuper argued ‘... nationwide statistics do not exist by which we can determine at what rate government productivity is growing or declining’. In 2011, the Department of Finance and Deregulation commissioned the *Review and Measurement of Agency Efficiency*, acknowledging there was no accepted means of measuring productivity in the public sector. To do so the report drew on the OECD, which accepts ‘productivity gains in the public sector are very difficult if not impossible to measure’. This means we don’t have a baseline upon which to robustly measure or make claims about productivity movements in the public sector.

The technical challenges of measuring productivity in the public sector are multiple.

To explain the previous statement it is important to look at why this is the case.

Two main issues dominate. The first is the ‘output problem’. To measure productivity we need to be able to identify discrete units of output, allowing us to construct the ratio of outputs to inputs.

The ‘productivity paradox’ is real! We want higher productivity – but how would we know if we had it?

We rarely, if ever, have discrete units of output in the public sector. Without a measure of outputs, measuring productivity is not possible and we cannot track improvements or make serious claims about productivity in the public sector. The output problem is caused by the fact many things produced in the public sector cannot be easily broken down into discrete units. What is a unit of defence? Or education? Or child protection?

The output problem underpins the ‘measurement problem’. Even if we can break public sector production down into discrete units we rarely have prices for outputs. We might be able to measure quantities of some things the public sector produces but are these discrete units of outputs? In its *Review and Measurement of Agency Efficiency*, the Department of Finance and Deregulation noted the lack of

prices made measurement challenging, as did the inability to account for quality changes. And time also matters – what is a specific time period within which to measure, if we could? What time lags exist between the production of public sector goods and services and the link between inputs and outputs? Because of this range of challenges, Boyle argued, in 2006, that most public sector productivity data is of questionable validity and/or reliability. For the most part, public sector productivity measures we see are more proxy than actual productivity.

The ‘productivity paradox’ is real! We want higher productivity – who doesn’t – but how would we know if we had it? The technical constraints on measuring public sector productivity doesn’t mean we should not care about performance – we should. In an era of fiscal constraint where both politicians and citizens demand more for less, public sector performance is paramount. Why we have become fixated on productivity is anyone’s guess but it is not very helpful to focus on a single metric when we can’t measure it. Looking more broadly to a range of measures of performance is much more practical and meaningful than a never-ending quest for ‘productivity’. ■

Janine O’Flynn is Professor in Public Management at the University of Melbourne’s Melbourne School of Government.

Authentic productivity

Renu Agarwal, below left, Christopher Bajada, below middle left, Paul J Brown, below middle right and Roy Green, below right, examine why current productivity approaches fail us.



Over the last century there has been dramatic growth in the volume of goods and services produced by the average Australian – and global – employee. That productivity improvement has been essential to long-run economic growth and improvements in society wellbeing. Much of the growth has been spurred by technological progress, complemented by increases in physical capital such as machinery and equipment – as well as significant improvements in education. But have we adequately reflected on what we mean by this concept of productivity and do we have the right policies in place to ensure long-term sustainable growth and social wellbeing?

In Australia

During the 1990s, following a period of microeconomic reform, Australia led the OECD in productivity growth. But – in his ‘Productivity’ presentation to the Reserve Bank’s Annual Policy Conference in 2011 – noted economist Saul Eslake observed that since the early 2000s it has slipped back to being a laggard.

In 2013, Australia’s labour productivity performance ranked 12th of all OECD countries, with labour productivity of US\$55.5 per hour worked, though individual industry sectors exhibit a diverse array of productivity outcomes.

The differences in labour productivity between sectors are partly driven by differences in the capital intensity of production – for example, labour is combined with larger amounts of capital equipment in the mining sector than in the retail industry, producing larger output values for mining. Today – according to the Department of Industry’s *Australian Innovation System Report 2014*, <http://bit.ly/1JY0Wwi> – mining is the only sector with labour productivity that exceeds the OECD median. However, the broader measure of ‘multifactor productivity’ has, according to the Australian Bureau of Statistics, slipped in the resources sector and fell overall by 2.1 per cent in the decade to 2011–12.

The differences in labour productivity between sectors are partly driven by differences in the capital intensity of production.

Contemporary challenges

What do we mean by ‘productivity’? Put simply, it is a measure of the rate of output per unit of input. But what does this measure of productivity tell us about the complete production cycle?

For example, how does it compensate for efficiencies in production and service delivery involving significant negative external influences – the uncompensated costs imposed on others – and waste production that impacts resource use and environmental degradation? The short answer is, it doesn’t. Productivity statistics omit a number of important considerations associated with production.

A more authentic approach to measuring productivity is one where the rate of output per unit of input is calibrated for the effects, intended or unintended, that production of goods and services may have on society, particularly on the environment. To take just one recent example, the dramatic and impressive growth in Chinese productivity has caused significant increases in the level of pollution and environmental degradation. What does that tell us about the relationship between productive growth and social wellbeing? Such a partial approach to the measurement of productivity will inevitably lead to less than optimal policy prescriptions.

Beyond standard approaches

Australia should reconsider what is meant by productivity so its measurement better informs the national strategic intent to improve economic and social wellbeing. In principle, the focus is on productivity growth – the means – to achieve increases in total welfare – the ends. In *The Age of Diminishing Expectations* Paul Krugman expressed this well: ‘Productivity isn’t everything but in the long run it is almost everything. A country’s ability to improve its standard of living over time

Productivity over time

Australia's productivity performance measures have triggered various responses and recommendations from successive governments.

The Karpin Report (1995) ***Enterprising Nation***

- Developing a positive enterprise culture through education and training.
- Upgrading vocational education and training and business support.
- Capitalising on the talents of diversity.
- Achieving best practice management development.
- Reforming management education.

Management Matters in Australia (2009)

- Promote a transformation in the calibre of the management and leadership of our organisations.

Cutler Review (2008) *Venturous Australia: Building Strength in Innovation* recommended:

- Supporting entrepreneurial firms and innovative workplaces.

- Improving Australia's talent pool (human capital and social networks).
- Strengthening opportunities for information flows, market design and freedoms to innovate.
- Supporting research capabilities and platforms.
- Developing market facing innovation programs including innovations within government.

Powering Ideas: An Innovation Agenda for the 21st Century (2009)

- More effective dissemination of new technologies, processes, and ideas with a particular focus on small and medium-sized enterprises.
- Encouraging a culture of collaboration within the research sector and between researchers and industry.

McKell Institute Report (2012) ***Understanding Productivity – Australia's Choice***

- Support for enhanced innovation capability and performance of firms, including new business

models, systems integration and 'absorption' of technological change.

- Adoption of transformative management practices, drawing on improvements in management education and engaging with the full spectrum of talent and creativity in our workplaces.
- 'Expansion of participatory work organisation methods and improvements to skills formation and skills utilisation so that firms and organisations can achieve their potential.'

The Australian Innovation System Report (2014)

- 'Improvements in management practices; enhanced innovation at a firm level; skills development, and participatory work organisation.'

Industry Innovation and Competitiveness Agenda: An action plan for a stronger Australia (2014)

- Refocusing industry policy to drive innovation and entrepreneurship. ■

depends almost entirely on its ability to raise its output per worker.' This needs to be interpreted in its totality, so the focus is not only on the direct production of goods and services but also on resource use and environmental sustainability. At the time this approach gained broad acceptance, the key challenge for economies was under-production, with large sections of society living in poverty. While poverty remains a critical global challenge, it is much less of an issue today for advanced industrialised economies.

It is paradoxical to think some of the most significant contemporary challenges facing society today are in many respects consequences of the pursuit of a narrow measure of productivity growth in the past. Examples include climate change and declines in fish stocks.

Global climate systems have been affected by human-caused pollution largely from productivity enhancing activities. Declining fish stocks are largely a result of over-investment in fishery capacity. In both cases, short run productivity growth has created long run ecological consequences.

There are at least two key reasons why generally accepted approaches to productivity are theoretically and practically flawed. First, many industrial practices result in environmental degradation but that cost is not borne by the individuals who directly benefit. Secondly, significant waste is produced by the production and consumption of many products, creating a range of problems including the storage and disposal of waste.

Measuring economic and social losses

From as early as 1919, visionary economists such as King, Pigou, Fabricant and Mishan have recognised that measures of national productivity do not reflect the economic and social loss associated with exploiting scarce resources – see *Economic Growth and the Valuation of the Environment, A Debate*. Distinctly, as income increases, environmental degradation may also increase via the production and disposal process. For example, most electricity production in Australia causes greenhouse gas pollution through the process of burning coal. Another example is the adoption of production techniques that render arable land or water supplies less productive over the long term. *Continued.*

PARTNERING WITH GOVERNMENT

They have deep understanding of the business and industry regulatory framework, as well as attention to detail and the ability to work seamlessly as a team across a variety of disciplines. They also have a strong focus on budget control and value for money.

GOVERNMENT CATEGORY, AUSTRALIA
CHAMBERS ASIA PACIFIC 2015



Michael Brennan



Debra Tippett



David Crane

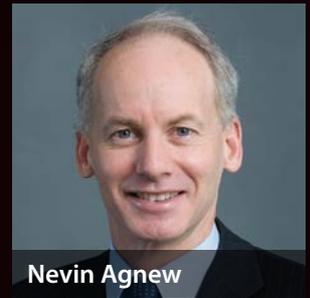
Our multi-disciplinary Government team of 300 lawyers, drawn from all of our practice areas, delivers leading edge solutions to Commonwealth, as well as State and Territory governments.



Amanda Story



Neal Parkinson



Nevin Agnew



Andrew Gill



Alice McCormick



Mark Treffers

The founder of the Environmental Department at Statistics Netherlands, Dutch economist Rolf Hueting, spent several decades working with a team of public servants to provide an estimate of the economic loss from environmental degradation. A conservative estimate based on Hueting's approach was that for each dollar of national income, an economic cost of 56c was incurred, with only 44c in every dollar of national income representing an increase in welfare. <http://bit.ly/1Fdvdkh>

This is indicative of the drag on long-term societal welfare that can result from productivity growth. Despite the increase in the quality and amount of reporting of environmental indicators, it is unclear how much of Australia's productivity growth is authentically value enhancing. There is limited benefit in increasing productivity in one part of the system, when it reduces the efficiency and effectiveness of the system as a whole.

'Circular economy'

That is why the development of the 'circular economy' concept is so important. Stated simply, the idea is that waste, by-product and, at the end of their useful lives, the products themselves, have a contribution to make in subsequent cycles of production. A key leader in this space is the Ellen MacArthur Foundation, which supports organisations in their endeavours to transition to the circular economy. Leading companies such as Unilever, Philips, Cisco, DHL and Coca-Cola have joined the Foundation in an effort to aid the transition towards a circular economy – bit.ly/1peYdC7.

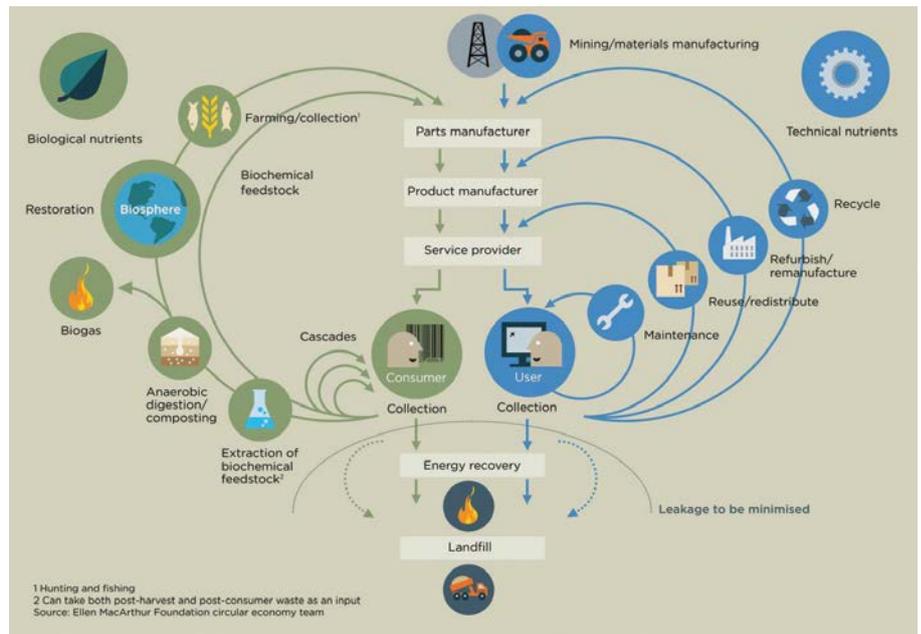


DIAGRAM 1 The circular economy—an industrial system that is restorative by design
 Source: Ellen MacArthur Foundation (2013), *Towards the Circular Economy, Part 1 Economic and Business Rationale for an Accelerated Transition*. Ellen MacArthur Foundation. Isle of Wight. UK

Diagram 1 presents the concept of the circular economy, which has as its aspiration an industrial system that is 'restorative by design'.

It is unclear how much of Australia's productivity growth is authentically value enhancing.

Rather than raw material going through a linear process of extraction, production, consumption and ending in landfill, products and services are designed to have a use beyond their initial purpose. The value of the circular economy is evident in many successful recycling programs that touch our everyday lives.

New approach

In working towards a productive and sustainable economy, all stakeholders including government have a role to play in identifying and implementing industrial practices that contribute to a more authentic approach to productivity. The message is the standard concept of productivity is not sufficient and may result in policies that fail to integrate economic and social wellbeing. A better understanding of productivity in the context of a circular economy provides a way forward for the future. ■

Dr Renu Aganwal, Associate Professor Christopher Bajada, Dr Paul J Brown and Professor Roy Green are academics at University of Technology Sydney.

Beyond a single plane of productivity

Moira Scerri, left, and Renu Agarwal, right, argue productivity is a multi-layered phenomenon.



In the 1990's, Australia led the OECD in productivity growth. For the past two decades Australia's productivity growth has fallen. Worrying, given productivity is considered a key measure of Australia's economic growth, competitiveness, and living standards.

Productivity, put simply, is a measure of the number of outputs produced for any given number of inputs. The underlying dynamics of declining productivity growth calls for either increasing the number of outputs, or reducing the number of inputs – or both – with the key measures being capital, labour, energy, materials and services.

Interestingly, current productivity measures include only the physical and tangible nature of inputs and outputs. However, for those with responsibility for the delicate balance of more for less, more for the same, same for less or better quality for the same, measuring and maintaining productivity is not as easy as it sounds.

The 2012 McKell Institute Report, *Understanding Productivity Australia's Choice*, discusses two options – the 'low road' being cost cutting and the 'high road' of productivity enhancing pathways, through increasing Australia's innovation capacity, improving management capability, and making better use of skills.

Co-author Moira Scerri's doctoral thesis *Defining new measures of productivity for service and network based firms* suggests the complexity of measuring productivity is compounded by the singular input – transformation – output approach. It articulates a new perspective to the current measures of productivity.

Productivity is a measure of the number of outputs produced for any given number of inputs.

Moira argues this current single plane view of productivity is not sufficient. It shows a more contemporary and evolved view of productivity as operating across four distinct planes: geography, information technology, business and social, and the critical notion that productivity is driven by networks in differing configurations (*Figure 1*).

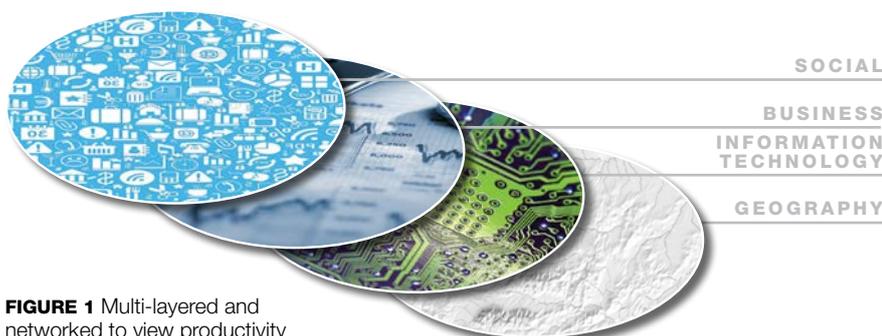


FIGURE 1 Multi-layered and networked to view productivity

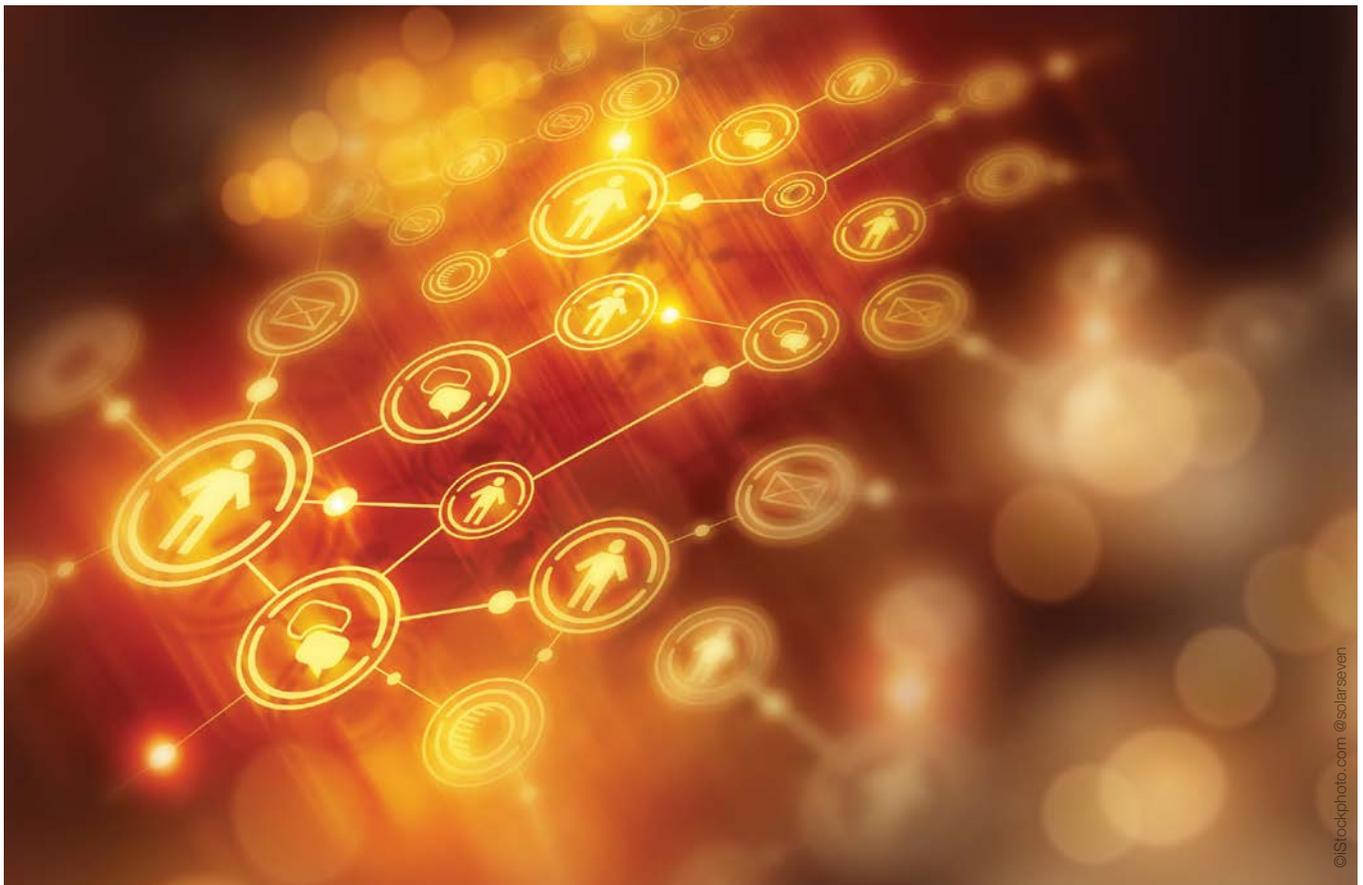
Geography

The geographic dimension is described as a matter of 'place' and 'space'. Place is key to productivity given it holds the natural, man-made and human resources necessary for production. The counter argument is we have transcended place and moved into space and now live in a virtual world that knows no geographical boundaries, where we can operate 'any time, any place' and are able to gain access to resources around the world. However, the importance of place is taking on a new dimension. Places are becoming barren of manufacturing industries resulting in ghost towns.

Places are also where taxes are paid or bypassed and global currencies are transacted, rather than converted. Place remains important as intangible elements are attached to it, elements yet to be examined in the productivity sense. Place – 'nodes' in network speak – is where we live, what holds our identity. It is so much more than the ground we walk on, it is the place we call home and the place we want to be, with our family and friends. It is where local communities connect to create something larger than the sum of themselves. In the political sense, it is where the decisions of government and business have an impact. Place is what we value and where physical, social and human capital is created, rather than simply where outputs are produced.

