



TRANSCRIPT OF PROCEEDINGS

DOING POLICY DIFFERENTLY: CHALLENGES AND INSIGHTS

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THE NATIONAL PORTRAIT GALLERY

PARKES, CANBERRA

TUESDAY 22 MARCH 2018

Frances Adamson: This event marks the beginning of a series of discussions for IPAA on the theme of thinking about the future and doing policy differently. IPAA will be hosting a series of what we hope will be important conversations that are forward leaning and future focused, looking at some of the challenges ahead for the public service. Today, we will focus on policy making and consider some of the policy making challenges we face and how the world is changing, what is good policy making, and how does the APS fare, what we ... fear and fare. What do we need to change?

IPAA is, we know, a trusted partner of the APS, and it's often been seen as a safe platform for discussion and debate. I think you need to know that the IPAA council met just in the last few days of January. We had a talk about our role in all of this and we decided that what we want to be is a respectful platform for what we hope will be forward leaning discussions, challenging discussion, not I hope safe discussion.

The discussions after today would take forward the conversation about policy making, but they're also intended to extend the debate further to consider implementation, service delivery, and the broader expectations of citizens and society. This series of discussions will allow you to hear from leading thinkers and practitioners from across the public and private sectors, along with academics, the third sector, and other experts in the field. We will be encouraging voices from outside Canberra, from outside the public service, as well as thought leaders from within. And of course, we very much welcome your thoughts. Everyone has the capacity to be a thought leader.

Many of you would've read the recent Australia 2030 Prosperity Through Innovation plan, which proposes a possible review of the APS. If the government does decide to proceed with the review, we hope that this important discussion from IPAA is a useful contribution to the discussion that needs to occur.

It's now the greatest of pleasures to introduce our keynote speaker, Dr. Heather Smith PSM, Secretary of the Department of Industry, Innovation, and Science, a role she commenced in September last year, and if I may say so, a role for which she is perfectly suited. Heather was the Secretary of the Department of Communications and the Arts, a role she was appointed to during the Prime Minister's time as Minister for Communications. She's got tech, or if she didn't have it when she started, she certainly has it now. Heather has a very rich background in the public sector including deputy roles at DFAT and PM&C, with former roles at the Treasury and the Office of National Assessments. She sits on the Digital Transformation and Public Sector Modernization committee as Sub-committee of the Cabinet, and is passionate about building a more effective and professional public service. Heather is a friend, and I'd like you to join me in welcoming her as quintessentially someone who I think can help us with this thinking differently. Heather, welcome.

Dr Heather Smith PSM: Thank you, Frances. Thank you for that very kind introduction. Well, good afternoon everyone. I'm really pleased to be here and really delighted to be delivering this opening address of Thinking Ahead series. Let me congratulate IPAA in particular on this really, really important initiative and the discussion that we're going to have today. I'd also like to start by

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

I also acknowledge my fellow panellists, David Thodey AO, Blair Comley PSM, and of course my friend, Frances Adamson. What an impressive and really rather intimidating trio to join with us today. Can I also acknowledge Martin Parkinson, Head of the Public Service, the bloke who came in late, who's also my husband. Can I also acknowledge my terrific colleagues, my fellow Secretaries, Kerri Hartland, the Secretary of Department of Jobs and Small Business, and Renee Leon, Secretary of Department of Human Services, and also acknowledge the many former Secretaries that are here today. And most of all, thank you all for coming today to enjoy this important discussion.

The very title, *Doing Policy Differently*, should challenge, should concern, and should motivate us. It suggests something has fundamentally changed, that something isn't working. Personally, I believe the domestic and global environment has changed so much that we do need to do policy differently if we are to adapt and succeed in a new environment, or more bluntly, the way that we are configured to make and deliver policy is no longer fit for purpose. If true, we are likely to be flat-footed in the face of emerging priorities, opportunities, and challenges, reactive rather than proactive. If true, we're serving well neither our ministers nor the Australian public. And if true, we're adding to growing levels of citizen mistrust of government. I say "if true" because our perception of ourselves is likely to be different to that of others.

We, in the APS, like to think that we are one of the best public services in the world. The International Civil Service Effectiveness Index 2017, in ranking us as third, would seem to reinforce this. Yet, after taking into account of how rich we are, because we can afford to devote more resources to the public services than poorer countries, we slipped down the rankings to ninth position. This suggests we are no longer first best in our policy making programme and service delivery.