Information technology

The information technology layer in productivity is crucial. Investments in and adoption of information technology are used as lead indicators for anticipated increases in productivity.



©iStockphoto.com @solarseven

However, the world is flat and in a highly networked global environment where information exchange and real-time operating environments are paramount, the levels of technology integration between systems and organisations are key to increasing productivity. For too long, business and governments have been investing in and adopting technologies only to find themselves with siloed operations struggling to communicate and connect with their internal and external stakeholders, despite spending millions, sometimes billions, trying to piece together their operations.

End-to-end IT systems and technology integration hold the key to productivity gains now and into the future. Yet, studies taking a macro or environmental view of the world are absent from mapping the integration across and between systems. Taking a macro view to see where our information highways are leading and making sure they are not dead ends is of utmost importance. That is the responsibility of governments, technology providers, and business groups seeking to increase constituents' productivity.

Technology and systems integration is not a thing of the past. It is very much a present-day issue and should be addressed at the highest levels. After all, if we can't compete on wages, we must compete on highly technical and integrated business grounds.

Until a concerted effort is made to explore and accept new measures of productivity Australia will find it difficult to return a lead position of productivity growth, globally.

Business

The business layer is innately very much about exchange and transactions. Inherently, business is about connections – who does business with whom. These connections are multi-dimensional. The impact of economies of scale, through the changes in how businesses operate and are structured, is of critical importance if we are to fully understand productivity.

Business operations and structures are changing from large organisations 'holding' their employees in factories or large corporate offices, to ones where walls are becoming a thing of the past, where there are less desks than employees and where social connections are as important as business connections. Co-workspaces are evolving – enabling desk rather than office rental, cross-industry collaboration and exchange, rather than a single-industry focus. Mobility across co-working spaces in different cities and regional areas are today's norms. Governments now also make their requirements and solutions accessible to IT start-ups. While these changes are being heralded as the new frontier in business collaboration and creativity, the change is impacting our aggregate productivity and economies of scale. The efficiencies of large scale, standardised operations are giving way to smaller but more creative and increasingly vulnerable businesses.

According to the Australian Bureau of Statistics' *Australian Small Business Key Statistics and Analysis (2012)* approximately 14 per cent of new businesses failed within the first three years of operation. *Continued.*

Indeed, more coordination across businesses is required as new networks form and grow into global connections. Australian businesses also are regarded as being poor in networking and collaboration, leaving geographically isolated small businesses competing on a local level, rather than pushing the boundaries and innovating with a view to capturing world markets and being an intrinsic part of global chains.

Social

The fourth and final dimension is social – where social connections are formed by interactions between two or more people. This dimension holds significance to productivity because the interactions between two people may relate to business or personal areas of interest; may be close or far; and work is increasingly being performed in cross-functional teams rather than in single-focus groups. These new social dimensions introduce new elements that have an effect on productivity.

Links between people can be bonding, linking, or bridging, with each of these connections differing in their intent and the effect on productivity. These social dimensions and contemporary changes are impacting communication flows between businesses and consumers – increasingly for organisations operating in ‘closely-knit networks’, where strong bonds are formed and links with broader ‘more distant’ networks provide the ‘strength of weak ties’.

These networks enable information and knowledge sharing to be transmitted with agility and speed to areas otherwise out of bounds.

Network perspective

Networks of businesses play a significant role in all layers of productivity and indicate the movement of tangible goods and intangible inputs and outputs within and between layers.

Sharing of ideas across industry sectors fosters collaboration and innovation and ultimately opens up new and improved ways of working.

The importance of road, rail and sea transportation networks servicing supply chains have long been recognised for their major role in the movement of raw materials and finished goods into, out of and through places. Alignment and integration of information technology through electronic data interchange, extensible markup language and open trading hubs have been shown to be enablers of productivity gains within and across organisations. However, while the connections and integration options may have been explored, they are yet to be mapped or measured in any meaningful way. It is time to map these network connections in a way that highlights ‘structural holes’ and emphasises priorities for ICT systems and technology providers to work together.

Business networks exist, in the form of trading partners, supply chains, and service value networks coming together to meet, respond and deliver to meet consumer needs. Inter and intra-organisational

financial flows make the distribution of income and costs visible on an end-to-end basis and across planes. The formal dialogue and communication between people across layers and organisations show the flow of intangible inputs and outputs, such as information and knowledge. Sharing of ideas across industry sectors fosters collaboration and innovation and ultimately opens up new and improved ways of working. The growing importance of networked operations across business and planes calls for new measures of productivity as production and value creation no longer lie within the bounds of a single firm. Rather, contemporary productivity measures lie in differently-configured networks operating across each of the four planes – geographic, information technology, business and social, as well as across industries and geographic borders.

No doubt, productivity remains a key measure of prosperity and economic growth for Australia and for the world. However, the standard measures of productivity fail to capture the underpinning complexity. Key drivers and measures of productivity lie in and span the geographic, information technology, business and social layers of our society and economies.

Until a concerted effort is made to explore and accept new measures of productivity across each of the four dimensions, Australia will find it difficult to return a lead position of productivity growth, globally. ■

Dr Moira Scerri is Managing Director of SEPIA Consulting and a Casual Academic at UTS Business School where Dr Renu Agarwal is a Senior Lecturer.

The Melbourne Master of Public Administration

Because an **idea** is only as powerful as the people **who make it happen.**

Designed for working professionals, the new Master of Public Administration is taught in flexible modules which include Managing Effectively, Public Finance, Governance, Using Evidence, Rule of Law and an Executive Internship.

Our Master of Public Administration will take your career in the public, non-profit or corporate sector to the next level.

>

Professor Janine O'Flynn
Melbourne School of Government

Janine O'Flynn is a Professor of Public Management and Director of the Master of Public Administration.

Award winning teacher and scholar. Expert in public sector redesign, innovation in service delivery, and building high performing organisations.



Apply now for our February intake.

Visit us at government.unimelb.edu.au



**MELBOURNE
SCHOOL OF
GOVERNMENT**

Mobile productivity



An innovative initiative counters budget cuts for Tasmania's police force. Donna Adams, left, reports.

In 2012, what started out as an aspirational goal to capitalise on emerging

technologies quickly turned into a necessity when significant cuts were made to the Tasmania Police budget. 158 police and state service positions were made redundant and the organisation was forced to adapt to its smaller workforce.

It was a difficult time as remaining workers felt pressured to deliver the same level of service with less staff. Tasmania Police managed to turn the austere environment to advantage through innovation and it adopted new technology as the answer.

Three years later, Tasmania Police leads the nation as the first police agency to deliver 'enterprise mobility' through the issue of around 1,100 mobile tablets to sworn police officers across the state.

The productivity gains from the implementation of these devices have been significant.

That initiative was achieved within the existing budget as funding to replace IT hardware was used to create the mobile platform. The need for desktop computers was reduced to state service support staff and a small number of specialist work areas.

The mobile tablets provide access to all operational systems officers need for everyday duties but the defining point of difference is the capability to access reports and information on the road. The productivity gains from the implementation of these devices have been significant, with improvements in efficiency, effectiveness and intelligence sharing and, most importantly, has set a foundation to create more possibilities in the future.

During the six-week trial period in one police division, mobile tablets delivered, on average, a productivity efficiency gain of one hour, per officer, per day – totalling approximately 280 hours or 35 shifts.





TOUCH SCREEN Tasmania's police have access to information at their fingertips and on the job

There are periods during a police officer's working shift when they have to wait for other resources such as tow trucks, forensics examiners or the coroner's ambulance. Having the mobile tablet in the field allows officers to utilise 'waiting' time to complete routine administrative tasks usually performed after return to the police station. There are now many examples where reports are submitted before the officer leaves the incident scene. The obvious benefit is the increased time for officers to continue to patrol and respond to calls for assistance – a particular gain for officers who work in country and remote areas where travel times are longer.

The advantages of immediate crime reporting cannot be underestimated. Mobile tablets have allowed officers to attend an incident and enter information about the crime directly into police systems – recently leading, for example, to the timely arrest of a burglar. Uniform officers submitted a burglary report that described a suspect and other officers on patrol were able to identify and apprehend the person.

Previously, that crime report would not have been uploaded into the system until officers returned to the police station later in their shift, potentially missing the vital window to catch the offender. Officers can now record witness and victim statements directly to their mobile tablets saving precious time and the need for administrative staff to prepare and distribute those after the event.

Field officers no longer have to wait for information such as motor vehicle or driver details to be completed by busy radio dispatchers.

Field officers no longer have to wait for information such as motor vehicle or driver details to be completed by busy radio dispatchers. That is particularly beneficial during simultaneous traffic operations because the officers involved now directly conduct licence and registration checks

without the need to burden radio dispatch operators – whose increased availability allows coordination of more critical incidents with less interruption.

To capitalise on the value and innovative potential of the mobility platform, Tasmania Police developed two applications specially designed for the mobile tablets – the Police Infringement Notice System (PINS) and the Online Crash Reporting System. Around 75,000 infringements are issued each year for traffic, drink driving, environmental, marine and some street offences. Previously these were paper based and required significant data processing to finalise. With PINS, these are now recorded electronically and are sent to offenders by mail. In future, legislation will allow for PINS to be emailed or sent by SMS.

The PINS system also brings other significant benefits. A police officer can immediately confirm a person's identity when an infringement is issued as the application seamlessly integrates with the Motor Registry System. *Continued.*



Data errors have been reduced resulting in less infringements being withdrawn. The evidentiary information contained within each PIN is of higher quality and includes the ability to take photographs in support of the infringement. The introduction of PINS also has realised reductions in data processing staff and costs associated with the publication of infringement books.

Tasmania Police attends more than 5,000 crashes a year – by law 33 per cent of crashes do not require police attendance – and the new Online Crash Reporting System provides a number of benefits. Community members can report

their own accidents using the system without the need for police attendance or being required to subsequently complete crash reports.

Mobilisation offers the opportunity to remain an agile and flexible organisation.

Police officers attending reportable crashes can complete crash reports at the scene while waiting for the tow truck

to arrive and these electronic reports are disseminated directly to insurance companies, obviating the need for further processing. The information is also sent directly to the Department of State Growth, which assesses crash causes and provides relevant analysis and statistics.

Tasmania Police’s journey with technology has enhanced operational safety, provided a positive impact upon organisational productivity and enabled it to remain a highly visible and responsive police service. Into the future, mobilisation offers the opportunity to remain an agile and flexible organisation. It also may test the traditional policing model as it challenges the thinking around the purpose of police stations and deployment of police officers and other resources. **■**

Donna Adams is Assistant Commissioner of Tasmania Police. She is responsible for the Crime and Operations portfolio and played an integral leadership role in the mobility initiative.



FURTHER INSPECTION Sergeant Mathewson and Minister Rene Hidding

Evidence-based link



Expert Julie Sloan, left, examines the productivity impact of workforce planning.

At last! Public sector leaders are now asking the question: ‘What is the productivity impact of

workforce planning?’

Having banged on about the link between productivity and workforce planning for more than a decade, I’m rather thrilled with the current interest.

The evidence-based link between productivity and workforce planning can be answered through quality HR metrics and workforce analytics. Descriptive – what’s happened and what’s happening? Predictive – what could happen? Prescriptive – what should happen?

Metrics provide evidence of strategic impact

Metrics can and do change behaviour – of executive, of managers and of the workforce.

Analytics answer many questions including: What are the ‘highest return’ interventions to boost performance? And, what are the talent risks to executing a business strategy?



Mark Stewart, left, from Ernst & Young (EY) says there’s much room for improvement when it comes to the business models,

practices and policies of many government organisations. He says a 2013 EY survey found Australian public sector productivity was lagging behind the private sector and costing Australian taxpayers \$2.4 billion.

Improving productivity through workforce planning requires a fundamental change in organisational

models and practices. The public sector needs to adopt a whole-of-government approach to workforce planning and productivity including:

1. Creating a clear mandate for improving productivity – through strategic and operational workforce planning.

‘A 2013 EY survey found Australian public sector productivity was lagging behind the private sector and costing Australian taxpayers \$2.4 billion.’

Mark Stewart

2. Developing workforce planning and productivity measures and targets for all public sector agencies. Many agencies don’t know how they compare against their peers, or best practice. Productivity improvement relies on knowing where you sit against a benchmark and working to improve that position year on year.
3. Strengthening performance management and accountability mechanisms – to ensure all employees, from the chief executive down, understand their roles and responsibilities in workforce planning, the need for productivity growth and that they are accountable for improvements.
4. Declaring a ‘war on waste’ – with more projects targeting critical problems, more staff trained to identify and eliminate waste, and reviews of outdated or unnecessary laws, regulations, systems, policies and processes.

5. Modernising corporate services. When compared to private sector benchmarks, the public sector still has a long way to go to improve on the efficiency of corporate services, strategic HR capabilities and the need to move from reactive HR analytics towards proactive, strategic and predictive analytics.
6. Modernising procurement – by investigating and implementing alternative models, including a more integrated, category-based approach to strategic sourcing and contract management across government.
7. Deploying services online – as much as possible, automating manual processes and modernising outdated legacy systems that are clunky and create inefficiencies.
8. Actively engaging the public sector workforce – by asking all public servants about their levels of individual engagement, wellbeing and views on productivity, and using this data to inform the development of a strategic workforce plan and productivity improvement plan.
9. Improving workforce skills, capability and leadership – by identifying and fixing skills gaps. The public sector lags behind the private sector in investment in training and capability development, in particular in strategic workforce planning, governance and leadership.
10. Encouraging more market competition – to deliver government services where it can be done more efficiently and at a lower cost. ■

Julie Sloan is Chief Executive of Workforce Planning Global. Mark Stewart is Ernst & Young (EY) Lead Advisory Partner – SA/NT Government & Public Sector.

Measuring regional resilience

Brendan Rynne, below, Chief Economist, KPMG Australia.



‘Productivity’ is often considered solely as an economic measure. However, productivity concerns the outcome of a whole

range of enablers that promote economic activity, include socio-demographic and community factors.

In that context the concept of resilience has started to emerge in the field of economics, driven largely by the recent economic crisis. The International Monetary Fund noted: ‘the Australian economy has demonstrated considerable resilience in the face of the global financial crisis’. <http://bit.ly/1KBDkyZ>

That is a good example of how this concept is currently incorporated into economic commentary, implicitly encapsulating two elements associated with resilience: resistance – the differential ability of places to repel disruptive change; and recovery – the ability of a region to ‘bounce-back’ or ‘come back’ from a shock or disruption.

Importantly, the notion of resilience is one that is dynamic, as it focuses on a region’s ability to respond to shocks, either by maintaining a pre-existing state – consistent with the element of resistance – or by returning to its previous level or rate of output, employment or population growth – consistent with the element of recovery.

Regional capacity debate

Resilience and related concepts of adaptation, adaptability and adaptive capacity are now finding their way into academic debate and government policy documents in the context of regional capacity.

That is, regional capacity contemplates how well placed local and regional economies are to external factors, such as the rise of global competition for industries, unplanned major plant closures and technological innovation revolutionising current work practices.

Regions are complex, multi-faceted, and continually changing; therefore, defining and measuring regional resilience is challenging.

Adaptation, in this context, reflects a region’s ability to respond to an economic shock by moving back to, at least in the short term, a preconceived model of regional or sectorial development that has been successful historically; that is, ‘we will do what worked in the past and get better as we proceed’.

In contrast, adaptability reflects a region’s propensity to make decisions to leave a path that may have been successful historically in favour of a new model of regional or sectorial development, elevating the economic outcomes onto a new, alternative trajectory.

Measuring bounce back

Regions are complex, multi-faceted, and continually changing; therefore, defining and measuring regional resilience is challenging. In a Brookings Institution Press publication, Dr Kathryn Foster, now President of the University of Maine, introduced and defined the concept of regional resilience as ‘the ability of a region to anticipate, prepare for, respond to, and recover from a disturbance’. Foster postulates that a region has a ‘pre-stress capacity for resilience’ and: when a region encounters a stress event, it reacts with a ‘resilience performance’.

Continued.

Table 1 Datasets included in the Australian Regional Capacity Index (ARCI) and the United States Regional Capacity Index (USRCI)

	ARCI	USRCI
Economic capacity	Income equality	Income equality
	Economic diversification	Economic diversification
	Regional affordability	Regional affordability
	Economic dynamics index	Economic dynamics index
Socio-demographic	Educational attainment	Educational attainment
	Female labour force participation	Disability rates
	Poverty	Poverty
	Life expectancy	Health-insured
Community	Incarceration rates	Civic infrastructure
	Net overseas migration	Metropolitan stability
	Participation in sport	Home ownership
	Voter participation	Voter participation

NOTE The Australian economic dynamics index includes data on (a) the number of businesses opening and closing (i.e. business ‘churn’); (b) residential broadband connections; (c) size of business establishments; (d) spend on research and development activity.

Foster acknowledges that measuring 'resilience performance' is challenging in the context of specifying what to measure over a given time period, and how to ensure consistency of data across regions to allow for comparative assessment. Capacity, in the context of this analysis, relates to a range of resources, characteristics and attributes of regions that allow them to deal with future challenges. She broadly groups these into three dimensions of capacity: regional economic; socio-demographic; and community connectivity.

This work has led to the development of the United States Regional Capacity Index (USRCI), a single statistic that summarises a region's future ability to bounce back from an unknown stress. The USRCI is made up of 12 equally weighted indicators, classified into one of three capacity types (*Table 1*).

Economic resilience therefore not only reflects the pure economic characteristics of a region or area but also relies on the interplay of socio-demographic and community factors. Simply, the economy cannot function without individuals or without those individuals working together as a community to achieve social outcomes.

The better a region is able to collectively enhance economic, socio-demographic and community outcomes, the more likely it will be to withstand adversity and 'bounce back' in the shortest time possible.

Introducing the 'Australian Regional Capacity Index'

In applying the same methodology and techniques as used for the URCSI, KPMG has calculated a regional capacity index for Australia (*Figure 1*).

The economy cannot function without individuals or without those individuals working together as a community to achieve social outcomes.

To prepare this analysis, it sought to align the indicators used for each of the capacity types to Australian-sourced data. Data that allows for a regional capacity index to be constructed on a time series basis rather than just on a periodic basis was preferred, so it can evaluate how resilience may have changed annually.

The Australian Regional Capacity Index (ARCI) is also based on capturing three dimensions of capacity indicators:

- Regional economic – income equality, economic diversification, regional affordability as well as a measure of the dynamism of the regional economy.
- Socio-demographic – poverty, educational attainment, female labour force participation and life expectancy.
- Community connectivity – how familiar with and civically active a region's residents are as expressed by voter participation rates, net overseas migration, incarceration rates and participation in sport.

These indicators do vary from the 12 included in the URSCI but do provide an 'Australianised' mix of factors influencing a region's capacity to 'bounce back'. It is recognised that other factors such as environment and geography, governance and ability to respond to natural disasters, are also likely to affect a region's resilience capacity. However, data for these types of indicators are rarely available or reported on a consistent basis across regions.

Table 1 identifies the datasets included in the ARCI and the USRCI.

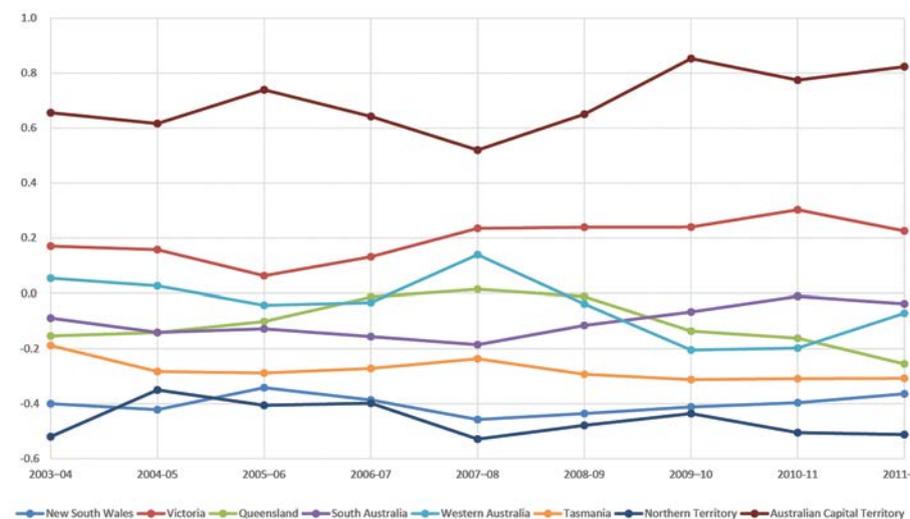
Consistent with the USRCI methodology, the ARCI has been calculated on a z-score basis, with each of the indicators being equally weighted. Following is a summary of each of the indicators, the basis for their inclusion and the source of data used.

The findings

The ARCI is a combination of all the individual indicators that make up the three dimensional sub-indices, again with each measure weighted equally. As shown in Figure 1, it reveals the ACT as the most resilient region, with the highest capacity to deal with economic, social and community shocks. Victoria follows the ACT as Australia's second most resilient area, influenced more so by its economic capacity than the ACT, whose ranking is achieved by very strong social and community factors.

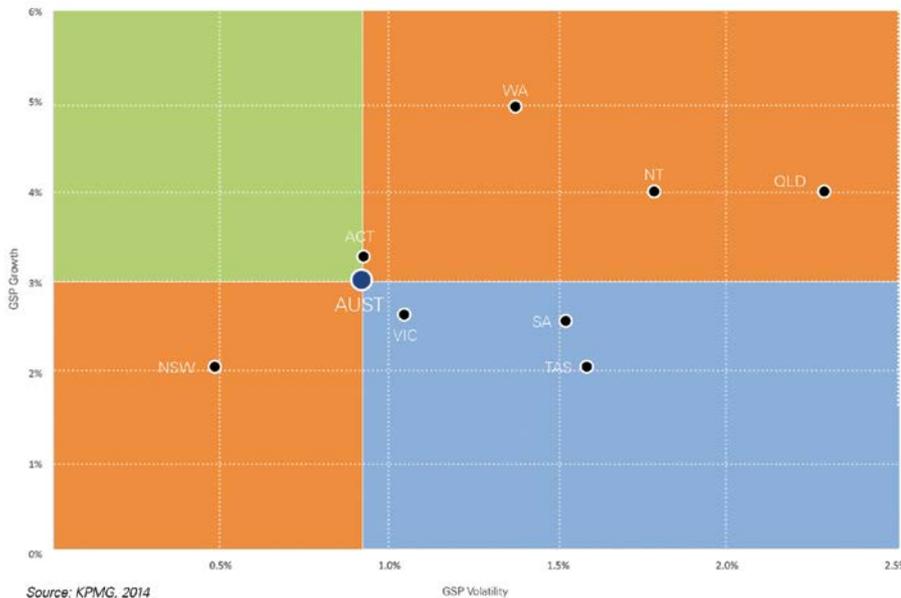
Continued.

Figure 1 Australian Regional Capacity Index



Source: KPMG, 2014

Figure 2 Regional comparison – Australian Regional Capacity Index



KPMG concedes this analysis is thought provoking in the sense that the outcomes – notably where each jurisdiction is ranked in the ARCI – may not, in the first instance, appear intuitive. Again, it is important to reiterate what the ARCI measures and what it does not. The ARCI attempts to show the relative regional resilience for each state and territory in Australia, and implicitly each region’s capacity for adaption and adaptability. It does not attempt to measure absolute growth, either economic or population. Rather it seeks to quantifiably assess the settings available to achieve growth in a post-shock environment.

In validating the outcomes of the ARCI, KPMG analysed gross state product (GSP) over the same time period, particularly noting growth rates and their volatility – as measured by the standard deviation in real GSP. (Figure 2).

Implications for policy makers

By any measure, Australia would be considered a resilient country, having weathered many economic and environmental challenges in recent times. However, the capacity for individual regions to deal with significant economic, social and community challenges is varied. Some have a diversity of economic activity but poor social capacity and even poorer community connectivity. Resilient regions need economic strength during times of uncertainty plus a strong social fabric to ensure it can return to the ‘good times’.

Undertaking this analysis on a sub-regional basis would provide an assessment of the capacity of different geographic areas within a jurisdiction to bounce back from a shock in the shortest period possible, and hopefully surpass them thereafter.

It is important to reiterate what the ARCI measures and what it does not.

The implication of this analysis is that policy makers need to strive for not only the fundamentals of a diverse, investment-orientated and productive economy but also the complementary building blocks of an educated, healthy population and an environment that supports a safe and engaged community.

Finally, improving regional capacity in areas identified to have low resilience is more likely to be achieved through a place-based policy framework, given the challenges of delivering uniform policy settings across diverse populations and geographies.

The thinking underpinning the development of Australian Regional Capacity Index is set out in a new KPMG report available at www.kpmg.com/au/regionalcapacity.

Insights on how the approaches applied in this analysis can be enhanced to support an ongoing evaluation of resilience at a sub-national level are most welcome.

The US economic dynamics index includes data on (a) the number of businesses opening and closing (i.e. business ‘churn’); (b) residential broadband connections; (c) change in the number of broadband holding companies; (d) number of small business establishments; (e) access to enough venture capital.

KPMG chose not to include a measure on disability like that in the USRCI as it is essentially incorporated in that analysis as a negative measure, with the interpretation that ‘regions with higher proportions of persons with a disability are more vulnerable to physical, social and economic challenges’. We see this measure as portraying people with disability in a negative light, and have therefore chosen to use an alternative indicator. **T**

Brendan Rynne – a Bachelor of Economics, Master of Economics and Master of Applied Finance – is a Partner and Chief Economist at KPMG. He has extensive experience in advising public sector agencies on economic policy, econometric analysis, economy-wide modelling, cost benefit analysis, impact assessments, efficiency improvements, and legislative and regulatory reform.

For further information visit <http://bit.ly/1dAKI5N>

The following references were supplied by the author who can be contacted at bjrynn@kpmg.com.au

Dawley, S., Pike, A. and Tomaney, J., Towards the resilient region? CURDS Working Paper, 2010.

Hill, E., Wial, H., and Wolman, H., Exploring regional resilience, Working Paper 2008-04, University of California Berkeley, 2008.

Dawley, S., Pike, A. and Tomaney, J., Towards the resilient region?, CURDS Working Paper, 2010.

Simmie, J and Martin, R, The economic resilience of regions: towards an evolutionary approach, Cambridge Journal of Regions, Economy and Society, 2010.

Brookings Institution Press, Urban and Regional Policy and Its Effects: Building Resilient Regions, p 2.

New conference for Canberra

Does the public service live in interesting times? And is it on the verge of delivering big reforms? These are the questions to be asked – and answered – at IPAA ACT’s inaugural public sector conference on September 24.



SPEAKERS From left, Kathy Leigh, John Lloyd, Renee Leon, Graeme Head and George Megalogenis

The one-day event to be held in the National Gallery’s Gandell Hall will feature Secretary of the Department of Prime Minister and Cabinet, Michael Thawley and Head of the ACT Public Service, Kathy Leigh.

Other speakers already secured include Public Service Commissioner John Lloyd, Secretary of the Department of Employment Renee Leon and NSW Public Service Commissioner Graeme Head. Journalist and commentator, George Megalogenis, will also feature.

An optional pre-conference dinner on September 23 will provide delegates with an opportunity to hear from ‘a leading commentator on the Australian public sector’.

Chief Executive Officer of IPAA ACT Drew Baker says the role of government and the public sector is under renewed focus.

‘Change will never go out of fashion. The media cycle feels as long as a twitter feed’, he says.

Volatile electorates were disrupting the political equilibrium. Digital disruption, contestability and the trend toward smaller government were shaping the forward agenda.



VENUE Gandell Hall

Meanwhile, big reforms – from welfare and disability, to competition, federation and tax reform – required long-term thinking, multi-jurisdictional collaboration, engagement with citizens, and an ability to exploit new technology.

‘There are no quick fixes’, Drew says. ‘These trends have significant implications for the conception, delivery and implementation of big policy reforms and our way of working.’

Members’ rates are available to IPAA members travelling to Canberra for the conference from other states and territories. **T**



UNIVERSITY OF
CANBERRA

Study with one of Europe's leading universities without leaving home.



The University of Canberra's unique new **Master of Management** is the only Australian master's degree to include a postgraduate diploma awarded by the prestigious University of London. Choose between their specialisations in Economic Policy, Policy Studies and Public Management and take advantage of face-to-face support from University of Canberra academics and classmates. Then graduate with two impressive qualifications.

Check out this new degree as well as our range of other career-enhancing postgraduate qualifications and apply now.

canberra.edu.au/london

break
through

Charities, compliance and backflips



The ACNC has defied the odds and delivered on a promise, writes David Gilchrist, left.

In May, the Australian Charities and Not-for-profits Commission (ACNC) published its first charity compliance report describing activities since it began in December 2012. ACNC also reports the level of compliance achieved by the regulated sector and identifies a significant and very positive outcome that might not have been foreseen given recent political history.

The ACNC's future has been under a cloud during the Abbott Government. It was slated for removal when the new government took selective soundings from those in the charity sector who were vociferously against the ACNC's continued existence. This policy position has now been placed on the backburner. Primarily, the backflip occurred because of overwhelming support garnered from the charities sector, encouraging the Senate to reject the government's policy.

The persistent uncertainty could have been expected to affect both the ACNC's performance and the response of the sector itself. The opposite has happened.

Walking the fine line between the government's announced policy and its responsibilities under its enabling legislation, the ACNC has also managed the political pressures resulting from the obvious sector support and demand for its services. The ACNC was established with three legislated objectives: maintain and build public trust in the charitable sector; maintain and increase its capacity; and reduce red tape.



The pursuit of these objectives has resulted in the development of a number of resources and the commission has swiftly increased its sector knowledge – critical to the ACNC's 'light touch' regulatory approach being directed where it has obviously been most effective. For instance, for the 2013 year, 90 per cent of charities complied with their lodgment obligations, with 98 per cent lodging documents online.

Since it began, the ACNC has effectively protected over \$100 million in charity assets for the benefit of the community.

Notwithstanding the uncertainty, the charity sector has responded positively to the ACNC and met its obligations responsibly, effectively highlighting its comfort with those.

However, the ACNC has not been frightened of flexing its considerable muscle when it has identified risks to individual charities, groups of charities, or the wider community. Indeed, since it began, the ACNC has effectively protected over \$100 million in charity assets for the benefit of the community. Further, it has been effective in applying various powers to force organisations to comply with their responsibilities in relation to governance and reporting standards and has revoked charitable status of a number of organisations.

So, the ACNC is not simply attracting popularity but respect, for its rational application of the 'carrot and the stick' and for filling a regulatory gap identified in Australia for more than 20 years. Its focus in 2015/16 will be on timely and accurate data lodgments, charities operating overseas and those that provide private benefits to members. ■

Professor David Gilchrist is Director of the Curtin Not-for-profit Initiative.

Productivity in public service



Ed Bernacki, left, says productivity and innovation are ‘personal’.

In the last issue of *Today* two interesting articles – ‘Competitiveness and productivity’ and ‘Innovate to compete

internationally’ – gave national perspectives, yet productivity and innovation are also personal. They both start with our decisions to manage resources, solve challenges and create value for stakeholders.

For the past twenty years I have worked in various countries to develop the capacity of the public sector to be more innovative. Before working in the public sector, I spent five years with a large sporting association. We developed many initiatives to add value for our members, finding ways to enhance the value of programs for key stakeholders. To ensure our limited resources were used effectively, we started workplace practices that would today be labeled ‘innovation’ – weekly and problem solving meetings to discuss staff ideas, or help an employee solve a specific challenge and viewing our work as projects with disciplines to measure results and identify opportunities for improvement. Our philosophy was simple – the more efficient we were, the more resources could be invested in something else.

In 1987, New Zealand Post became a state-owned enterprise with government as the shareholder. I joined in 1992 toward the end of a major restructuring. For years it seemed unofficial policy for the public sector to hire people without jobs to keep the unemployment rate near zero. Productivity was very poor. A productivity consultancy review led to a major redesign resulting in around a quarter of staff losing their jobs.

I learned much from the survivors. Many saw the problems but felt frustrated by inefficient systems, poor communication and weak leadership.

Our philosophy was simple – the more efficient we were, the more resources could be invested in something else.

I joined the new ‘Total Quality Service’ team, an internal think tank charged with creating a strategy to improve the quality and delivery of services. Its role was to recommend how continuous improvement and total quality could be implemented within NZ Post, because the executive wanted to develop internal expertise rather than rely on consultants.

Our philosophy was that ‘everyone in the organisation has a customer’. Some will be ‘internal’ while some will have paying, external customers.

My role was to engage managers and staff by translating the quality philosophies into practical problem-solving and decision-making tools.

In terms of national productivity, the new organisation was able to drop the charge for mailing letters by five cents where it remained for about eight years.

Productivity: not a new challenge

When the USA entered World War II, there was a vast need for American industry to supply the war effort. With thousands of men recruited for the military, a huge problem was created as manpower and expertise disappeared overnight. Older workers and women had to fill the factories.

The government quickly realised current management models were inadequate. At first a national consulting service was set up to work with industry, which failed as the need was too great. An approach to ‘train-the-trainers’ was conceived to give managers skills that would cascade across their company and then the country. *Training Within Industries* targeted managers who were seen as the major inhibitors of productivity and focused in three types of training – ‘job instruction’, to teach managers the importance of proper training for the workforce and how to provide it; ‘methods’ on how to generate and implement ideas for continuous improvement; and ‘relations’, teaching leadership and human relations.



There was a belief that every employee was capable of finding new and better ways to do their job and it was emphasised they should never stop thinking about how improvements can be made. Research on *Training Within Industries* later found that 86 per cent of companies reported an increase in production of 25 per cent or more.

After the war, the Japanese adopted these principles to rebuild the country while the USA went back to old ways of working.

Time for healing and reinvention

The reality for today's public servant can be harsh. The latest Canadian Federal Government budget was 'balanced' – by cutting many programs and about 37,000 federal public sector jobs. One report suggests some departments such as Veterans Affairs will lose about one quarter of its workforce between 2011 and 2017.

I learned a lesson with NZ Post from an older worker who sorted mail for a living. He survived the job cuts. He told me about his manager who had invited staff to a meeting to allow each to talk about how they felt about friends and colleagues losing their jobs. The manager listened, then focused on those who survived. He wanted their advice on what they wanted to feel secure in their jobs. The three themes were 'vision' – staff wanted the confidence of having a good future; 'to be heard' – no one had asked staff for ideas before; and 'problem solving tools' – staff could see problems yet did not have the tools, processes or opportunities to implement solutions.

These insights helped me create the *NZ Post Managers' Manual to Total Quality Service*, providing a vision for NZ Post as

it moved forward. That communication tool gave managers enough understanding to allow them to teach their staff. It provided about 30 problem-solving tools to help small teams of people resolve challenges on the job.

Roadmap

Any time we decide to work on new initiatives it is useful to make a distinction between two innovation problems we face. The first is solving the challenge we face individually, in teams and as departments – much like R&D in pursuit of new solutions or technologies. In the public sector this can be a project to address an important need. Second, is the challenge of collaborating effectively to create and deliver the ideas to solve the first problem.

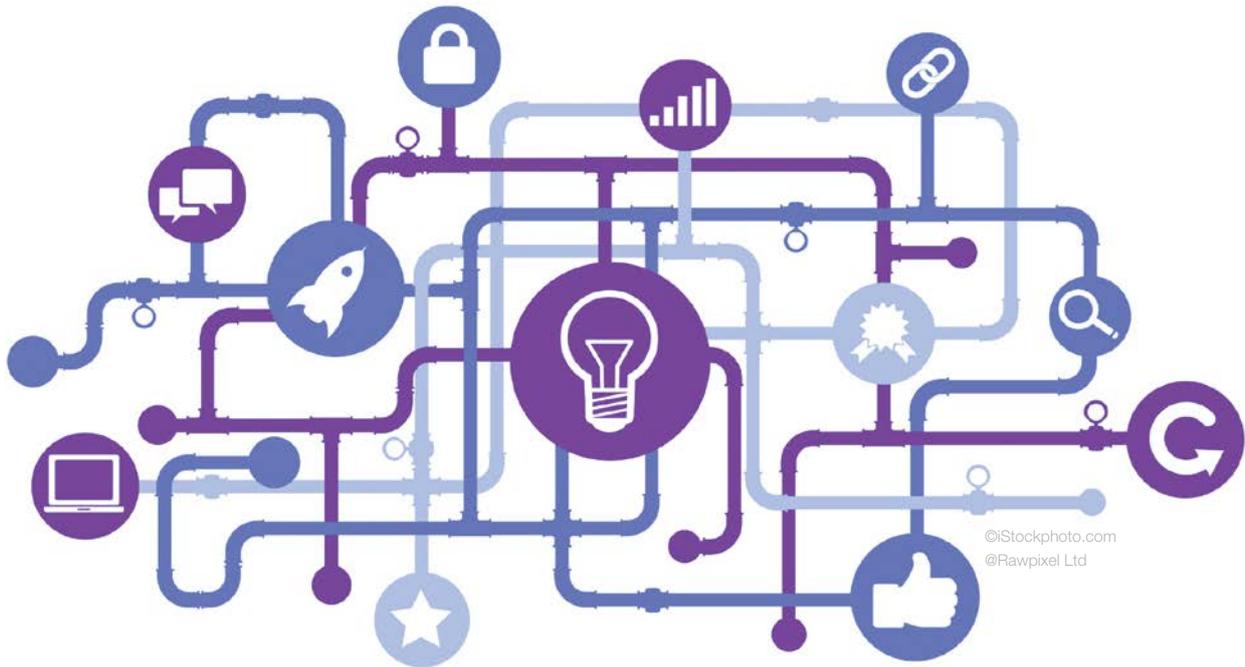
After the war, the Japanese adopted principles to rebuild the country while the USA went back to old ways of working.

Research has found poor collaboration often hinders the process of solving the first challenge – and that presupposes we actually want to solve our challenges. The more fundamental question is do we want to solve our challenges? Research from the private sector – even from lobby groups like the Business Council of Australia – suggests a roadblock to change can be middle managers who, for various reasons, ignore problems until there is a crisis. In essence we face two options – do nothing, at least until there is a crisis – or, do something to solve a problem.

Though I simplify a complex issue, these are the options we face. Every one, in every organisation, must solve problems, make decisions and deal with change in some way. The difference is how we choose to do so.

A path forward is to consider how the Singapore Prime Minister's Office viewed this issue of productivity and innovation – when it sought to build the capacity of public servants to innovate. As part of its 'PS21' program to pursue excellence, one element was to improve the skills for problem solving and decision making in the public sector. Extensive research led to its 'Innovation Skills Framework'. For each skill public servants could take two to three days of training – 'Generating ideas', the seeds of great solutions to all challenges. This involved brainstorming and tools to create solutions to problems; 'Developing ideas', to develop potential solutions to enhance the possibility for success and eliminate the risk of flaws or weaknesses; 'Judging ideas', at numerous steps in the problem solving process, involving understanding how to use criteria to improve judgments; 'Communicating ideas', because even good ideas need to be communicated well; 'Turning ideas into actions', because implementing innovative solutions requires robust strategies and tactics.

A sixth skill related to 'Developing ideas' and was about team learning and collaboration. An analogy was created based on a 'hand of innovation'. Each finger is one skill and the hand is team collaboration. Each skill, like each finger, is important. An 'innovation guide' went to 20,000 staff and managers in Singapore. It was a roadmap to understanding innovation and productivity and a way to engage with the training offered. *Continued.*



©iStockphoto.com
@Rawpixel Ltd



Though we talk so much about ‘innovation’, facts show that 90 per cent of ideas used in all organisations are improvements, not true innovations. That is normal. About half of all ideas make current systems more effective while the rest make current systems more efficient. Our systems should reflect these skills and yet not ignore the need to create ideas that can lead to innovations.

Productivity and innovation

Productivity and innovation work in collaboration. The focus on productivity is crucial for society. The more innovative we are in shaping solutions for challenges, the greater our productivity. Some have the view productivity is driven by the cost of labor. That is nonsense in the knowledge economy. Productivity is defined by the value created by people in pursuit of their objectives. Obviously, that is measured against the cost of creating the value.

To ensure we are productive, leaders need to set a direction and create the management policies to encourage managers and staff to make the right decisions on a daily basis.

We face two options – do nothing, at least until there is a crisis – or, do something to solve a problem.

At a team level, we cannot change what we do not control but we can change what we do. This was a lesson learned at the sporting association. Perhaps the best tactic I have experienced over the years is a regular, unstructured staff ‘ideas’ meeting. Staff members can discuss a problem that needs new ideas, or an idea they created.

Our idea meetings started with three people. Everyone tried to have one idea to discuss. Before long, others engaged in the process. Within a few months these became brainstorming sessions to solve many issues and staff wanted to be involved.

This may seem trivial compared to the challenges of the public sector, yet consider one thousand – or 10,000 – small groups meeting weekly to work on their challenges. How many would resolve difficult problems or identify new opportunities? Given the right skills for solving problems and stronger skills for collaboration, that can be a great investment in improving productivity. **■**

The Idea Factory’s Ed Bernacki is currently writing a book on practical ideas to boost public sector productivity and innovation based on his experience in various countries.

REGISTER
ONLINE TODAY

ANZSOG
Annual
Conference
2015

Opening Government

Transparency and Engagement
in the Information Age

conference.anzsog.edu.au

4–6 August, 2015
Melbourne

Follow us



the Australia and New Zealand
School of Government

Want innovation in government?