We've been talking about policy and programme effectiveness for a while now. Over the years, many departmental Secretaries have shared their thoughts through IPAA about the way forward, usually in a more pointed and candid fashion at the end of their tenure. Previous Heads of Prime Minister and Cabinet and the Treasury have bemoaned the loss of policy capability.

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

Jane Halton cautioned us against a 'go it alone' mentality, encouraging agencies to network, work more collaboratively, and share experiences,

skills, and resources. She stressed the importance of using outside expertise to augment our skills and to provide quality assurance.

Dennis Richardson spoke to our excessive process and regulation in what he calls the temptation to assume that you can regulate your way to perfection, explaining how the APS often confuses poor individual judgement with a systemic failure by adding more process. And what about that image of public servants as just paper pushers, removed from the realities of the outside world?

Mike Pezzullo, not yet a valedictorian I should add, has urged us to go beyond rules, procedures, and processes, what he calls the "empire of rules", and operate in the real world. Mike stressed the need to invest in policy research and planning and insist on clear and expressive communication.

Last year, Gordon [de Brough 00:08:58] identified the difficulty in broadening our thinking due to agencies becoming more tribal. He called for an integrated and more multidisciplinary approach to how we do policy.

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

Have we heeded these reflections and have we risen to the challenges? Clearly, we aren't standing still. We all know that much is happening across the APS, including through the Secretaries APS Reform Committee, which has been tasked with driving APS-wide innovation. We are pursuing digital transformation and we are beginning to value and use our data more innovatively and effectively.

The APS is experimenting with new ways of doing things through new policy tools, methods, and approaches. How many of us know, for example, that there are actually over 20 innovation labs bringing design thinking, co-design, and agile approaches into policy development, and that they are embedding these skills across the APS by pulling together cross-disciplinary teams. Behavioural economics and randomised control trials are becoming more commonplace. This expanding policy toolkit is generating innovative, compelling, new policy ideas, and we should be pleased with the progress that we've made. But it is not enough, and I don't think it is nearly enough, that we need going forward.

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

In his book *The Retreat of Western Liberalism*, the FT economist Edward Luce goes even further, making dire predictions about the global order. He argues that western liberal democracy is far closer to collapse than we may wish to believe. It is facing its greatest challenges since the Second World War. The adverse impacts of globalisation, automation, and rising income inequality in western democracies are eroding the middle class and leading to a groundswell of nationalism and populist revolts, resulting in either strongman type leaders or mass fracturing of community consensus.

Meanwhile, the positive outlook for the global economic recovery along with unparalleled opportunities that technological change is delivering seems to offer no comfort. One can understand this in countries where real incomes continue to stagnate, but it seems to hold true in countries such as Australia, where incomes have risen and income inequality is little changed. Australia is now in its 26th consecutive year of economic growth. In the 10 years to 2014, Australia lost about a hundred thousand jobs in industries like manufacturing, agriculture, and the media, but over two million jobs have been created, about half of which are in higher paying industries. Uncertainty about the future of work is causing anxiety in our community, with people worried about their jobs being replaced by robots, and parents concerned about how their children will fare in the jobs market.

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

Whether you subscribe to the view that liberal democracy is at an inflexion point or not, whether globalisation and openness can be sustained, or whether technology will radically recast the future of work, the question for us in the APS remains the same. How prepared are we to advise government on how to address these challenges, and how to deal with the anxiety being experienced by our fellow Australians? And how do we engender the trust of citizens that we can navigate these processes?

In the past, the stereotypical view of policy making was of mandarins in ivory towers, where power and influence was wielded by large siloed empires of staff with monopoly control over policy spheres and advice to government. We know those days have long gone, if they ever truly existed. The APS workforce today is smaller and more decentralised. The fat in budgets is long gone, the information advisory space is highly contested, and no policy problem can be solved in isolation. Some hanker for a return to the policy processes and reforms of the 1980s and 1990s, conveniently forgetting that the commitment to openness and enhanced competitiveness came on the back of broad community concern that Australia was losing its relative economic position.

But the challenges of today are very different, a point that was acknowledged by Paul Keating recently, who said, "Nostalgia for the reform politics of the '80s and '90s is not going to advantage us or advance us mightily." This doesn't mean that we policy makers should be adrift, washing backwards and forwards with no anchor, for as Gary Banks reminds us, "The fundamental principles of good policy process should be timeless even if the manner of their execution must adapt to the times."

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

Understanding the problem is also half the battle. Failure to do so is one of the common causes of bad policy outcomes and subsequent poor regulation, for public policy is an area rife with solutions in search of a problem. Measured against these ingredients, it would seem some of our current practises continue to fall short, and yet much remains within our gift to change.