Then avoid the ‘doom loop’ and keep your CEOs longer, writes David Waterford, left.

Governments of all political persuasions continue to talk-up the need for more innovation in and by the public sector.

Voices as diverse as former New South Wales Liberal Premier, Barry O’Farrell – addressing the Institute of Public Administration Australia in 2012; South Australia ALP Premier, Jay Weatherill – when launching his public sector renewal program in 2012; and former Queensland LNP Premier, Campbell Newman – in calling for nominations for public sector awards in 2014 – have all made the call.

The public sector in Australia has demonstrated genius in generating innovative ideas. There has been successful proof of concept for many of these innovative ideas – in recent decades often called ‘pilot programs’ – and there is a solid history of public sector-led implementation of innovation.

But is the public sector still capable of innovation? Will calls from political leaders for more innovation be enough to re-catalyse any waning capability?

Some argue the critical drivers of public sector operation – consistency, efficiency, timeliness and uniformity – work against innovation. However, many highly-regarded innovations implemented by public sector agencies occurred when these drivers of a classic bureaucracy were at their strongest.

For example, in South Australia in the 1930s, the Auditor-General John Wainwright conceived the notion of the ‘South Australia Settlement’ as a means for the ‘systematic industrialisation’ of the

state. Premier Tom Playford vigorously adopted Wainwright’s idea. For the next 30 years, through a number of government instrumentalities, the SA Government offered economic incentives to business, keeping production costs lower than in Victoria and New South Wales and transitioning the state from a largely agricultural economy to an industrial one.

If public sector organisational culture, skill sets of senior leaders, or the risk-conscious environment of public administration don’t prevent innovation, what is the cause?

The South Australian Housing Trust was for many years a true innovator. It was the first Australian housing agency to bank land, sell houses on the open market, buy and conserve old houses as public housing, buy public housing from private developers and design special housing for pensioners and people with disabilities.

So if bureaucracy itself is not an anchor to innovation, is it the type of leaders recruited? It could be argued that public sector leaders are recruited overwhelmingly for their capacity to coordinate, monitor and organise. The valuing of competition, goal achievement, budget containment and customer focus has certainly increased. However, the argument would run there are few, if any, public sector leaders recruited because

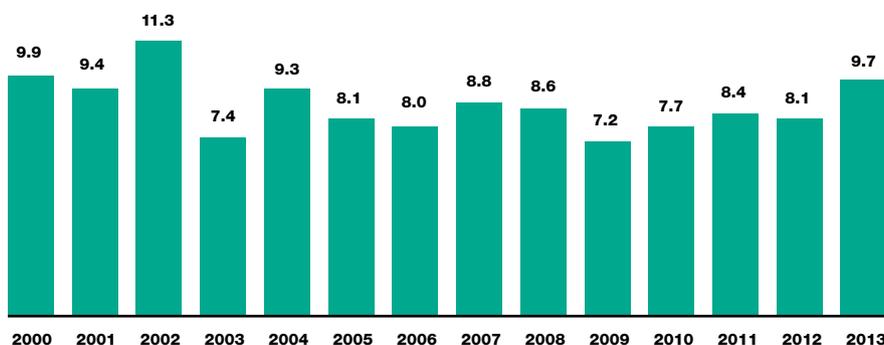
they are visionary entrepreneurs or because of their track record in creative, transformative or innovative change.

The problem with this argument is that the empirical evidence from the world of corporate enterprise overwhelmingly says the sleek and fleet-of-foot are not necessarily the leaders who deliver innovations leading to long term corporate success. Rather, it is the quiet, values driven, focused and disciplined operators who make the breakthroughs and sustain their organisations’ efforts to become great performers over the long-term. This ‘Hedgehog Concept’ is spelt out by Harvard Business School’s Jim Collins in *Good to Great: Why some companies make the leap ... and others don’t*.

Others argue the risk aversion of politicians prevents the public sector from innovating. The problem here is that innovation and high risk-taking are falsely conflated. Again, the evidence from the corporate world is the large publically listed companies that successfully innovate, repeatedly reinventing themselves, are not high risk-takers.

The real secret of successful corporate innovators is they have developed a process of bringing new offerings to market more reliably, with less, not more, risk. That is why they have repeated successes rather than a few big hits. The demonstrated commitment to innovation of companies like Apple, Amazon, General Electric, and IBM is not the equivalent of a preparedness to flush cash down the toilet in pursuit of the next big idea. In these corporations, innovation is a very controlled process, meaning a tightly regulated approach to managing risk is not evidence of an inability to innovate. *Continued.*

GRAPH 1 Average tenure for departing CEOs of S&P 500 companies



SOURCE Conference Board

If public sector organisational culture, skill sets of senior leaders, or the risk-conscious environment of public administration don't prevent innovation, what is the cause?

Obviously, no single factor creates an environment that supports or inhibits innovation. However, in the corporate world, the single most necessary condition for innovation to flourish is a chief executive with staying power; a leader whose tenure exceeds seven years. That does not mean the longevity of a CEO's tenure automatically results in innovation. Far from it. But the evidence is that repeated and sustained innovation requires the right kind of CEO with a lengthy tenure.

People often like to reference Apple as an example of a company that figured out how to use innovation to drive growth. In the December 2014 *Harvard Business Review*, Maxwell Wessel pointed out that from 1997 to 2014, nine of Apple's 17 most senior executives lasted more than a decade in the executive team – five staying more than 15 years. In November 2014, the *HBR* reported that 82 per cent of the top 100 best performing CEOs had been in their jobs more than seven years.

Looking at the cut-throat world of corporate USA more generally, the Conference Board – an independent business membership and research organisation – regularly reports on the average length of tenure of departing CEOs in S&P 500 companies.

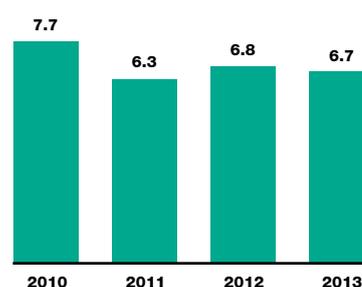
While there was a general downward trend from an average of 9.9 years in 2000 to 8.1 years in 2012 – with 2013 being seen as an outlier – the average is still consistently above seven years. (*Graph 1.*)

The length of tenure of CEOs in the public sector agencies in Australia is much shorter than in Australian and US private sectors.

In the Australian corporate sector, the Australian Council of Superannuation Investors (ACSI) reports annually on ASX-100 company board rooms, including the tenure of executive directors. (*Graph 2.*)

The pattern in Australia is for private sector CEOs to be in the job, on average, for just less than seven years.

GRAPH 2 Average length of tenure for executive directors in ASX-100 companies

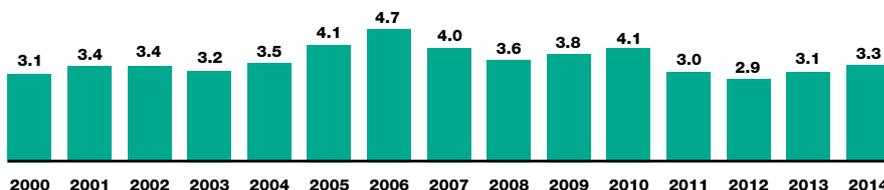


SOURCE ACSI

My perception, based on sixteen years in the South Australian Public Sector, is the length of tenure of CEOs in the public sector agencies in Australia – at both state and commonwealth levels – is much shorter than in Australian and US private sectors.

To test this perception, I first looked at the length of tenure of Secretaries/Directors-General/Chief Executives of four department types – first-ministers, treasury, health and education – over five jurisdictions *Continued.*

GRAPH 3 Average tenure of CEOs: selected public sector agencies at June 30.



SOURCE Public domain data



©iStockphoto.com @AdamRadosavljevic

(Commonwealth, New South Wales, Queensland, South Australia and Victoria) as at 30 June 2000 to 30 June 2014. (Graph 3). Using the same sample length of tenure of departing CEOs is shown in Graph 4.

The situation represented in these data goes some way to explaining why the public sector is not able to implement the level of innovation being sought by governments. Linked with this, repeated machinery of government (MOG) changes further undermine the capacity of the public sector to innovate.

The four agency types chosen for the above analysis – first-ministers, treasury, health and education – are the ones least effected by MOG changes. Even when combined with other agencies, the health and education division each has a strong continuing identity, is generally the dominant division and when super departments are dissolved the CEO often becomes the head of the new ‘smaller’ health/education department. For almost every other government department, it is impossible to create a data series for CEO tenure because machinery of government changes make it impossible to define a continuing department. Areas such as Aboriginal affairs, water, mining, transport and environment seem to be on a MOG ‘lazy susan’ – never in the same spot for very long.

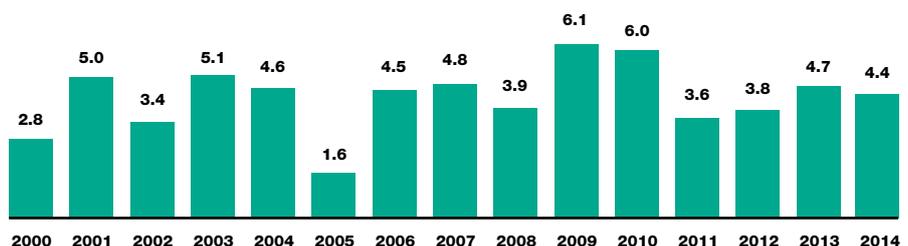
The repeated quick succession of new directions, programs, leaders and administrative arrangements generates in organisational terms what Jim Collins refers to as the ‘doom loop’. In this environment, innovation is impossible because changes work against the accumulation of results that are the foundation for innovation.

Areas such as Aboriginal affairs, water, mining, transport and environment seem to be on a MOG ‘lazy susan’ – never in the same spot for very long.

This is not an argument to reintroduce tenure of public sector executives. But is it time the political class reconsidered its obsession with reorganising administration arrangements and, in this context, with terminating CEOs? Very pertinent to this situation is the observation of Wallace S. Sayre (one time Professor of Public Administration at Columbia University): ‘Generally speaking, the benefits of administrative reorganization are immediate, but the costs are cumulative’. In this instance the cost undermines the ability of the public sector to innovate, ironically, often the stated purpose for reorganisation. **T**

David Waterford is Principal Consultant of Adelaide-based training and consultancy firm Oz>Train Pty Ltd.

GRAPH 4 Average tenure of departing CEOs: selected public sector agencies at June 30.



SOURCE Public domain data

Middle management can help



The public service is critical to improving national productivity and middle management has a role to play, says Peter Keogh, left, of Ernst & Young (EY).

The public service can improve productivity, internally, through structural

alignments and by improving workplace practices – for example, focusing on addressing future workforce shortages and by refining its service delivery models – both areas where middle management can make an effective contribution.

Fiscal, monetary and industry policies and efficient allocation of economic resources should also be designed to stimulate productivity growth.

The Intergenerational Report (IGR) identified the need to encourage older workers to stay employed to maintain work participation levels. But that may not be enough to maintain a viable working proportion of the population or improve productivity in the public sector. Low fertility rates and current immigration levels mean that, by 2020, Australia may face a shortage of working age individuals.

The IGR is a warning to the public sector that demographic shifts will change the future workforce and to maintain productivity through greater participation, new workplace strategies will be needed.

The IGR is a warning to the public sector that demographic shifts will change the future workforce and to maintain productivity through greater participation, new workplace strategies will be needed.

To encourage participation and at least maintain productivity levels, the public sector will be expected to take the lead in refining workplace strategies to help it remain a highly viable alternative in attracting and retaining talent. Agencies will need to develop strategies at an individual level to ensure an adequate supply of

skilled labour and an effective workforce in the changing work environment. That is likely to require strategies of gender and generational diversity to cater for increased numbers of women entering the workforce and Baby Boomers working alongside Gen X, Gen Y and Millennials. www.nsw.ipaa.org.au/events/2014/2014-ppc-sig-eventgen-x-the-generation-born-not-to-rule. Ethnic and indigenous diversity strategies will be needed to accommodate increased numbers of ethnic minority workers and ensure an inclusive workforce; technology strategies to enhance and integrate the workforce into next generation labour productivity gains; and sharing of strategic specialist roles and functions across departments.

For the public sector, competition for talent should not be underestimated. That is particularly evident in a market for more technical skills that will operate competitively within even greater globalised markets, where most western nations face similar labour shortages. Greater use of international attraction methods, or industry secondments,

‘Over the next 40 years, ongoing improvements in Australia’s living standards will remain primarily contingent upon continually improving our productivity’.

2015 Intergenerational Report, Australia in 2055.

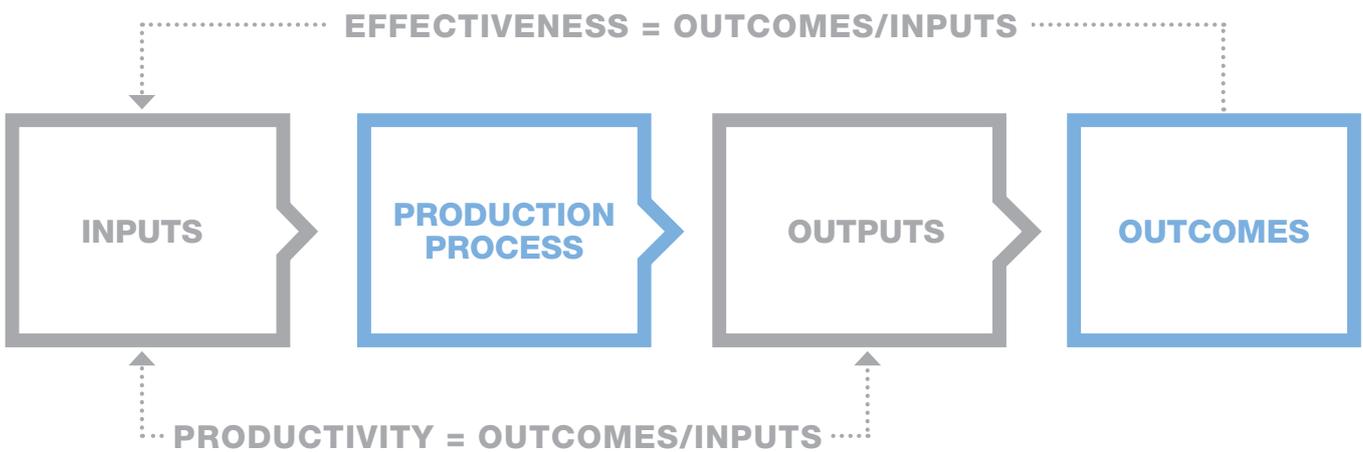
The release of the latest Intergenerational Report (IGR) began a national conversation about Australia’s future economic prosperity.

The IGR says population growth, workforce participation and improved productivity are fundamental to

ensuring Australia maintains living standards and remains competitive over the next 40 years. It also identifies productivity as the most important of these three factors.

Under the shadow of an aging population, increased demand for

government services and successive government fiscal deficits, a country’s ability to improve its standard of living over time depends almost entirely on its ability to raise its output per worker. **T**



may become more prevalent in recruitment. The government's skills strategy may also need to consider better adaptation and use of the knowledge economy.

As well as addressing productivity barriers in the external environment, policies must also address the productivity of the government itself. The public sector makes up a large proportion of the economy and improving its productivity will have a significant effect on economic growth. According to 2013 analysis by the Institute of Public Affairs, public expenditure by all levels of government in Australia was approximately 39 per cent of GDP. So, increasing services to the public, while maintaining or reducing costs of delivery, directly contributes to a higher standard of living.

In 2013, EY research found that despite sharing comparable skills, capabilities and remuneration, only 20 per cent of public sector workers believed they were 'operating at or above their lifetime best', compared with 29 per cent of private sector workers. Closing that gap was estimated to result in a \$2.4 billion productivity dividend.

The issue of 'productivity' in the public sector is nothing new and the term has been intermingled with performance and efficiency. While it has a universally accepted economic meaning, when adapted to the public environment it has also come to mean operational performance improvement.

The public sector makes up a large proportion of the economy and improving its productivity will have a significant effect on economic growth.

One of the great dilemmas facing those attempting to address productivity in the public service has been the issue of measurement. We need to differentiate between two types. The first measures productivity for the national accounts and the economy – 'outcomes', while the second measures organisational efficiency and improvement – 'outputs'.

From a national economic perspective, the key issue in productivity measurement is how to define and measure final outputs of the public service. That has proved problematic despite the many efforts, including the UK's 2005 Atkinson review – due to the nature of goods and services provided by government, the market it operates in and, for the most part, no clear market price for its outputs.

The obvious question beckons – if it is difficult to measure public sector productivity growth, how can you tell if it is changing and/or requires attention? That does not mean efficiency gains to deliver outputs and the effectiveness of policies to achieve outcomes should be ignored. A method is to establish an agency performance framework with two mutually exclusive measures – one providing an assessment of outcomes to focus on the question of agency and policy effectiveness – the other addressing the issue of agency efficiency focusing on outputs; ie, productivity.

The existing discipline of evaluation using program logic, when implemented correctly, still remains the most pertinent measure of policy effectiveness outcomes. *Continued.*



At the organisational or agency level, it is necessary for each agency to activate metrics that can be used to measure the performance of outputs and, therefore, efficiency. Productivity should be measured and defined as the ratio of all outputs produced by a given organisation, divided by the inputs used to produce them.

At the agency operational group level there are several different ways to assess and improve public sector productivity.

Reducing inputs to achieve the same outputs. Put simply, cost reduction.

Generally, for this to be realised there needs to be redundancies – not transfers – and reduction in the use of external services or replacement of internal services with lower cost external services, for example, outsourcing processing or activities.

Increased outputs, using the same inputs. For example, the delivery of more community home care visits but at no extra cost – possibly achieved through better routing, shorter visit times and better scheduling.

Better targeting of the outputs, reducing waste or surplus outputs.

Identifying efficient service delivery models that clearly identify and reach targeted customers, while reducing surplus services or funding.

Same outputs, using alternative service delivery models at lower cost.

This covers market testing, commissioning and outsourcing aspects of service delivery.

Reduction of output A but enhancement of output B at the same cost.

This is an optimisation or fine-tuning approach that looks for increased public value through different routes to achieve better outcomes – for example, changing the mix of inputs and shifting some resources from one program to another to achieve better results overall. If there were no additional cost and no cost saving, that would still represent an increase in productivity from a public value perspective.

Productivity should be measured and defined as the ratio of all outputs produced by a given organisation, divided by the inputs used to produce them.

Substitution. Distinct from the above, this refers to productivity gains achieved by changing the intervention methodology, not the service delivery. An example of this is to scrap a program and replace it with a less administratively heavy and less costly regulation, or

taxation implementation tool, to address the same market failure issue.

While the high-level examples above provide practical ways the public service can impact productivity at the group level, these do not take into account more strategic departmental level productivity gains through strategic alignment, technology and big data sharing analysis. Nor does it delve into potential productivity gains from any wholesale structural changes to the public service, which may result from the current Federation review, as such initiatives are often beyond the realm of middle management. However a close re-evaluation of the workplace environment, programs, service delivery models and tools of intervention at the middle management level, can deliver productivity gains and, ultimately, improved efficiencies. **T**

This article was edited from information supplied by Peter Keogh, an Executive Director in the Economics, Regulation and Policy area for EY in Canberra. Peter has spent more than 30 years in the private and public sectors, focusing on public policy, government intervention, program evaluation and productivity issues.

This does not constitute advice from EY (Ernst & Young) and should not be relied on as such.

Fed up?





Or not?

IPAA's much-lauded national conference is shaping up to be another engaging and engrossing event.

This year the New South Wales division plays host when the conference comes to Australia's biggest city as 'Fed Up Federation Reform: Impacts and Opportunities'.

Sydney's Hilton will be the venue over Wednesday 14th and Thursday 15th October for what promises to be another in this series of national gatherings that your editor can attest are always world class.

The results of the Reform of Federation currently underway are likely to have the greatest impact on the Australian public sector, with the potential to significantly change public sector activities, roles and responsibilities and the way services are delivered to Australian citizens.

PHOTO Ethan Rohloff,
Destination NSW

‘Fed Up. Federation Reform: Impacts and Opportunities’ provides a forum for those passionate about the public sector to connect and engage with their peers to discuss the issues that matter.

More than 50 speakers from around the world will gather for the two-day Conference to explore how the public sector will look as a result of Federation reform and the skills required to excel in this changed environment.

Five ‘Big Issues’ will provide the Conference core.

Why reform Federation?



In exploring the case for change and how it will deliver better services to Australians, former South Australian Premier and member of the

Prime Minister’s Reform of Federation Expert Advisory Panel, Dr John Bannon, will share details of the process for reform, the guiding principles and the allocation of roles and responsibilities.

What will it take to achieve reform?



Former Victorian Premier, John Brumby, will issue a leadership challenge.

Federation reform is a once in a generation

opportunity to reimagine how the commonwealth and states could work together to deliver better services but affecting real change is going to require a mix of vision, compromise and commitment and an ability to communicate the need for reform to citizens.

John Brumby has immense experience in public life serving for more than 10 years as Treasurer and then Premier of Victoria, six years as Leader of the Victorian Opposition and seven years as Federal MHR for Bendigo during the period of the Hawke Government. He is widely published on a range of issues including Federation, tax reform and China, was Chair of the COAG Reform Council from January 2013 to June 2014 and has led a number of national policy reviews.

What do Australians want? What do public servants really think?



The 2014 Australian Constitutional Survey showed more than one in three people consider Australia’s three-tiered system of government is not working well.

Professor AJ Brown will explore citizens’ thoughts on Federation and intergovernmental collaboration and compare them to the opinions of public administrators across all levels of government.

How do we bring the people with us?



Despite mixed opinions about how to reform Federation, everyone agrees the key to lasting success is how well we educate

our citizens about the need for reform and what benefits it offers. In a throw-back to the popular Gruen Transfer session, facilitated by journalist Monica Attard, advertising agencies will sell Federation reform.

What are the next steps?



Public sector secretaries and director generals from around Australia will explore how we reconcile the options and share

their vision for the future of Federation with *Lateline* presenter Emma Alberici.

Roundtable Briefings

Following the release of the Federal Government’s Green Paper, Roundtable Briefings will explore reform options for health, education, housing and homelessness.

Senior public administrators, academics and representatives from the not-for-profit area will discuss the merits of the options and the impacts and opportunities those might provide.

The Roundtable Briefing on the Australian Tax System will explore the issues raised in the preparation of the Taxation Green Paper, focusing on structural problems of vertical fiscal imbalance and funding reform options.

Interactive

All four Roundtable Briefings will be highly interactive.

‘Skills for the Future’ sessions will dive deeply into the four skills that have been identified as crucial in the post-Federation reform landscape: commissioning, market management, digital government and big data. An international thought leader will present their perspective and insights on each of these skills followed by Australian presenters who will share local examples and case studies.

Must attend

This year’s IPAA National Conference is a must attend event for public administrators committed to building their understanding and developing their career in an increasingly complex environment. **1**

Win free entry. It’s easy!



All you have to do to attend the Conference for free is tell the organisers why you want to attend.

It’s easy – just follow @IPAANSW and tweet your response using #ipaa2015 (up to 140 characters) or email info@ipaa2015.org.au (using 25 words or less).

Garran Oration – NSW Premier takes up where Federation began



Mike Baird, above – elected Leader of the NSW Liberal Party and sworn in as the state’s 44th Premier on the same day – will be the first premier in 20 years to deliver the Garran Oration – always a highlight of IPAA’s National Conference.

The Oration honours Sir Robert Garran who attended the Federal Convention in 1899 as Secretary to the then NSW Premier George Reid. In 1901, as Secretary to the Attorney General, Garran helped to establish the new Commonwealth Government and was Australia’s first and briefly, its only, public servant. He later published his classic history of the Federation process and commentary on our Constitution, now standard reference works.

Fittingly, on 14 October, NSW Premier Baird will offer perspectives on the current challenges and opportunities facing public administration in Australia against the backdrop of the Commonwealth Government’s new wide-ranging papers on the future of Australia’s Federation.

114 years after NSW Premier Henry Parkes’ vision for a federated nation was realised, and as debates about Australia’s Federation become more relevant than ever, the 2015 Garran Oration will mark a high point of IPAA’s National Conference and provide new insights into the evolving nature of public administration in Australia.

This year’s Garran Oration sees another milestone – it will be KPMG’s 10th year as sponsor. **T**

Other key speakers

Blair Comley



Blair Comley is the Secretary of the NSW Department of Premier and Cabinet and the state’s senior public servant. He is a

board member of Infrastructure NSW, the Australia and New Zealand School of Government (ANZSOG), the NSW Public Service Commission Advisory Board and is chair of the NSW Public Sector Secretaries Board.

Richard Collis



Richard Collis is an Assistant Deputy Commissioner in Compliance, working in the Smarter Data business line. He currently has line management

responsibility for Enterprise Analytics where he is responsible for the delivery of analytics services internally to the ATO. Richard also is chair of the cross agency Data and Analytics Centre of Excellence.

Professor Christine Bennett



Christine Bennett was appointed in May 2011 as Professor and Dean, School of Medicine, Sydney at the University of Notre Dame Australia.

Before that she was Chief Medical Officer for Bupa Australia Group. Professor Bennett is a specialist paediatrician and has more than 30 years of health industry experience in clinical care, strategic planning, business operations and senior management in the public, private and not-for-profit sectors.

Greg Smith



Greg Smith is Chairman of the Commonwealth Grants Commission, a Senior Fellow at the Melbourne Law School, a member of the

Tax and Transfer Policy Institute (ANU) advisory committee and a member of the CEDA Council on Economic Policy. He is a former head of the Commonwealth Treasury Budget and Revenue Groups, and a member of the ‘Henry’ Future Tax System Review panel.

Terry Moran



National President and National Fellow, Institute of Public Administration Australia, Terry Moran has had a varied public

service career, working with successive Australian and State Governments in public policy and public sector management. His early career as a CEO focused on building Australia’s education and technical skills capacity.

Professor A J Brown



AJ Brown is Professor of Public Policy and Law in the Centre for Governance & Public Policy at Griffith University, Brisbane. He is also a board member

of Transparency International Australia, Fellow of the Australian Academy of Law and of the Regional Australia Institute.

Continued.

Professor Peter Noonan



Peter Noonan has played a major role over the past two decades in shaping policy in Australia’s tertiary education and training systems as a policy adviser, senior executive and consultant to federal and state governments, universities, higher education providers, TAFE and as a contributor to major reviews.

Dr Anne Tiernan



Anne Tiernan is a Professor in the Centre for Governance and Public Policy at Griffith University. She is director of postgraduate and executive programs in policy analysis and public administration at its School of Government and International Relations.

Her research is on the work of governing. Her scholarly interests include Australian politics and governance, policy advice, executive studies, policy capacity, federalism and intergovernmental coordination.

Helen Dickinson



Helen Dickinson is Associate Professor of Public Governance at the School of Social and Political Sciences at the University of

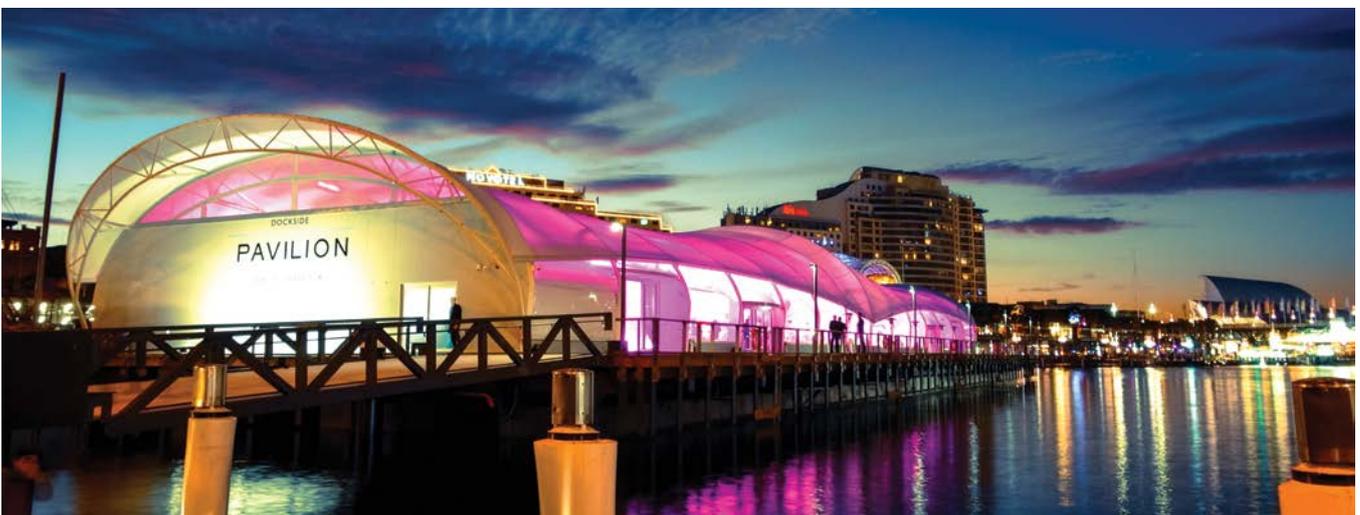
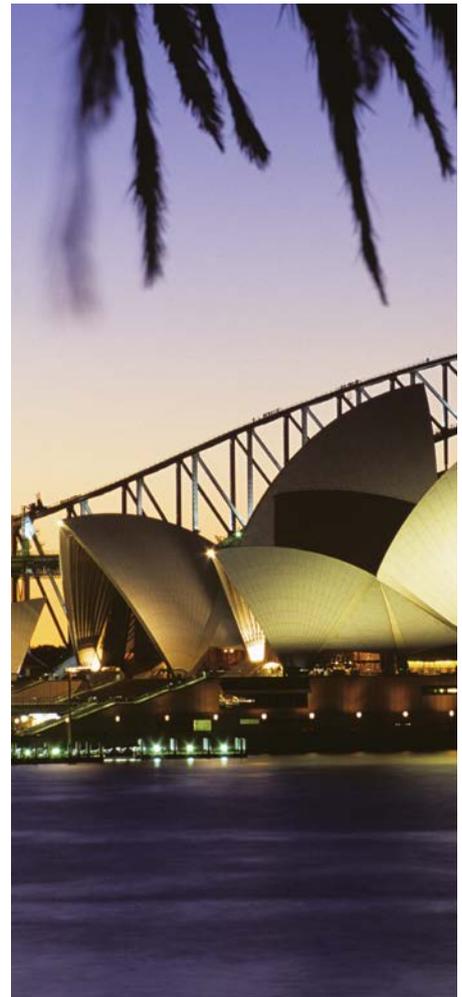
Melbourne. Her expertise is in public services, particularly in relation to topics such as governance, commissioning and priority setting and decision-making. In the last five years, she has authored, co-authored or edited twelve books on these topics.

Emma Alberici



Emma Alberici is the presenter of ABC TV’s *Lateline* and prior to that spent four years as the ABC’s UK-based Europe correspondent. **T**

DOCKSIDE PAVILION Venue for Garran Oration and Gala Dinner



IPAA 2015 NATIONAL CONFERENCE SYDNEY 14 & 15 OCT

THE HILTON, SYDNEY – 488 GEORGE ST, SYDNEY



**BOOK
TODAY**

Early Bird
closes
31 July 2015

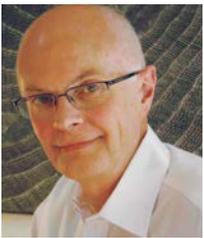
**FEDERATION
REFORM:
IMPACTS AND
OPPORTUNITIES**

The two day program re-imagines how the public sector might look as a result of Federation reform and explores the skills those working in, and with the public sector, will need in this changing environment.

To learn more or register your interest:

WWW.IPAA2015.ORG.AU

Future in focus



Geoff Heriot, left, reflects on Tasmania's screen debut.

It took just two hours for Hobart's June winter festival, 'Dark MOFO', to sell-out a theatre screening to

launch *The Kettering Incident*. Interest in the eight-part television drama caused festival organisers to book an additional eight cinema screens. The extra tickets reportedly sold within an hour and a half.

Like audiences everywhere, locals were keen to see on screen their stories and their place, specifically the maritime township of Kettering and surrounding areas of southern Tasmania. This is the first television drama series to be filmed here and, for that reason alone, signifies a high point in the history of the island's screen industry.

It also serves as a highly visible manifestation of strategic intent. The government's small industry development body, Screen Tasmania, has proven adept at leveraging high value from constrained budgets. Since the agency's formation in 2000, it has invested more than seven million dollars in screen productions, leveraging total budgets of about \$93 million, of which some \$26.5 million has been spent in the state. Over its history, therefore, the agency has leveraged a fourfold direct financial benefit to the state economy from every dollar invested. That is additional to the financial, training and mentoring support offered to screen enterprises, emerging practitioners, festivals and events. All these contribute to the growth of an artistic and industrial ecosystem.

Every state and territory has a screen agency. The majority of these operate on a much grander scale than in Tasmania.

Regardless of size, there are compelling public policy reasons for the island state to support screen and other creative industries. The rationale is likely to become ever more evident as the Tasmanian economy joins the rest of Australia in the next accelerating phase of workforce disruption.

No longer do factors such as geographic isolation, lack of traditional media infrastructure, equipment cost or small domestic market size leave Tasmania at a structural disadvantage.

A recent report by Deloitte estimated one-third of the Australian economy faced 'imminent major digital disruption'. Another of the big consultancies, PricewaterhouseCoopers (PwC), built on research work at Oxford University to argue nearly half of all Australian jobs were 'at risk', over the next two decades, due to automation. PwC said first in line would be clerical, financial and insurance workers, and administrative support staff. In the case of Tasmania's small economy, to be very conservative, that could affect sectors employing well over 100,000 workers.

Culture has important intrinsic value, contributing to local community identity and socially attractive residential environments. In anticipation of the next wave of structural change, however, the mantra must be: 'invest, innovate and market local talent'.

The same digital technology responsible for the great workforce disruption offers Tasmania an opportunity to strengthen its position in the international marketplace of ideas. It provides as much opportunity as risk in terms of future employment possibilities for Tasmanian youth.

Already the film, television and interactive gaming industries in Australia make a substantially larger economic contribution than, for example, the sport and recreation sector. PwC estimated the combined economic contribution of those three industries, would be \$12 billion in 2015. The Internet contributes about another \$14 billion. Content creation is one important value component of these industries where opportunity beckons.

No longer do factors such as geographic isolation, lack of traditional media infrastructure, equipment cost or small domestic market size leave Tasmania at a structural disadvantage. Not if it is clever. Fast broadband and digital production and communications technology offer potential to project creativity anywhere. Screens are ubiquitous and virtually every industry sector uses them to tell stories, engage audiences, educate and promote. Digital skills developed in the screen and entertainment sectors are transferable.

The 'screen sector' therefore encompasses much more than the twentieth century notion of film, television and advertising. Today, 'screen' offers diverse opportunities to engage audiences with games, learning, short and long-form narratives, published works and live events, music and performance.

One forecast predicts there will be some 50 billion connected devices in the world by 2030. Each of these will interface with applications and networks.



NOIRHOUSE Setting up a scene for the award-winning web series, Noirhouse. © Latitude Films

The more interfaces, the greater the opportunities for innovation and creative expression. More and more, content creators will have opportunities to communicate directly with audiences.

There is not a moment to lose.

Foundation growth

To date the focus of Screen Tasmania has been on increasing the total value of content production activity and increasing the share of production budgets spent in the state. That means growing the local pool of skilled practitioners, giving priority to those forms of content creation most likely to stimulate employment and attracting talent from elsewhere to use Tasmania as a residential base. In recent years Screen Tasmania has striven to encourage innovative digital projects and television series production. The latter, in particular, tends to create more jobs for longer periods than most one-off productions.

The Kettering Incident promises much. It is a supernatural thriller with high

production values and an undertone of gothic moodiness. The series co-creator is the internationally credentialed screenwriter, Launceston's Victoria Madden. The cinematography takes inspiration from Tasmania's signature topography and seascapes, and the extraordinary quality of light that prevails south of the fortieth parallel.

Today, there are more than 25 enterprises and about 1,000 individual practitioners working on feature films, television, games and mobile applications.

Produced by NSW's Porchlight Films and Madden's Sweet Potato Films for Australian release on Foxtel, the series had a budget of \$14.3 million. Through Screen Tasmania, the state government made an equity investment of \$1 million,

which resulted in almost \$6 million of direct expenditure in the State including 110 jobs in cast and crew roles.

As demonstrated by the previous Porchlight production in Tasmania – award-winning 2011 feature film *The Hunter* – the direct and indirect benefits to the state can be substantial. Screen Tasmania invested \$300,000 towards the \$6 million total production cost of *The Hunter*. More than \$1 million was spent in Tasmania. Coinciding with the film's release in international markets, Tourism Tasmania undertook targeted publicity campaigns. By piggybacking on *The Hunter*, for example, the campaigns reached circulations of more than seven million people in the UK and almost eight million in the USA. In Canada, a promotion in association with Canada Sweepstakes attracted almost five million impressions.

In the period since *The Hunter* showcased Tasmania's remarkable landscape and optical brilliance, two other high budget, international feature productions have been filmed here. *Continued.*

Screen Tasmania also has hosted a number of location scouts from Europe, Asia and the USA. Arguably, *The Kettering Incident* series would not have come to fruition, had it not been for the proof of concept demonstrated by *The Hunter*.

In 2002, Tasmania had only two independent production companies and a scarcity of skilled practitioners. Today, there are more than 25 enterprises and about 1,000 individual practitioners working on feature films, television, games and mobile applications. The prolific documentary and trans-media specialist Roar Film and animator Blue Rocket, continue to be industry leaders. Both companies previously received enterprise development grants from Screen Tasmania to assist their maturation.

Blue Rocket is an industry exemplar of the digital ecosystem. Over more than a decade, it has grown to be one of Australia's most substantial animation producers. For each dollar invested by Screen Tasmania, Blue Rocket has generated about eight dollars worth of production activity in the state. Recently it secured agreement with the Beyond International group and Indian co-producer Criya Innfotainment to create a

raft of children's animation series. Subject to production investment agreements with Screen Tasmania, about half the venture's \$17.5 million production outlay would be spent in Tasmania, providing employment for about 70 practitioners over four years.

The ABC, once so substantial in its industry presence, has contributed negatively to the screen industry in states other than NSW and Victoria.

All good. But impediments remain. They suggest questions for the Tasmanian government, and those officers working on a Cultural and Creative Industries Policy for the pro-active Arts Minister, Dr Vanessa Goodwin.

Three Policy Issues

There is no issue more important than how best to use the resources of this state to incubate talent. Tasmania is possibly too small to support its own conventional TV and film school.

Existing screen-related training and educational activities are fragmented across the secondary school, TAFE and university sectors, as well as a few private operators.

A decision by Screen Australia to discontinue funding the general operations of so-called state resource organisations has eroded substantially the viability of Wide Angle Tasmania – a community not-for-profit association providing valuable entry-level training and equipment hire services to aspiring screen practitioners.

Just as media and other businesses face the challenge of developing new business models, so too Tasmania needs to achieve a twenty-first century solution to talent incubation. The skills required are not only for creative and technical roles but also entrepreneurship, management and business development. The potential contributors to such an outcome-focused, multi-disciplinary model already reside here.

Further consideration is required to ensure Tasmania has an appropriate conclusive environment to allow content businesses to grow in company with the state's other economic pillars such as tourism, education and research and agriculture/acquaculture.



FILMING THE HUNTER Directing lead actor American Willem Dafoe in the Tasmanian bush, and above, Dafoe on location near Hobart for *The Hunter*. © Porchlight Films



ANIMATED Blue Rocket's animation factory near the Hobart waterfront

ABC's negative impact

The ABC, once so substantial in its industry presence, has contributed negatively to the screen industry in states other than NSW and Victoria. It has progressively closed internal TV production units for programs other than news, while failing to commission a comparable volume or value of content from independent producers in those states. It also abandoned state-based television current affairs and, at the time of writing, has done little or nothing to compensate. Perhaps the Corporation chose to redact section 51(v) from its copy of the Australian Constitution?

Managing Director Mark Scott told a recent Senate inquiry into the *ABC Amendment (Local Content) Bill* that, by working with independent producers, the ABC could benefit from government subsidies to which it would otherwise not be entitled. In other words, the ABC's notion of production efficiency relies considerably on its ability to leverage an even larger share of government subsidy

through Screen Australia, federal taxation offsets and the state screen agencies.

Its capacity to benefit from all these taxpayer-funded sources, directly and indirectly, comes with obligation. Tasmania and other states would do well to consider agitating for legislative change in order to specify more clearly the national broadcaster's purpose. That is, clarify its obligation to serve the federated nation in its constituent parts, including those far from the ABC citadel in the Sydney CBD.

Tasmania, it's time to rock.

To quote my own submission to the recent Senate inquiry:

'If the Corporation no longer wishes or no longer has the financial capacity to operate internal production activities, across the nation, it should be held to account to ensure that a reasonable proportion of its screen-based

commissioning and acquisition relates to the diversity of the Australian federation.'

A universal opportunity?

Having undertaken his PhD at Latrobe University, eminent Indian scholar and journalist, Nalin Mehta, knows quite a lot about Australia. Writing about India's media sector in his latest book *Behind a Billion Screens* he could well have been reflecting upon an island as much as a sub-continent.