In Australia, we seem to have lagged the rest of the western world in our anxiety, perhaps because we largely avoided the global financial crisis and had our terms of trade boon drive widespread growth. But we seem to be now converging towards the rest of the west in our conversations. The overwhelming impression is one of unresolved, long-standing issues, and no agreed path to the future. While I agree with Peter Varghese's diagnosis of the problem, and that we must be radical in setting out our vision, I'm less convinced that incrementalism will now get us where we need to be. But why the urgency?

Arguably, the three most fundamental forces shaping Australia's future are three. China's role in the international system and the implications for Australia's prosperity and security. Secondly, the role of technology and its impact on the future of work. And thirdly, the dangerous ambivalence towards the two features that underpin our democracy: respect for and investment in institutions that support our prosperity, and the erosion of support for openness to the world.

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

What needs to change? Let me offer you three thoughts. First, our way with working with each other needs to transform. Our business model needs urgent disrupting. Many of the policy challenges we face require different ways of thinking and working, collaborative horizontal team-based approaches rather than vertical-based hierarchical structures that still form

much of the APS. The creation of super portfolios such as the Jobs and Innovation portfolio that Kerri and I share, and the Home Affairs Department, and the use of whole of government task forces such as the G20 in 2014 and more recently for the Foreign Policy White Paper have really raised the bar. It has led us to rethink the way we do business and how we advise government using the once lens to consider policy and programme design development and delivery.

Whether the new super portfolio arrangements are part of a broader paradigm change in the APS remains to be seen. Time will tell. But this could be the new way for working for the APS. Super portfolios, fewer departments, and a more joined-up corporatist approach to delivering for the citizen. If this is the model going forward, should the APS be structured more like a corporation? Should Secretaries Board with smaller, replaced by an executive committee if you like? Should we have fewer departments but with a common strategic plan and organisational strategy?

Second. Our mindsets and work practises reinforced by our structures need to be less bifurcated between our domestic and international interests and more reflective of the borderless world in which we exist. With the policy issues we deal with increasingly integrated and multidisciplinary in nature, greater mobility within the APS will be essential for us in fulfilling our role. In fact, how can we be confident that we are providing well-informed and integrated advice to government on Australia's place in the world, or the transformation of the Australian economy, if the bulk of the APS has only worked in one department. The statistics speak for themselves. Only 2% of APS staff moved agencies last year and 72% of APS staff have only ever worked in one agency. This is not a sustainable model for the future.

Not surprisingly, I'm a firm believer of mobility inside and outside of the APS, having been a boundary jumper myself between our domestic and international institutions in having worked on economic, strategic, foreign, and intelligence policy, and now as Frances outlined, having led two departments, which in effect are at the interface of digital disruption and its impact on business and on citizens. Understanding the connectiveness between policy frameworks that guide our domestic economic interest, markets, institutions, and wellbeing, and frameworks for thinking about Australia's place in the world, which go to our interests, values, ideology, and history, is a challenge for the APS in helping government position Australia for the future.

Third. We need a radical transformation in how we engage with the community that we serve. In part, this goes to how we help government communicate the impact of the policies we implement to real effect. But how far have we taken advantage of the innovative approaches to get messages across and to meaningfully engage with the community? My sense is that our practical experience with how to engage with the community beyond traditional information sharing and consultation is rather patchy. That is why Martin Parkinson challenged us last year on how well we know the community that we serve. Open dialogue and user design approaches, where we identify and understand the actual needs of the people, must be front and centre.

As Beth Noveck from GovLab in the US, who spoke at an IPAA event last year has said, "Public servants need to stop talking for citizens and start talking with citizens." For the APS, it means being connectors, interpreters, and navigators. It may also mean being open to citizen juries. This requires a very different approach to collaboration from the traditional approach to policy. This different way of working may mean the APS sometimes play more of a broker role as a strategic coordinator of policy inputs, and helping to ensure all inputs are fit for purpose, and in partial, to realise the best outcome for the public.

The future for policy making will very much be compact between government, business, and the community to resolve real world problems together. More meaningful engagement with expertise in the community can only help address the complex issues of trust and enhance confidence in public policy solutions. The threshold question for us is simple. To what extent are we using control of process and limitations on access to data to cement our role rather than bringing outside expertise and insights into our deliberations to give us a richer understanding of issues and options, new ways of thinking about information, and new partners to enlist in the reform quest?