Digital technology necessitates 'a fundamental transformation of the way we look at media'. Mehta argues there is an opportunity 'to move from just being a provider of entertainment content to being a creative industry ... that plays a much larger role in the overall economic vision for the country [or state]'.

Tasmania, it's time to rock. ■

Geoff Heriot chairs Screen Tasmania. Now based in Hobart as a consultant and writer, Geoff is a former foreign correspondent who held a number of senior executive and strategy roles with the ABC.

Investing in growth



A skilled labour force is vital for an economy to compete and grow. Dr Chrissie Berryman, left, looks at Tasmania's workforce development strategy.

Tasmania is a unique and beautiful island on which to live and work. Its remote setting off the Australian coast has been a decisive factor in shaping its demography and prosperity and, as a result, the capacity and capability of its workforce.

In the 18th century, geography meant Tasmania was a pragmatic and distant solution for relocating convicts from overloaded British gaols and, since then, distance has played a significant role in limiting opportunities for trade and industry to flourish.

At the present time, remoteness means a large number of younger Tasmanians 'move to the mainland' pursuing work, education and other life opportunities. Many do not return. It also means Tasmania has traditionally had a less affluent population than other states and territories.

With the state's population ageing at a faster rate than any other Australian jurisdiction, demographic imbalance caused by age and socio-economic status has had a major influence on the supply of available and skilled labour.

A skilled labour force is vital for an economy to compete and grow. Employers are increasingly looking at the skills available in the local labour force when they make decisions about where to locate their business, what to produce, what services they can provide and how effectively they can run their business.

Skill levels enhance productivity, increase competitiveness and efficiency, reduce unemployment and generate positive returns

for business and improved wages and salaries for employees. The availability of high-quality and skilled workers attracts businesses and encourages business investment.

Distance no longer has the negative consequences it has had previously. Technology has already overcome many of the barriers that distance creates for businesses seeking to grow new markets but new skills are required to utilise those opportunities.

Funding should go to those providers of training best able to demonstrate the provision of quality training valued by industry and leading to real jobs and real productivity gains.

Government also has a key role to play in supporting existing and future industry and facilitating strategic workforce planning and the creation of the Department of State Growth is a key opportunity to coordinate government efforts to grow the economy. Vocational education and training (VET) is a direct means of providing workers with skills relevant to the evolving needs of employers and the economy.

A good VET system has a ripple effect on the economy. Quality training increases the acceptance of VET. This correspondingly increases the employability of and demand for VET graduates. This then attracts more students into the VET system – including school

leavers and older workers looking to re-skill or up-skill to improve their employment options.

Recent research by the global management consulting firm, the Boston Consulting Group (www.bcgperspectives.com/content/articles/education_public_sector_vocational_education/), looking at education and training markets around the world, suggests four factors are key to a successful VET system.

The presence of a co-ordinated ecosystem in which stakeholders actively cooperate

This means all stakeholders align their interests and work together to ensure the VET system represents the needs of all participants. That includes government oversight to set the long-term strategic direction of training in consultation with stakeholders and ensuring that quality training, valued by both students and employers, is provided. It also includes an active role for employers and industry groups in workforce development to ensure the long-term skill needs of the economy are well managed.

Performance-based government funding and support

This means funding should go to those providers of training best able to demonstrate the provision of quality training valued by industry and leading to real jobs and real productivity gains. Providers with strong graduate employment rates and high rates of employer satisfaction would be rewarded through the funding system.

Investing in people
and their futures

Investing in Skills for Growth



Skills Tasmania
Department of State Growth



The contribution of providers of training to equity clients is appropriately weighted in this context to account for the greater challenge of achieving successful employment outcomes.

Respect for VET as a valid educational pathway for all students

This means VET should not be viewed as a 'second best' education experience and only for students incapable of achieving university standards. Students need to be encouraged to see both university and vocational training as legitimate learning options and horizontal and vertical mobility between university and vocational education should exist. Attracting high calibre students into vocational education and training is important to ensuring Tasmania continues to remain strong in the technical trades and its important service sectors.

Sustained support from industry and employers

Employers can and should play a crucial role in the VET ecosystem. Employer skill requirements should feed directly into the development and support of training and workforce development processes.

The strategy is focused on turbo-charging the state's economy through skills development that links to economic and jobs growth.

That is particularly true where employers either directly fund or contribute to the cost of training and have direct, one-on-one relationships with training providers.

Apprenticeships and traineeships are an important mechanism to link training and theory to real-world experience in the workplace, improving the overall quality of training and increasing the likelihood of continuing employment in the industry.

Governments can make a genuine difference to economic growth by investing in skill acquisition for individual businesses but the greatest leverage from such investment comes when a workforce-development approach leads skills development.

Investing in skills for growth strategy

Tasmania is currently reforming the Government funded training and workforce development system so a skilled labour force can be effectively built and sustained and the influences of distance and demography are lessened. The government training and workforce development strategy *Investing in Skills for Growth* is designed to complement a range of economic strategies so training supports economic growth, *Continued.*

meets industry needs and is directly targeted at individuals gaining employment.

The strategy is focused on turbo-charging the state's economy through skills development that links to economic and jobs growth. 'Real skills for real jobs' – to ensure job-related outcomes can be identified from the training government supports. The strategy also has a goal to support industry so it can strategically plan for workforce needs. A fundamental underpinning of these goals is a competitive and open training system, where training providers that meet the Tasmanian Government's quality standards are able to compete for training funds. This focuses our work as the state's training authority to ensure we are investing in skills where they will clearly drive state growth.

The Tasmanian Government is working closely with industry to ensure training provided meets the local needs of employers so they can have confidence that people with qualifications have the skills their business needs. That recognises the vital importance of strong links between industry and the training and education sector at industry, enterprise and local level. While planning with individual enterprises for future business and workforce needs is undertaken in the Department of State Growth, Tasmania's system goes one important step further and focuses on supporting industry sectors to strategically plan for workforce needs.

High level strategic partnerships

The department has established formal, high level, strategic partnership arrangements with businesses at regional level and with industry leadership groups such as the Tasmanian Chamber of Commerce and Industry, Farmers and Graziers Association and Aged Care Services. These groups and others bodies

at regional level across the state, are providing valuable information about local skills needs. They are also a useful means of educating and supporting employers, so they can best support their staff through training and other workforce development activities.

At industry level, the agriculture, hospitality, tourism, aged care, disability, seafood and aged care industries are being supported in developing comprehensive workforce plans. Those are a crucial mechanism by which to target subsidised training so funding effectively supports economic growth where industries need it now and into the future and provide real employment opportunities. Industry workforce plans and local-employer advice form the basis for determining what qualifications should be subsidised through jobseeker training.

Pre-vocational training, particularly when work experience is part of the training, is a valuable mechanism to skill jobseekers to find employment.

Stakeholder input also underpins the largest contestable fund offered by the government. The 'Skills Fund' allows an employer in partnership with a registered training organisation to apply for subsidies to train their existing workforce. Employers are required to contribute to the cost of training, again ensuring their commitment to training that will boost productivity and grow their business.

Such a comprehensive approach enables the state to be prepared when opportunities arise. In December 2014, China's President Xi Jinping spent a day in Tasmania after the G20 summit in Brisbane.

As an adjunct to the enormous economic potential to come out of this visit, the Department of State Growth supported the tourism and hospitality industries to develop cultural awareness courses to support their workforces. With a huge influx of Chinese visitors expected to follow their President to Tasmania, businesses are already well placed to reap the benefit.

The Tasmanian Government heavily subsidises training for people who do not have a Certificate III qualification to enable them to improve their skills and employability. Planned initiatives to improve the connection of jobseekers with the workforce include supporting employers to play a more effective role in workplace training, supervision and mentoring. Pre-vocational training, particularly when work experience is part of the training, is a valuable mechanism to skill jobseekers to find employment. Examples include pre-apprenticeship training courses with a high transition rate to apprenticeships. A new initiative, the 'Career Start' program provides training for people without a Certificate III or higher qualification where there is identified industry demand. The program also includes literacy and numeracy support and employability skills, if required.

Collaborative approach

However, the employability and skills development of our workforce cannot be developed by individuals or sole businesses, as the system has the responsibility to ensure training meets the needs of industry and that people with qualifications are sought by industry. That arises out of strong partnerships between business, individuals and government. Employers are the major contributors to ensure training makes a difference to the economy and to each individual. Projects such as a pilot employability skills project currently underway through the



TCCI links local employers to jobseekers. Employers taking part judge participants' work-readiness and give them advice on what it means to be employable – 'straight from the horse's mouth'. Job seekers are helping employers to see what challenges they face.

Apprenticeships and traineeships – with their direct employment relationships – ensure training is directed to real job needs and it is pleasing to see signs of small increases in apprenticeship and traineeship commencements across the state.

Training programs developed and validated by industry are highly regarded. Tasmania has a number of industry validations of training initiatives, examples being tour guiding and commercial cookery. The validation process will be expanded to all industries, with tourism and hospitality, an industry vital for Tasmania, having priority.

The importance of appropriate career advice and support for young people

and those in transition should not be underestimated. Quality career advice and support can assist people to make realistic career choices that lead to appropriate training and employment.

A high quality, well-functioning VET system has a significant multiplier effect and is essential to attracting business investment.

This brings back into focus why VET is so important for Tasmania. A high quality, well-functioning VET system has a significant multiplier effect and is essential to attracting business investment.

With more skills come greater opportunities for investment. Employers want to know they have a reliable source of skilled labour and a high-

quality training system to support business growth. We need to continue in our efforts to coordinate training and workforce development effort strategically, reward high-quality providers of training, promote VET as a valid education option for all students and ensure employers are actively supporting and investing in training.

That will build on current efforts to attract business to Tasmania, as well as more opportunities for existing local employers to compete and expand.

Approaches such as these will boost employment and ensure the state's workforce is well prepared for business now ... and ready to make the most of future economic opportunities.

Through *Investing in Skills for Growth* our aim is to turn the ripples into waves. **T**

Dr Chrissie Berryman, General Manager, Workforce Development and Training Branch, Department of State Growth, Tasmania

Developing ‘experts’



Lynne Curtin, left, explains why and how Victoria’s Environment Protection Agency (EPA) was compelled to respond to a critical human resourcing issue.

In 2009, the Victorian Ombudsman reported on gas leakage from a

closed landfill in Cranbourne that severely impacted residents in the nearby Brookland Greens Estate. The report said EPA lacked the appropriate expertise to make the correct decisions for that situation.

In 2010, EPA’s own ‘Compliance and Enforcement Review’ said its experts were no longer publicly visible and reported: ‘Community, business and EPA staff held the view that the technical capability of EPA and its access to experts had diminished over recent years with a high turnover of specialist staff’, and, ‘it would be appropriate to support officers with access to internal subject matter experts’.

Later that year the ‘Expertise Framework Program’ began as one of four ‘knowledge

and authority’ initiatives in EPA’s strategic plan 2011–2016, which looked at how EPA could transform to an effective, modern regulator. The program was designed to address needs identified by the Ombudsman and the internal review by developing the technical knowledge, expertise, and development of EPA people.

From the outset, the program took a creative and innovative approach.

Chief Executive Officer Nial Finegan says the program now ‘identifies, recognises and rewards experts who support EPA’s leaders to make business-critical decisions backed by credible expertise’.

Nial, who values the program for its focus on developing capability, said

‘I’m committed to life-long learning, which this program exemplifies. Our people deal with complex environmental issues and we have to support them to continually develop their knowledge so they can deliver value for the Victorian community’.

Creative, innovative

From the outset, the program took a creative and innovative approach. EPA knew of a few organisations that had ‘mapped’ their experts; however none of them had taken a strategic workforce approach and appointed ‘principal experts’ to roles specifically created for the program.

It first needed to understand the critical technical knowledge EPA requires to regulate the environment. To do this, it developed detailed lists called ‘Knowledge Classifications’ for air and water quality, waste, contaminated land, noise and odour. The classifications were the basis for surveys that determined which EPA people had the highest knowledge ratings in each area. People across the organisation were invited to take the surveys and we asked our management team to review and calibrate the self-ratings.

Rigorous selection

EPA Victoria’s principal experts must be able to lead their environmental and industry areas, share their knowledge with decision makers across the business and broader Victorian community and mentor and develop EPA’s next generation of experts. To make sure it selects the right candidates EPA employs rigorous selection including two panel interviews and psychometric assessment.



ADVICE Anne Northway, Principal Expert Land & Groundwater with Scott McFarlane, Manager Environmental Audit



MENTORING From left, Jason Choi, Associate Applied Scientist - Air & Odour; Paul Torre, Principal Expert Air Quality and Melanie Middleton, Air & Noise Policy Officer

A position description clearly defines principal expert responsibilities and deliverables and each appointee has an agreed performance plan. The roles are demanding and it is suggested principal experts split their time – 50 per cent as a guide – between expert and substantive roles.

Value and development

EPA recognises that not everyone has the breadth of knowledge to be a principal expert. It values and encourages a significant number of staff with deep expertise in narrower areas by engaging them in ‘expertise communities’, where they receive development opportunities through the program’s annual learning and development budget.

Developing people

Principal experts appointed to the program’s first cycle, 2012–2014, acknowledged it had made them more confident in their leadership and capability to develop EPA people.

In reflecting on what she learned from her appointment, Anne Northway, EPA’s Principal Expert Land and Groundwater, said it had allowed her the opportunity to work with EPA’s decision makers across the business – very different to her substantive role. ‘Providing expert advice to the ceo and executive directors carries enormous responsibility and was a big

learning curve ... but, ultimately, very rewarding professionally,’ she said.

Success and sustainability

A year before the pilot’s projected end-date, in 2013 the program transitioned to ‘business as usual’. It continues to identify, recognise, develop and reward EPA’s experts and it says it ‘can now demonstrate to the Victorian community that we have the right experts who can provide the right information at the right time’.

A year before the pilot’s projected end-date, in 2013 the program transitioned to ‘business as usual’.

To ensure the program is sustainable, EPA is now focused on integration with other organisational and development programs – for example with its technical mentoring stream, along with career, leadership,

and reverse mentoring; applying tools developed for the program to support deeper understanding of the technical capability of the workforce; and supporting and encouraging the nationalisation of the program by working with other environmental regulators around Australia.

EPA Victoria’s Chairman Cheryl Batagol said EPA Victoria faces the same challenges as its counterparts in other states in that: ‘No environmental regulator is able to have all of the experts it needs all of the time so sharing resources provides the opportunity to resolve complex incidents as they arise. And importantly, it means we can develop national networks to continually learn from each other.’ **T**

EPA Victoria was the joint winner of the ‘People Development Award’ in IPAA Victoria’s Leadership in the Public Sector Awards.

Lynne Curtin is Expertise Framework Program Manager at Victoria’s Environment Protection Authority.



EXPERTS From left, Cheryl Batagol, Randall Lee, Laura-lee Innes, Paul Torre, Nick Simmons, Jim Demetriou, Anne Northway, Leon Metzeling and Nial Finegan

Urban water



Stuart Kells, left, examines a case study of public sector change.

I joined Melbourne Water in 1991 as a wide-eyed summer intern. Some of my time was spent in its CBD headquarters but mostly I

worked at the Western Region office, in outer suburban Sunshine – setting up deferred payment plans for people who had trouble paying their water bills. From Sunshine – and, later that decade, from the Department of Premier and Cabinet – I witnessed an organisation grappling with transformative change.

Melbourne Water had only recently been created from the infamously powerful Melbourne Metropolitan Board of Works. ‘Corporatisation’ was the label given to the process of working through a series of tough questions. How should Melbourne Water be managed and governed? How should it measure and report its performance? How and from where should it obtain finance, and on what terms? Should legal and other professional services be provided in-house, or purchased on the market? How big should the capital works division be? Should Melbourne Water have its own works division at all?

Most of these questions found answers from the 1990s toolkit of ‘new public management’. Outsourcing, and the adoption of more businesslike approaches to financial management and corporate governance, presented a plethora of challenges for the organisation and its workforce. More challenges were to follow when the State Government split Melbourne Water to create a wholesale water and wastewater corporation and three separate retailer-distributors.

The regional premises in Sunshine – an architectural period piece acclaimed as an example of ‘Brutalism’ – became the head office of a new entity, City West Water.

Looking back on that period of change, the institutional reforms are as redolent of the 1990s as the building was of the 1980s. In the current decade, the Victorian urban water sector is again facing a period of transformation and it is timely to look again at the sector as a case study of change.

Water is crucial to our wellbeing and prosperity now and is likely to be more so in the future.

Importance

The importance of the water sector is widely appreciated. Through its 19 publicly owned water corporations and a variety of other entities that affect the water system, the Victorian Government tackles one of the most fundamental economic problems – allocating a scarce resource. And in this case, the resource is perhaps the most essential service households need. Water is crucial to our wellbeing and prosperity now and is likely to be more so in the future. How we manage our water and water services capacity are primary challenges of intergenerational equity.

Annually, the Victorian community makes a multi-billion-dollar investment in the delivery of water services, making it, from an economic perspective, one of the state’s largest industries. The water corporations manage assets worth more than \$40 billion.

The sector directly employs thousands of people and yet, effectively, all jobs, nearly all economic activity, plus our living standard, crucially depend on the water sector being effective and efficient.

Change

Against that background, the Victorian water sector has entered a period of change that differs in several important ways from the corporate and economic reforms of the 1990s. Whereas those reforms could be interpreted as a precursor to significant privatisation, Victoria has since made a strong commitment to retaining responsibility for water services in public hands – that commitment is enshrined in the *Constitution Act*. Partly because of that commitment, the next wave of water reform will have a distinctly different flavour. In particular, government and the community will play larger parts in reform than they have perhaps done in other times and in other regions. This new wave of change is being driven by a confluence of factors – administrative, regulatory, technological and social.

Environmental scans – undertaken for the Victorian Government’s ‘Intelligent Water Networks’ program – have looked carefully at factors expected to affect the water sector in the coming years. The program also considered how other sectors have experienced and responded to change and how those experiences can help inform the Victorian water sector.

The scans identified examples that serve as parables for the water sector – such as the \$100 million manufacturing plant immediately made redundant by a new fabrication technology that was much cheaper and much more effective –



the public agency managed by a private firm operating under a ‘charter’-style incentive contract – and the once-indispensable industry turned upside down by a new greener, smarter, cheaper way of delivering services.

The scans showed transformative industrial changes align technological, regulatory, government and consumer forces. Each of these alone is not sufficient to drive major change. In the Victorian water sector, all the ingredients of accelerating change are present, including a ‘burning platform’ that makes change more urgent.

With regard to technology and innovation, there are many examples where people are using information technology to make better use of public and private water assets. South East Water, for example, has developed an app that allows household rainwater tanks to be monitored and controlled remotely. South East Water is also experimenting with linking rainwater tanks to form a coordinated but decentralised storage – to better manage stormwater flows –

to reducing the scouring of natural waterways. Other innovations include pressure sewers using technology to control flows and utilise off-peak capacity. Improving the utilisation of existing infrastructure can allow thousands more homes to be connected without expensive infrastructure augmentations.

The potential for step-change innovations that make current approaches obsolete is very large in the water sector.

Step-change innovations

Other vibrant areas of innovation in the sector include decentralised water treatment; the development of new water markets; remote asset condition monitoring; advances in water sensitive urban design; and using ice and robots to clean pipes. A wide range of other innovations is possible.

The potential for step-change innovations that make current approaches obsolete is very large in the water sector. The degree of ‘innovation readiness’ in the sector also seems high. There is an increasing willingness to look outside the sector for ideas and exemplars. A recent water symposium, for example, heard remarkable insights from Coca Cola and Australia Post that can be applied in the water sector – like new ways to identify efficiencies, engage with customers, tailor services and drive value.

With regard to water services customers, there are greater expectations about the reporting of environmental and social performance; a deeper consciousness about conservation; and some cases of ‘bill shock’. Social media are providing new avenues for customer engagement and choice and new ways to express consumer expectations and pressure. Victorians have shown we value our waterways and our green open space. People want to be actively involved in water management.

Continued.

The Victorian Government and Melbourne Water are experimenting with different ways to plan the whole water system, such as through multi-agency planning within regions of Melbourne. These experiments bring together global ‘megatrends’, like holistic and outcomes-based planning of infrastructure and land-use and ‘localism’ putting the community at the heart of planning.

Policy changes are occurring at the same time new commercial and regulatory models are emerging. For example, late in 2014, a new ‘Water Industry Regulatory Order’ was released, providing the Essential Services Commission with greater flexibility and ability to streamline regulation of water prices. The government has announced changes to water corporation boards, and a stronger emphasis on the relationship between water services and the environment. Further innovation on the policy and regulatory front is likely.

Ingredients of change

All the ingredients of change are present. And the ‘burning platform’ that is mobilising these ingredients is the need to improve efficiency and productivity. The Essential Services Commission has found low productivity growth in the sector, and even declining productivity in some instances. In its most recent budget, the Victorian Government has committed to improving efficiency in the sector.

There are likely to be multiple causes of low productivity growth, including missing markets, barriers to coordination and a lack of clear price signals for some types of investment. In light of those causes, the government has sponsored reforms that focus on better allocating water and directing investment, making lazy assets work harder and costs and benefits more transparent, plus searching for operational efficiencies.

Households and businesses – through improved services at lower cost; the environment – through better management of water and waterways; and the state – as owner of the water corporations – will be the clear beneficiaries of such productivity-enhancing changes.

Five ‘bread and butter’ strategies

Building on the lessons from the Intelligent Water Network, water sector organisations can embrace and benefit from the changes by applying five ‘bread and butter’ strategies of successful business change.

If the sector can harness the impetus for change then the water corporations and their customers, owners and employees will all benefit.

The first is a well resourced and concerted change management effort, toward a clear vision, with buy-in at all levels. Change needs to be treated as a project, with change management and innovation embedded in everyone’s roles.

The second is a willingness and capacity, at both board and management levels, to question the cost-effectiveness of current ways of operating across the whole value chain.

The third involves enlisting the community and business partners to the vision and change process.

The fourth aspect is understanding what the organisation is good at, and what it needs to be good at, then building that core capability by finding and motivating the right people to deliver the vision.

This is about investing in professional development and building an engaged, high-performance culture that values and embeds innovation. Culture is both the main barrier to change and the most effective pathway toward change.

The fifth and final aspect is measuring, monitoring, evaluating and feeding back, so the organisation continues to do the right things, efficiently.

Clarity

Clarity about the sector’s core capabilities also requires clarity about the products and services it delivers. A key question for every manager in the sector is ‘what are the sources of value for water services customers and the overall community?’ Arguably, those can be better understood, as can the breadth of markets in which the sector operates. These include markets for talented staff, corporate control, potable water services, sewerage services, drainage services, bulk entitlements, alternative water rights, resource recovery, capital works, environmental services and the right to service new developments.

The sector needs to make change a priority for business and strategic planning and to align its strategies and capabilities deeply and explicitly with the government’s policies for urban and rural water. The sector can also learn from other sectors about how to make the most of transformative change and how to avoid being blindsided by change. As a senior executive in the sector said recently: ‘If you are not running an efficient show, you may not be running that show for very long’. If the sector can harness the impetus for change, and use it to achieve a more productive and engaged future, then the water corporations and their customers, owners and employees will all benefit. ■

Dr Stuart Kells is Chief Economist at PPB Advisory.

National

Tops in government communications



WINNERS From New South Wales

Government communications and marketing teams from across Australia have been honored for outstanding work in communications fields.

Government Communications Australia (GCA) made the awards at its 6th annual GCA conference in Sydney.

More than 100 delegates from across Australia and around the world – in digital and social marketing, social entrepreneurship, strategic communications and civic engagement – attended GCA’s ‘thought leadership conference’.

The event brought together communications and marketing professionals working in government and public sector agencies.

Top honors at this year’s award function went to Mildura Regional Council for their ‘Triple J One Night Stand’ event.

GCA president Deb Ganderton said the awards were the only ones to exclusively recognise communications in government.

All the winners

National Award Winner Mildura City Council ‘Triple J One Night Stand’

Best Communications/Engagement City Council – Darwin City 40th ‘Anniversary of Cyclone Tracy’

Best Communications/ Engagement Shire or Rural Council – Isaac Regional Council – ‘How we outfoxed the bats’

Best Marketing/ Public Relations Campaign City Council – Randwick Coogee Beach Library

Best Marketing/ Public Relations Campaign Shire/ Rural Council – Clarence Valley Council – Clarence Libraries Branding

Best Communications Campaign on a Shoe-string City of Boroondara – ‘Boroondara Gotta Go’

Best Advocacy/ Public Affairs Wyndham City Council – ‘Get Wyndham Moving’

Best Social Marketing Campaign Department of Education and Training Victoria - Education Campaign ‘Preparing today’s students for tomorrow’

Best Inclusive Communications City of Canada Bay – Rhodes – a new community and a new approach to communications and engagement

Best Tourism and Events Communication Mildura City Council – Triple J

Best Internal Communications/ Engagement Yarra City

Best Digital Media City of Greater Dandenong. **T**



WINNERS From Victoria



Queen's Birthday honours public service – Halton, Pratt Made AO

Commonwealth Government departmental secretaries Jane Halton (Finance) and Finn Pratt (Social Services) were both awarded AOs – 'Officer in the General Division of the Order of Australia' – in the 2015 Queen's Birthday Honours List. Both also had previously been awarded the PSM – Public Service Medal.

Adjunct Professor Sarah (Jane) Halton was made AO 'for distinguished service to public administration, particularly to the health and aged care sectors, through the development and implementation of public policy, and to professional national and international organisations'.

Jane has been Secretary of the Department of Finance since June 2014 and of other departments since 2002.

She has been involved as a board member, chair, delegate and president of a wide range of prestigious international

organisations, many in the health field, including the World Health Organisation; 60th World Health Assembly, 2007; Intergovernmental Meeting on Pandemic Preparedness; Organisation for Economic Cooperation and Development (OECD); Institute for Health Metrics and Evaluation, University of Washington, USA; National E Health Transition Authority; Australian Commission on Safety and Quality in Health Care; Health Insurance Commission; Australian Institute of Health and Welfare; National Aboriginal and Torres Strait Islander Health Council; Australian College of Health Service Executives; Melbourne Institute of Applied Economic and Social Research; Centre for Applied Philosophy and Public Ethics; and the Australian Sports Commission.

Finn Pratt was made AO 'for distinguished service to public administration, to social policy development and government service delivery reform, and to care and support for people with a disability, their families and carers'.

Finn has been Secretary of the Department of Social Services, (formerly Families, Housing, Community Services and Indigenous Affairs) since 2011 and of the Department of Human Services from 2009-2011.

He was involved in the establishment of the Australian Government's National Disability Insurance Scheme and is currently Chair of the Australia and New Zealand School of Government (ANZSOG), established in 2002 as an initiative of governments, universities and business schools to provide tailored learning opportunities for future public sector leaders. **T**

Public Service Medal recipients page 72.

Australian Capital Territory Monthly seminar – shared services



ENGAGING From left, Will Story, Delaine Wilson, Jill Divorty and Sheila Pringle

A morning seminar – 'Shared Services and Outsourcing: Contestability in Government' – was held in April at the Theatre in Civic.

Chaired by the Acting Assistant Secretary, Strategy and Delivery Division, AGD, Will Story, the seminar featured Delaine Wilson: CEO, Australian Department of Education/Department of Employment: Shared Services Centre; the ACT Government's Executive Director, Shared Services, Jill Divorty and KPMG Director, Sheila Pringle.

They took up the theme: 'Successful shared services won't happen overnight; but they can happen' and discussed operational efficiencies and establishing standard practices to reduce costs and improve service delivery models.

All three speakers were frank in describing coal-face perspectives of what is involved in establishing and successfully directing shared services centres to achieve the intended purpose.

The panel agreed there were challenges, the most prevalent being constant change

and accepting development of a successful model is a 'long game' that involves shifting from a service provider identity to that of a business partner. As well, there is often a recurring need to 'resell' the initiative to new business leaders as political landscapes change.

Both the attending and online audiences were engaged and submitted a number of probing questions to the panel. **T**

For the seminar webcast visit livestream.ssc.gov.au/ipaa/april2015

New chief takes up the reins

Drew Baker has taken the reins at IPAA ACT division from Tamara Cutcliffe – who has moved to the federal department of finance. Today **T asked Drew (**DB**) about himself and his new appointment.**



T What was your career experience before this appointment?

DB I have worked in the field of public administration for 20 years, in roles spanning the public, private and not-for-profit sector. This included 13 years in the Australian Public Service ranging from operational work at Customs through to SES roles in the Industry and Human Services portfolios. I left the APS in 2007 and consulted for a number of years, working for the Centre for Public Management (CPM) as a facilitator and general consultant. More recently, I spent two years working for the Australian Institute of Management (AIM), heading up its Canberra office and working closely with the public sector.

T Why were you attracted to the position?

DB I have sat on the IPAA ACT Council since 2008 and have been quite active, so came to the role with a good understanding of IPAA's strengths and challenges. The attraction for me is the opportunity to broaden the reach of IPAA in the ACT and to build on the strong platform that Tamara Cutcliffe put in place. I helped facilitate a number

of consultative forums with IPAA ACT members in November last year – as a Councillor – and this demonstrated to me the opportunity for IPAA ACT to increase our range of services to the public sector in Canberra.

T How have you found it so far?

DB It's great – I am now eight weeks into the role and have made the right decision. It has been a busy start, with a new strategic plan developed for the period 2015-17, which we have just circulated to members. We've also launched the inaugural IPAA ACT conference later this year in September, support for which has been very positive. I am fortunate I have been able to hit the ground running ... so to speak ... as my history with IPAA means I have a good understanding of the business and know the council members well.

T What goals and aims do you have for IPAA ACT?

DB IPAA ACT has a great foundation – my goal is to build on that to promote excellence and professionalism in public administration. This will include a greater focus on engagement with our membership base, along with a fresh look at our program of events and awards. There is a great opportunity through the professional capability standards to really contribute to the increased professionalism of the sector, both in the ACT and in partnership with other divisions. There's also a role for IPAA ACT to provide a platform for thought leadership and debate, including greater collaboration with the private sector and academic institutions.

T How do you think IPAA (generally) is placed to serve its stakeholders?

DB I believe we are very well placed. The IPAA ACT Council is of a high calibre and there is a high level of commitment

to what we're aiming to achieve. We have great support across the sector and there is an appetite for us to do more to promote excellence in public administration. The public sector has faced a number of challenges over recent years and IPAA's initiatives represent a positive contribution toward building the capability of the sector and celebrating our achievements.

T What are its main challenges – nationally and in ACT?

DB I believe one of our most significant challenges is how we choose to operate nationally. I have had the chance to speak with or meet with most of the CEOs and EDs from each division, who have all been very welcoming. It has surprised me how little we collaborate across the divisions, as I see some huge opportunities to leverage each other's programs and initiatives. At a time when we are seeing continued consolidation in the private sector, thought needs to be given to how our state-based divisions interact. During my tenure with AIM, I was involved in a series of mergers between different state entities into a new national body. While I don't propose that model would work with IPAA, there are some interesting learnings that could be of interest.

T What do you do for fun?

DB I'm married and have two beautiful girls aged 8 and 6, who keep me busy outside of work. I am also a keen runner, having completed a number of marathons including Tokyo and, most recently, the Six Foot Track in the Blue Mountains – a 45 kilometre-trail run from Katoomba to Jenolan Caves. I am currently having a bit of a break after the Canberra marathon a few weeks ago, before I begin training for the New York Marathon in November this year! It's a great sport, very social and gives you a good perspective on life. **T**

Australian Capital Territory

Young Professionals – Networking for the Future

‘Hot tips for building professional profiles’ were on offer for young professionals at Canberra offices of the Australian Institute of Management, in May.

Learning how to network is an important skill for young professionals looking to enhance professional status and grow a list of professional contacts.

Acting Deputy Director General and Commissioner for Public Administration, ACT Government, Bronwen Overton-

Clarke, was the keynote speaker for the evening and generously shared her knowledge and experience on how to be remembered by key people in your organisation. Bronwen nudged attendees to thrust their hand in the air for inclusion in new projects and reminded them to keep an open mind and ears to learn from more senior people.

Andrew Marshall from Hays Recruitment then set up a series of interactive

activities that provided participants with the opportunity to practice these skills. Somehow, Andrew had found out some interesting and ‘secret squirrel facts’ about some guests – probably by skilful networking – and the other participants were challenged to find out who had been keeping these facts close to their chests. **1**

The YPN will host more events in 2015 including the annual YPN Debate in August. See ‘Coming Attractions’ on page 70.

It’s a wrap! Financial management and accountability

Indigenous Business Australia had much to celebrate at IPAA ACT’s 2013 Annual Report Awards presentations at the Great Hall of the Australian National University in May.

IBA pulled off the hat trick, with three successive annual wins – again taking out the Gold award for their hard copy annual report. It also won Silver for the online version of its annual report.

Other Gold winners were the Department of Communications, which won the large/medium FMA Agency category for online reporting and the Clean Energy Finance Corporation, which won the same award for CAC Bodies.

Special guest, Secretary of the Department of Finance, Jane Halton, spoke at the ‘national’ awards, which, although conducted by and in the ACT, are open to all Australian and ACT Government bodies. Jane presented the Gold Awards to FMA and CAC agencies, while ACT Public Service chief, Kathy Leigh, presented the awards for ACT Government agencies, across all categories (*see page 61*).

The awards are open to all Australian and ACT Government bodies. And for the final time, FMA agencies, CAC bodies and ACT government agencies were judged in separate categories using similar reporting requirements, with hard copy and online versions judged separately.

FMA agencies – those operating under the Financial Accountability and Management Act, and CAC bodies – covered by the Commonwealth Authorities and Companies Act, were judged for the last time in those categories as all agencies have now transitioned to reporting under the *Public Governance, Performance and Accountability Act 2013*.

All entrants were judged in defined categories using similar reporting requirements, with hard copy and online versions judged separately.



GUESTS From left, Ian McPhee, Auditor-General and Carmel McGregor, Vice President IPAA ACT

A premier event on the IPAA calendar, the ‘flagship’ awards evening was well attended by public servants keen to see if they had won an award for the quality of their annual reports and, generally, to monitor performance across the sector.

IPAA ACT President and Secretary of the Department of Industry and Science, Glenys Beauchamp, said annual reports were important accountability documents.

‘These reports provide comprehensive, accurate and timely information on the work, management, performance and financial position of the reporting agency,’ she said.



KEY NOTE SPEAKER Jane Halton now ‘AM’, see page 58



DEPARTMENT SHIELD From left, Kate Nesar, Kathy Leigh, Craig Jones and Jenny Mardel



ASSESSOR CUP From left, Kathie Dent, Andrew Marshall and Penny Knox



CAC GOLD HARD COPY AWARD From left, Hayley Cullen and Leo Bator

ACT's Education and Training Directorate won its first Department Shield, as the agency supplying the most awards' assessors. The Australian Research Council won the Assessor Cup – awarded to the agency providing the most assessors as a proportion of its total staff. **T**



LARGE/MEDIUM FMA GOLD ONLINE AWARD From left, Marnie Hodsdon and Sarah Christie

All the winners

HARD COPY REPORTS

Large/medium FMA Agencies

- Silver** Fair Work Commission
- Bronze** Australian Customs and Border Protection Service
- Bronze** Department of Agriculture
- Bronze** Department of Finance

Highly Commended

- Department of Health

Small FMA Agencies

- Silver** Australian Organ and Tissue Donation and Transplantation Authority
- Silver** Australian Research Council
- Bronze** National Health Performance Authority

CAC Bodies

- Gold** Indigenous Business Authority
- Silver** Australian Maritime Safety Authority
- Bronze** Civil Aviation Safety Authority
- Bronze** Food Standards Australia and New Zealand

ACT Government

- Silver** ACT Policing
- Bronze** Education and Training Directorate
- Bronze** Health Directorate

ONLINE REPORTS

Large/medium FMA Agencies

- Gold** Department of Communications
- Bronze** Comsuper
- Bronze** Department of Human Services

Small FMA Agencies

- Bronze** Australian Transport Safety Bureau
- Highly Commended** National Blood Authority

CAC Bodies

- Gold** Clean Energy Corporation
- Silver** Indigenous Business Australia
- Bronze** Australian Maritime Safety Authority

ACT Government

- Silver** Education and Training Directorate
- Silver** Health Directorate **T**

New South Wales

Design robust policy to achieve change



PRESENTER Professor Vivien Lowndes

In April, at the University of New South Wales' Sydney campus, visiting UK Professor Lowndes showcased examples of public policy littered with failed attempts at institutional reform. She argued such failure is not random but a result of institutional design limited by contested values, power relationships and the existing institutional landscape.

Professor Lowndes – a visiting Professor of Public Policy from the University of Nottingham, UK – advocated a different institutional design mindset – that sees design as a process rather than an outcome and based upon two principles

for 'good enough' design: 'robustness' and 'revisability'.

Following Professor Lowndes presentation, Louise Chappell, Professor of Politics, School of School Sciences, UNSW, facilitated a panel discussion between Professor Lowndes and senior policy officers from the NSW public sector, including Graham Pointer, Principal Policy Officer, Department of Premier and Cabinet; Maree Walk, Deputy Secretary, Programs and Service Design, Department of Family and Community Services; and George Sotiropoulos, Executive Director, Treasury. **T**



PANELISTS From left, George Sotiropoulos, Maree Walk, Professor Vivien Lowndes, Professor Louise Chappell and Graham Pointer

How to manage a successful career



YOUNG GUESTS From left, Aaron Alcantara of NSW Trains and Iona Krefel of NSW Office of Liquor, Gaming & Racing, NSW Trade & Investment

Grand Ballroom of Sydney's The Westin was the venue in May for NSW's 13th CEO and Young Professionals Breakfast.

It was again a wonderful opportunity for senior executives to support the development of young people in their organisations, providing the perfect forum to engage, recognise and foster young talent and share ideas about a better public sector.

Kate Boorer, Employee Engagement & Performance Specialist from Employerability facilitated the event called 'How to manage your career for success'.

A panel – including Michael Coutts-Trotter, Secretary, NSW Department of Family and Community Services; Andrew Cappie-Wood, Secretary, NSW Department of Justice; and Tim Orton, Managing Director, Nous Group – discussed their experiences and offered insights and practical advice.

The breakfast answered some of the questions young professionals frequently ask about public sector career progression. Each table was invited to participate in a crowd-sourcing exercise where they identified five steps young professionals can take in managing their career for success. **T**

Captured and shared and available on Twitter, courtesy of the Nous Group at: www.nsw.ipaa.org.au/ignite/top-10-career-tips

On the couch

IPAA NSW's On the Couch series uncovers the person behind the public sector role by examining their interests, influences, leadership styles and aspirations. In March at Ernst & Young's Sydney HQ, interviewer Monica Attard – a former ABC journalist and five-time Walkley Award winner – explored what Secretary of the NSW Department of Premier and Cabinet, Blair Comley, sees as the priorities in his current role and his insights into the future of the public sector in New South Wales. **1**



GUESTS From left, Adrian Renouf, Ernst & Young, Monica Attard, former ABC journalist and five-time Walkley Award winner, Blair Comley, NSW Department of Premier and Cabinet and Carolyn Burrell, IPAA NSW

Northern Territory

NTPS Annual Report Awards

NT's Public Service Annual Report Awards have been running for more than 20 years and recognise excellence in reporting, disclosure, accountability and corporate governance. The awards are sponsored by accounting firm Deloitte and supported by the NT Government, CPA Australia, Charles Darwin University and the Auditor General.

The 2013-2014 awards were presented in Darwin on April 22 by Chair of the Public Accounts Committee, Lia Finocchiaro, in the categories of Presentation; Corporate Governance; Performance Reporting; HR Accountability; Financial Reporting and the Overall Best Report.

The deserving winners were: NT Police, Fire and Emergency Services for Best



WINNER
Janette Galton of the Department of Correctional Services

Overall Presentation and Readability; Department of Lands, Planning and the Environment for Best Reporting of Corporate Governance; Department of Correctional Services for Best Annual Report and Best Reporting of Performance; Darwin Port Corporation for Best Human Resource Reporting and Best Sustainability Reporting; and, for Best Financial Reporting, the Department of Treasury and Finance. **1**

Looking back, looking forward



GUESTS From left, Craig Allen and Steve Sedgwick

In March, former Australian Public Service Commissioner Steve Sedgwick reflected, in Darwin, on his time as a chief executive and the challenges facing the public sector in the 21st Century.

Steve was APS Commissioner from 2009 and 2014, and before that was Secretary of various federal departments. **1**



MAKING HIS POINT From left, David Alexander, Lia Finocchiaro and Graham Symons

Northern Territory

Governance in government – Adjusting to changing expectations



THOUGHT LEADER John Kost leads the group analysis

There have been recent changes to the NT Government ICT Governance Framework, and at this May 7 event in Darwin, Gartner Research provided an opportunity to find out what makes good ICT Governance.

John Kost, Gartner group vice president, leads a group of analysts providing research specific to the role of the CIO, including Gartner's Executive Programs' members, and the IT aspects of the roles of CFO, CEO and boards of directors.

With his experience as a government CIO, John also continues to provide a worldwide leadership role in helping governments create, or re-create, the role of CIO and improve the effectiveness of the role. **T**

South Australia

Jobs 4 Youth – Mentor Refresher Training

In February 2014, as part of the 'Modern Public Service' policy, SA Premier Jay Weatherill announced the recruitment of 800 trainees aged between 17 and 30 over the next four years.