To conclude, the APS is really not broken. We have a proud tradition of over 117 years of service to the Australian people. We are making progress, becoming more savvy in how we use digital technology, and making greater use of data to ensure we have the right policies and programmes supporting the right people at the right time. But we have got to get even better, and we have to do it pretty quickly. If the government agrees to the Innovation and Science Australia 2030 report that Frances mentioned, with the recommendation to review the APS, it would be the first root and branch look at the APS since the mid 1970s, to examine whether we are fit for purpose, not for today, but for decades ahead. It could provide the platform for the change that I've been talking about today.

Collaboration needs to become the rule, not the exception. Evaluation of policy and communication of the impacts or benefits need to be front and centre. We have a responsibility to work with everyone: government, the private sector, NGOs, academics, and the broader community. And we need to streamline processes, become more agile and innovative, rewarding people who think deeply about their work, who look for connections, and who understand the best practise at home and abroad. And we need to be prepared to fail, fail fast, pivot, and try and different approaches in the face of failure or changing circumstances, because these are not ordinary times. The work of public policy is increasingly complex at a time when trust in government and the institutions that support government is in decline.

Rising to the challenge must involve making the most of what technology has to offer. It means us being more representative of the society that we actually serve, that we stop seeing merit as something found only in people like ourselves. It means serious investment in capability, be it evidence building capacity, be it data analytics research or evaluation. Fundamentally, it means not only talking about the need for change, but us acting to effect change as custodians of an institution that makes a real difference to the

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

Frances Adamson: Thank you very much indeed, Heather. I don't think we could've wished for a better or stronger start to the conversation. It's always good to challenge us all. I think you've done so in many ways. I don't propose to say anything more about it now other than a very genuine thank you because I want to invite our two panellists to come up, I know you're very keen to hear from them.

David Thodey AO is the Chair of the CSIRO Board and of Jobs New South Wales. He's perhaps best known to many of us as the CEO of Telstra for six years as part of 14 years spent with that organisation. He was formerly Managing Director of IBM Australia. But in this audience, I could probably say, although Telstra you might've been best known there, you'll probably become best known in this town anyway, David, as the one of two, along with Elizabeth Alexander, one of two independent reviewers of the PGPA Act and more.

Now, some of you are laughing. That means you really do understand it. Not everyone is laughing, which is a bit of a worry. But David has been charged by the Department of Finance actually of reviewing the Public Governance Performance and Accountability Act. And can I reveal, David, that one of the most interesting conversations I've had this week, it is only Thursday after all, was with you earlier in the week as we discussed the work that you're doing. So, great to have you hear, and I'm going to ask you to speak first.

But let me also introduce Blair Comley PSM here. I mean, really, the two of you are a dynamic duo when it comes to the subject. Recently, Blair's joined Port Jackson Partners following his role as the Secretary of the New South Wales Department of Premier and Cabinet. He's well known to many in this room as Secretary of the former Department of Resources, Energy, and Tourism. I'm tempted to say hands up who in the room has not worked with Blair, because most of us have. Anyway, great to have you back and talking to us today. Blair was awarded a Public Service Medal in January 2012 for outstanding public service in the development of public policy.

So, both of you, welcome. Let's get under way, and can I ask David first perhaps to ... I think we're giving you five minutes to comment on what Heather said.

David Thodey AO: Five minutes? Okay. And I won't talk about the PGPA Act?

Frances Adamson: No.

David Thodey AO: Okay.

Frances Adamson: Fascinating though it is.

David Thodey AO: Look, I'm going to come at this from a private sector perspective rather, because I don't do policy, I have observed. I really want to endorse what Heather said. There's a wonderful book written ... no ordinary disruption,

and it is true. And I am reminded about it every day. Changing economic landscapes, technology change, ageing population. The list goes on. They are real and it's so easy, sitting in Canberra or in Sydney, to forget about it. And when I'm in the boardrooms of companies, they are worried. They are struggling to know what to do. I'm just going to take you through three or four things, very quickly, that really endorse very similar themes to what Heather talked about.

You see, when you've got a lot of change, you struggle. The old, the strategist, the consultants can't give you the answers, and what we're seeing is this incredible return to the customer in our terms, your terms is citizen, and because that is the arbiter in the end of the day of whether you do good policy or we do good business. It's not a passive thing around citizenship or customers, and this is the language. We change the language in the private sector, from good service to customer advocacy.