The Jobs4Youth initiative will give young people a start in public sector jobs and renew the workforce by bringing 200 more young people into the public sector each year, helping to address the ageing workforce.

The 'Jobs4YouthSA' program appointed 188 trainees and at the end of March 2015, 90 per cent had been retained. The 2014 program concludes in September 2015.

In conjunction with the Office for the Public Sector, IPAA SA was proud to be involved in the 2014 'Trainee Orientation to Government' program, an introduction to government process. A mentoring program was also implemented to

perform the important roles of coaching, counselling, teaching and providing a resource for trainees.

While the program was still going strong in 2015, due to changes and improvements from the 2014 program, IPAA developed and hosted a unique refresher program to assist mentors in working with trainees – a series of workshops in March called the 'Jobs4Youth Mentor Refresher Program'. **T**

Victoria

New Chief Executive



Rachel Cooper, left, has been appointed to the role of CEO, IPAA Victoria. A transformational leader and strategic thinker,

Rachel has spent most of her career working across all levels of government and has a focus on stakeholder engagement. She told *Today*: 'I love the dual focus on strategic thinking and service delivery'.

Rachel has a strong track record as a CEO with specialised experience across marketing, project management and

leadership development. Rachel was previously General Manager, City Services with the City of Holdfast Bay, where she led a diverse portfolio with a project delivery and customer service focus. Prior to that, Rachel was CEO of IPAA SA, where she strengthened engagement with all sectors of government and collaborated with the then Public Sector Performance Commission to implement the 'High Performance Framework' for the South Australian Executive Service.

Rachel began with IPAA Victoria on June 18, in time for Public Sector Week.

She sees IPAA as having an opportunity to strengthen the reputation of the sector 'by

increasingly advocating for the fabulous work that public servants carry out every day'.

When *Today* asked Rachel what she does for fun, she replied 'Eat far too much chocolate!'

'There is always a wide variety of music playing in our house and I am spoilt for choice as my husband is an acoustic engineer.

'I started my event career touring with large scale concerts ... U2, Sting, Phil Collins to name a few ... and I'm an avid music fan. I love cooking and reading and often have more than one book on the go at a time ... currently Boris Johnson's *The Churchill Factor*. But most of my spare time goes to hanging out with my two children.' **T**

Western Australia

W.S. Lonnie Awards – Recognising Excellence and Accountability

WorkCover WA was the big winner taking home four of IPAA’s annual report awards, including the coveted W.S. Lonnie Memorial Trophy.

The judges commended WorkCover WA for the quality of its report, saying ‘WorkCover WA has produced a very high standard report that is very readable and provides clarity to external stakeholders.’ It was ‘exceptionally well-structured, including very helpful cross referencing throughout ... an enjoyable user experience’.

Fremantle Port Authority and the Office of the Auditor General received high accolades for their annual reports, each winning three awards.

Department of Transport’s Graeme Doyle received the Chief Financial Officer of the Year Award, sponsored by Chartered Accountants Australia and New Zealand.

The Lonnie Awards event, celebrating ‘three decades of recognising excellence and accountability in annual reporting’, was opened by Parliamentary Secretary to the Premier and Minister for State Development; Science, Donna Faragher.

The Awards were established in honour of William Scott Lonnie, recognised for his long and distinguished career in the state public service, culminating in his role as Under Secretary, Premier’s Department during the premiership of Sir Charles Court.



FIRST UP Donna Faragher, Parliamentary Secretary to the Premier; Minister for State Development; Science, opened the event



BIG TURNOUT The big crowd at the WS Lonnie Awards presentation in Perth

IPAA WA President and Western Australia’s Information Commissioner, Sven Bluemmel, hosted the 30th annual presentation on March 27 at Perth’s Hyatt Regency.

‘The Lonnie Awards are a fantastic way for public sector agencies to be recognised for their commitment to transparency, authenticity and integrity when compiling their annual reports,’ Sven said.

‘It is great to see so many departments’ annual reports making the shortlist and being presented for judging. This year’s large spread of quality reports made the judging process tougher than ever.’

WINNERS Below, Office of the Auditor General



WINNERS WorkCover WA

Western Australia

W.S. Lonnie Awards – All the winners



IN MEMORIAM Gretta Peachment, daughter and Brianna Lonnie, granddaughter of W.S. Lonnie OBE presenting Memorial Trophy to WorkCover WA, Chris White



OMBUDSMAN WESTERN AUSTRALIA AWARD FOR COMPLAINTS HANDLING WINNER Fremantle Port Authority

W.S. Lonnie Memorial Trophy
WorkCover WA

Margaret McAleer Special Commendation Office of the Auditor General

The Margaret Nadebaum Trophy
Fremantle Port Authority

The Allan Skinner Trophy
Office of the Auditor General

Agencies with < 100 FTEs

Gold Economic Regulation Authority

Silver Small Business Development Corporation

Bronze The State Heritage Office

Bronze Western Australian Electoral Commission

Agencies with 101 – 1,000 FTEs

Gold Office of the Auditor General

Silver WorkCover WA

Bronze Department of Water

Agencies with > 1,000 FTEs

Gold Main Roads WA

Silver Department of Fire and Emergency Services

Bronze Department of Finance

Government Trading Enterprises

Gold Fremantle Port Authority

Silver Water Corporation

Bronze Western Australian Treasury Corporation

Office of the Auditor General Award for Transparency and Accountability
WorkCover WA

Joint award led by the Department of Commerce for Occupational Safety, Health and Injury Management
Disability Services Commission

Special commendations Metropolitan Cemeteries Board, Main Roads WA and the Water Corporation

State Records Commission Award for Excellence in Compliance Reporting Department of Fisheries

Ombudsman Western Australia Award for Complaints Handling
Fremantle Port Authority

CPA Australia Award for Performance Reporting WorkCover WA

Public Sector Commission Award for Good Governance Economic Regulation Authority

Special Commendations Department of Treasury and the Western Australian Treasury Corporation

Institute of Chartered Accountants in Australia Award for Chief Financial Officer of 2013 Graeme Doyle – Department of Transport

Other finalists Damon DeNooyer, Insurance Commission of Western Australia; John Hull, WorkCover WA; Lee Watson, GESB; and Sandy Kerr, Department of Training and Workforce Development. **1**



FEDERATION REFORM: IMPACTS AND OPPORTUNITIES

IPAA 2015 NATIONAL CONFERENCE SYDNEY 14 & 15 OCT

Red Tape: Problem or Solution



INSIGHTS Deidre Willmott

March 19 saw IPAA WA president Sven Bluemmel open and host proceedings at Pan Pacific Perth for this event – a popular topic among public sector professionals.

Australia’s Productivity Commission Chair Peter Harris kicked off the session, delivering an entertaining and engaging presentation, covering a broad range of issues on red tape reduction. ‘Transparency is your friend’ was one of Peter’s key take home messages.

Economic Regulation Authority CEO, Greg Watkinson, then explored Western Australia’s regulatory burden and how to safeguard against red tape, inevitably reducing this commercial burden.

A short break provided participants the opportunity to network over morning tea, and informally meet the presenters.

Presentations then continued with Department of Environment Regulation Director General Jason Banks delivering ‘50 shades of tape’, in which he introduced delegates to different types of red tape, then, through case studies, worked through to a solution for each.

Deidre Willmott, CEO of WA’s Chamber of Commerce and Industry, shared her insights from many years of experience in policy and advocacy before a final Q&A session gave all participants the opportunity to ask questions, leading to an engaging discussion on issues of red tape reduction within the public sector. **T**

Q&A From left, Sven Bluemmel and Peter Harris



PANEL From left, Greg Watkinson, CEO, Economic Regulation Authority; Jason Banks, Director-General, Department of Environment Regulation; and Deidre Willmott, CEO, Chamber of Commerce and Industry of WA



Western Australia

Shaping views at the top

The unique format of IPAA WA's 'Shaping the Views at the Top' event always provides an engaging, energetic and highly interactive forum for Young Professionals in the public sector.

This year's event, at the WACA Ground in Perth on the evening of April 15, was no different, as more than 80 young professionals from 33 agencies across WA came together for the opportunity to contribute their ideas to public sector policy development.

Guest speakers were Michelle Reynolds, Chief Executive Officer of WorkCover WA; Richard Sellers, Director General, Department of Mines and Petroleum; Len Kosova, Chief Executive Officer, City of Vincent and WA Council of Social Service Chief Executive Officer, Irina Cattalini.



Shaping the Views is centred on a mentored workshop session where delegates respond to pressing policy issues presented by the guest speakers. This year, delegates were required to respond to: 'Building a 21st Century public service; Maintaining trust: generating a social license to operate; Overcoming inertia: reforming public institutions; and Housing affordability'.

PANEL Q&A From left, Sven Bluemmel of Office of the Information Commissioner, Ms Michelle Reynolds of WorkCover WA, Len Kosova of City of Vincent and Irina Cattalini of WA Council of Social Service. Some of the many ideas to emerge included; the need for a 'rebranding' of the public sector the importance for agencies to focus on transparency; and the need for the public sector to engage more with the community. **T**



PRESENTER Len Kosova, City of Vincent



BRAINSTORM Mentored Workshop Session



MORNING TEA Richard Sellers, Director General, Department of Mines and Petroleum, chats with delegates



ENGAGING Mentors led absorbing workshops

Budget Briefing



CONVERSATION From left, Dr Simon Avenell of PwC and Dr Mike Nahan, WA Treasurer and Minister for Energy; Citizenship and Multicultural Interests

This year's Budget Briefing proved more popular than ever, with IPAA WA hosting WA Treasurer, the Honourable Dr Mike Nahan. Presented over breakfast at the Perth Convention and Exhibition Centre on May 20, the 2015 event attracted more than 250 delegates from both private and public sectors eager to hear a first-hand analysis of the 2015/16 State Budget.

PwC Partner & WA Government Leader, Dr Simon Avenell, supported keynote presenter, Dr Mike Nahan – WA's Treasurer and Minister for Energy; Citizenship and Multicultural Interests.

Dr Nahan went beyond individual agency funding allocations, by providing delegates with the all-important contextual

information – a broad assessment of the current state of public finances, the most important factors in today's economic environment shaping the future and the underlying assumptions behind this year's state budget. He provided an analysis of the current state of the Western Australian economy and gave insights into how it differs greatly from other states and how this then adds to the state's unique economic challenges.

The Treasurer was well received – praised for his engaging and informative analysis and presentation – with his frankness being a highlight for many participants. **T**



GUESTS From left, Dr Simon Avenell of PwC, Dr Mike Nahan, WA Treasurer and Minister for Energy, Citizenship and Multicultural Interests, Sven Bluemmel of IPAA WA and Office of the Information Commissioner and Gavin Lewis, Chief Executive Officer, IPAA WA



Australian Capital Territory

www.act.ipaa.org.au

DREAM, DARE, DO! CELEBRATING INNOVATION MONTH

14 JUL 7³⁰ AM - 9³⁰ AM

In collaboration with the Department of Industry and Science, IPAA ACT will host this breakfast seminar to celebrate innovation in the public sector. With transformational change sweeping the sector, there is the need to do many things differently to achieve high quality outcomes. Fortunately, within agencies there are many creative brains trusts developing and experimenting with innovative approaches to improve targeted programs and better service delivery.

NATIONAL PORTRAIT GALLERY

AUSTRALIAN AWARDS FOR EXCELLENCE IN PUBLIC SECTOR MANAGEMENT

NOMINATIONS
CLOSE 03 AUG

Winners of these most prestigious awards come from across Australia and from all levels of the public sector, so look into the awards and submit your entry.

Presentation dinner is November 26th.

NATIONAL PORTRAIT GALLERY



YPN ANNUAL DEBATE

27 AUG 06-08 PM

IT'S TIME TO END STANDARD HOURS IN THE PUBLIC SERVICE

Is it time for public servants to discard old notions about the timeframe of an average working day? Perhaps? What is certain will be the audience's enjoyment of both teams' wit and humour as they battle to sway the adjudicator on the strength of their argument.

This event is always well subscribed by young (and older) professionals. It is a prime opportunity for young professionals to be entertained and work on expanding professional networks.

Light refreshments will be provided.

See you there, even if you think you should be working!

**JAPAN THEATRE – QUESTACON
KING EDWARD TCE CANBERRA**

ANNUAL GENERAL MEETING

08 SEP TBA TIME

All welcome to attend and welcome the new IPAA ACT Council. Light refreshments will be provided.

More information at www.act.ipaa.org.au

TBA

IPAA ACT 2015 CONFERENCE

24 SEP TBA TIME

PUBLIC SERVICE IN INTERESTING TIMES: DELIVERING BIG REFORMS?

An optional pre-conference dinner will be held on the previous evening, Wednesday September 23. Then, from September 24 it's on to 'Is the public service about to deliver big reforms?'

See page 25 or visit www.act.ipaa.org.au

**GANDEL HALL, NATIONAL
GALLERY OF AUSTRALIA**



VENUES National Portrait Gallery, left, and Gandel Hall, above

New South Wales

www.nsw.ipaa.org.au

DRIVE YOUR CAREER

12 AUG	09-05 AM PM	
------------------	-----------------------	---

For emerging leaders in the NSW Public Service, to accelerate their career development and suited to those performing well in their current role, are ready to take on greater responsibility and are motivated to develop their leadership capabilities.

**THE WESTIN
NO. 1 MARTIN PLACE, SYDNEY**

IPAA NATIONAL CONFERENCE

14-15 OCT	8³⁰ AM
---------------------	-----------------------------

IPAA's annual conference provides a forum for debate, discussion and promotion of the public sector. The 2015 program reimagines how the public sector might look following the current Reform of Federation and explores the skills required of the public sector in this changed world. See Today's coverage on pages 38-43 with further information at www.ipaa2015.org.au

**THE HILTON
438 GEORGE STREET, SYDNEY**



PHOTO Ethan Rohloff, Destination NSW

South Australia

www.sa.ipaa.org.au

ICAC AWARENESS FOR PUBLIC OFFICERS

21 JUL	10-11 AM AM
------------------	-----------------------

Conducted by ICAC Commissioner Bruce Lander, who will address ICAC's role and function, explain what, how and when you are to report, plus other rights and obligations imposed on South Australian public officers and public authorities.

**THE THEATRETTE
55 CURRIE STREET, ADELAIDE**

DIPLOMA OF PROJECT MANAGEMENT

08-20 SEP OCT	09-4³⁰ AM PM
-------------------------	-----------------------------------

This Diploma of Project Management is for managers or leaders of projects who want to develop their skills and knowledge in excellent project management and gain a nationally recognised qualification, endorsed by the Australian Institute of Project Management. More at www.sa.ipaa.org.au

**IPAA SA, LEVEL 6
12 PIRIE STREET, ADELAIDE**

MANAGEMENT AND DEVELOPMENT SERIES – A PATHWAY TO SAES (SOUTH AUSTRALIAN EXECUTIVE SERVICE)

25-22 AUG OCT	09-12³⁰ AM PM
-------------------------	------------------------------------

Explores eight core topics for middle to senior level public sector leaders seeking to enhance and develop management and leadership skills and for those who are aspiring the pathway to the SAES.

All the details, including course dates at www.sa.ipaa.org.au

**IPAA SA, LEVEL 6
12 PIRIE STREET, ADELAIDE**

Victoria

www.vic.ipaa.org.au

INFLUENCING

11 AUG	9³⁰-02 AM PM
------------------	-----------------------------------



Successful managers use their influence and negotiation skills in every situation. From obtaining resources and negotiating major contracts, to dealing with

colleagues and engaging with stakeholders, influence and negotiation techniques are the tools you need to get results. This half-day program is presented by Christine Nixon, Former Chief Commissioner of Victoria Police, above.

**STAMFORD PLAZA
111 LITTLE COLLINS STREET,
MELBOURNE**

STAKEHOLDER ENGAGEMENT

14 OCT	9³⁰-02 AM PM
------------------	-----------------------------------

11 NOV	9³⁰-02 AM PM
------------------	-----------------------------------



This course – for those who manage a range of complex and often competing stakeholder needs and want to develop their skills in

building mutually beneficial partnerships – is presented by David Hawkins, Managing Director, Socom, above.

**STAMFORD PLAZA
111 LITTLE COLLINS STREET,
MELBOURNE**

Western Australia

www.wa.ipaa.org.au

THE INNOVATION IMPERATIVE

21
JUL

7³⁰.09
AM AM

Presenters from the public, private, and not-for-profit sectors will discuss the motivation behind their innovation programs. This first of a three part series in partnership with Landgate Innovation aims to increase the adoption of innovation programs across the public sector.

PERTH CONVENTION AND EXHIBITION CENTRE

YPAC INSIGHTS WITH LORISSA KELLY

27
AUG

7³⁰.845
AM AM



An invaluable opportunity for our young professional members to gain career advice from an inspiring leader in an informal morning session.

**THE GEORGE
216 ST GEORGES TCE, PERTH**

CITIZEN INSIGHTS

06
AUG

01-04
PM PM

Better understanding, better services. Leading public sector agencies, service organisations and social researchers discuss the most effective contemporary practices in citizen engagement and insights, and converting those into improved services.

**NOVOTEL PERTH
LANGLEY**



PUBLIC SERVICE MEDAL (PSM) 'For outstanding public service ...

AUSTRALIAN PUBLIC SERVICE

- Mary Balzary, ACT** – in leading the delivery of G20 meetings.
- Katrina Fanning, ACT** – in Indigenous affairs.
- Matthew Hall, ACT** – as Executive Director of the Defence Abuse Response Taskforce.
- Thomas Howe QC, ACT** – through Commonwealth litigation.
- William Lawrence, ACT** – in electronic warfare protection systems.
- Frances Lisson, ACT** – in the establishment of free trade agreements with China, Japan and Korea.
- Toni Moate, Tas** – in Australian marine and atmospheric science.
- Dr Kamal Puri, Vic** – in meteorological science, particularly Numerical Weather Prediction.
- Roxanne Ramsey, SA** – in social services, particularly for Indigenous communities.
- Dr Heather Smith, ACT** – as Australia's 'sherpa' for the G20, 2014.
- Scott Suridge, NT** – in the management of Australia's national parks.
- Judith Zielke, ACT** – in leading the Joint Agency Coordination Centre to support the Australian Government's response to the disappearance of Malaysia Airlines flight MH370.

NEW SOUTH WALES

- Tracy Allen, Bathurst** – to community health, and to education, in New South Wales.
- Dr Kerry Chant** – to population health in New South Wales.

- Ian Feneley, Kenthurst** – to education in New South Wales.
- Geoffrey Fogarty, St Ives** – to roads and maritime services in New South Wales.
- Mr Mark Gifford, Earlwood** – to environmental protection in New South Wales.
- Dr Peter Gould, Kearns** – to education, particularly to mathematics, in New South Wales.
- Andrew Grant, Temora** – to water supply and distribution in the South West Tablelands of New South Wales.
- Peter Johnson, Blaxland** – to education in New South Wales.
- Stephen Mudge, Milperra** – in the area of financial management in New South Wales.

QUEENSLAND

- Dr Owen Arndt, Ipswich** – to Queensland Transport and Main Roads.
- Dennis Bird, Mansfield** – to Queensland State Development.
- Michael McDade, Brighton** – to Queensland Education.
- Dr Edward Strivens, Cairns** – to Queensland Health.
- Dr Gary Ward, Chapel Hill** – to economic and fiscal management in Queensland.
- Dr Jeannette Young, Holland Park** – to Queensland Health.

SOUTH AUSTRALIA

- Philip Fagan-Schmidt, Aldgate** – in the area of social housing policy and practice.
- Jane Lemon, Edwardstown** – to public education, children and families in South Australia.

- Mark Williams, Hahndorf** – in the achievement of positive teaching and learning outcomes for children and young people, particularly in the area of Aboriginal education.

VICTORIA

- Bruce Armstrong** – to educational improvement in Victoria through leadership, change management, policy development and innovation.
- Susan Christophers, Donvale** – to education in Victoria through policy making and leadership, including overseeing substantial growth in the international student program in Victorian Government schools.
- Alan Hall, Northcote** – to disadvantaged Victorians, particularly through service delivery and support.
- Jemmes Handy, Mildura** – to Indigenous communities in Victoria, particularly to youth, through the development of culturally appropriate policing and health services.
- Photini Kallifidas, Mount Waverley** – to victims of serious crime through support roles, and through the provision of expert guidance to Victoria police.
- Robert Stephens, Beaumaris** – to the teaching profession in Victoria.

WESTERN AUSTRALIA

- Ricky Dawson, Kensington** – to the environment in Western Australia, particularly through parks and wildlife.

IMPROVING ORGANISATIONAL PERFORMANCE

The Centre for Public Management (CPM) offers high quality capability development approaches to improve organisational performance and support the achievement of individual excellence.

Our programs build management and leadership in the public sector by focusing on understanding people and improving individual performance.