Now, forget about the theory, but it's about the ... You need to be an advocate for the citizen in giving good policy, and I think that change is the way you think about ... Well, change is the way we think about business, and it's not easy because you need to have good data, you need to be ahead of the game, you need to be asking yourself the tough questions, and it's not easy. It's not easy. Now, your world is more complicated than the private sector world. You have more stakeholders than I see, so it's not easy, but it's very important.

The second thing is that we realise that we don't have the answers. The rules that we used to have, even policies within the companies, they just don't work, and we can't write the rule book anymore about how to behave or what to do. That's why you're getting a lot of discussion around values-based leadership and value-purpose driven companies because when the world is changing around you, what do you do? What happens? I mean, well, you deal with far bigger issues than we do in business, but things could happen right now and we have ... We may not be there, you as leaders may, so you need people who are driven by values who know what the right thing to do is.

But that means risk profiles are very different, and you know this better than I do. Risk aversion, returning to status quo, not stepping too far out, because you have many masters, we just have a shareholder master, but even risk there is very different and you sort of alluded to that. And then you've got the whole trust element playing out where it's our citizens and our customers saying ... no. Just two more and then I'll stop and you can tell me to be quiet at any point.

The other thing, it takes a different leadership style than we've seen before, and I know that you're doing a lot of work around leadership, but how you turn up in these situations is really important. The days, in fact Heather said it, of authoritarian, hierarchical organisations, they're wonderful if they work, but nobody is that wise all all-knowing anymore. And so, we've got to have a very different way we turn up as leaders, and that's not easy because we've all been taught in certain ways about how to do things, how to comply. And I worry in the private sector, in industry, we're not there yet and we're struggling with that.

And then the last one is around this globalisation area. You see, for a business in Australia, we used to be our domestic ... See, we have competitors. You don't have competitors. We have competitors that keep us young. Our competitors are no longer domestic, they are international, so we don't have a choice anymore. If I'm a small business in, let's say down in Bega, you're suddenly in the global world and that's where you compete. And that keeps our edge, but you are in a world of global policy that I don't know how you keep across, but you've got to because what those decisions that are made around the world impact us here in Canberra, and it is really important.

Don't feel alone in your policy challenge. The private industry sector is going through it and we're struggling with it. But for the good of Australia, and that's what is always at the forefront of my mind, we need to face in this together, and we're not necessarily that good. I won't go into some of the ways we could approach policy, we can do that in discussion, but we've got to find ways that industry is not a competitor to good public policy, that we're working at it together.

Now, there are different objectives and there's different ways we've got to do it, and yes, there's ways that you can't always share, but we've got to get better at it. And we are not good, in my view, and therefore what happens is policy goes to regulation and compliance, and I'm a bit scared to talk about this with the Royal Commission going on, but it is not about regulatory compliance that gets good outcomes. It's part of it, we need it, but it's easy to set policy, but all this regulation comes, and all this reporting, we've got to find a different way to do it. So I'll be quiet at that point, Frances.

Frances Adamson: All right, David, no. Thank you very much. That's a great contribution to stimulate the discussion. Can I turn to you now, Blair? And then I think we'll go straight to questions. It would be very easy for us up here to just have a chat amongst ourselves, I think that was part of the original plan and it would be too easy for you as well, so let's not take the easy road. Blair, I'll give you five minutes, and then we'll turn to the under 30s.

Blair Comley PSM: I'll start in an unusual place by wanting to criticise Heather, but I was sitting there, and seven times I changed what I was going to comment on, because every time in the speech, there was something I thought we've got to pick that up. It was really very rich. But I thought what I'd pick up, and I was asked in my briefing note to say something pointed ...

Frances Adamson: You were.

Blair Comley PSM: ... from a state perspective. But before I go onto my state perspective, I just want to say I'm much more bullish on the policy capability of the public service than is sometimes portrayed in those valedictory speeches, because I think there's an enormous latent capacity that sits if people get an opportunity. The quality of the people that are recruited to the public service is still exceptional. The people who were exceptional when they were recruited are still capable people. What we need to do is create confidence in the community and others that we have that capability, so we get to exercise it, and in exercising we get even better. I'll start with that bullish perspective.

If I start from a state perspective, I think things I've learnt in the last three years, a little sharper, is if I think about what good policy is, good policy thinks through the whole, if you like, supply chain or the end point to the point where it affects the citizen. Good policy has to build. How do you implement it and make it work from the start? And I think that we've been not always as good as that as we should.

So first thing, you've got to go to implementation and I've ... We used to say in New South Wales, most of us have drunk from the kool-aid now, that the implementation bit is undervalued, and that the number of times something is going wrong and the policy person says, "Ah, we better change the policy," and doesn't reflect and say, "No, no. The policy is fine. We're just not implementing it well or consistently across the things." And you particularly see this in state government, when we might roll out to a thousand sites ... 2,200 schools in New South Wales are public schools and there's a variation in performance. We don't say how we make the weakest performer perform and do the best, we go and reinvent education policy.

Blair Comley PSM:

So, you go to the implementation. The second thing. You've got to create space for that strategic discussion. And then the third thing is you actually have to respect the different perspectives that are in the process. Now, I could just talk about policy people and implementation people but as Heather said, that whole thing towards the NGOs, the broader community, et cetera, and you need to listen to them. And I think when we see disasters that end up being multiple reports of the ANAO etc or the Royal Commissions, it's normally because someone didn't listen respectfully to someone else in the system who had a valid perspective.

I just want to give one example where I think this worked in New South Wales. Heather mentioned the Secretaries Board. I think I had the great luxury in New South Wales, the Secretaries Board was 10 members, which is a working size. The second luxury I had is I decided that the Secretaries Board would only deal with strategic matters, so it cleared the dross off the table. When I arrived, lots of things got escalated at the Secretaries Board because there was a silo fight somewhere else and they'd put it in the Secretaries Board, but that is not a very good use of 10 people's time at the top of the organisation, who only do strategy.

And so we organised that at one point around the Premier's Priority, the Premier determined 12 Priorities, and we said each Secretary who leads that Priority is going to present on what is the priority, what is the metric we're after, what are the proposed implementation, whatever. What did we discover? There wasn't a single priority that didn't cut across four or five portfolios. Not a single one. And by creating the space for Secretaries to have that conversation, and first of all they enjoyed it because they get to go back into policy space for a while, we got much better outcomes than you could ever get, and it set a tonal example for the rest of the service that they want you to do.

And the best example of that meant that we did work, one of the targets was 81% of people have to go through the emergency department within four hours. Now, that is actually quite a good proxy for health system performance. If you've got beds that are blocked up in the hospital, you can't

get them through, if the ambulance ... you can't get them through. One of the things we came across was, a thousand people a year are waiting for guardianship awards in a hospital. They stay there for an average of 83 nights. You are tying up 83,000 bed nights a year and putting people at health risk that don't need to be at health risk.

What do we do? We got the best practise re-engineering, and the most important thing is to re-engineer the prioritisation of the Administrative Appeals Tribunal in the Justice cluster. Saved over 45,000 bed days in a year. And you think about that poor person in the Emergency Department trying to manage their target, they can't control that. They've known the issue had been there a long time but they haven't done anything, so I think if you do focus on implementation, create the space for discussion, and respect the views you've got a chance.

Frances Adamson: Is there anyone who'd like to ... Yeah, great. Perfect. Set the ball rolling, and then we might give the first three to the under 30s and then we'll open it up.

Question 1: Thank you. My name is Chung Yun Sun. I'm a graduate and policy officer with the Department of Industry, Innovation, and Science. I just wanted to say, so as someone who cares a lot about inclusive growth and inclusive and participatory policy making processes, I was really heartened to hear the Secretary talk about taking radical approaches to policy making, including looking at aspects like citizen juries. But it also strikes me that in some of the organisations abroad, people are already thinking about the future of citizen participation, thinking beyond citizen juries. We see countries like Aruba, Germany, the European Union, the Netherlands and so on really experimenting with some very radical approaches, participatory approaches to shaping national strategies, national missions, science and research agendas and so on, which are very authentic representative. I guess my question is, will Australia ever be part of those countries that take such leadership in citizen participation, or will we continue to increment in terms of how we engage our citizens in policy making?

Frances Adamson: Anyone else? Okay, great. Yes, hands are going up. Lots of hands are going up, that's good. Okay, thank you.

Question 2: Hello. My name is Alf. I work for the Department of Human Services. Thank you for your talks. I was struck by something that you said, Heather, about three major challenges, being China, technology, and respect for institutions. China, I guess as far as I know from the news, solves its problem about respect for institutions with technology in quite a brutal fashion, I guess, in some ways. David talked about advocating for citizens in good policy and having values and doing the right thing. And so, what if in our country technology becomes a tool of keeping the citizen down or managing their opinions in a negative way? I was kind of thinking, future looking, does the APS have a responsibility or a capacity to cultivate a virtue, an ethical core that is beyond any political cycle or any trends in the way citizen dissent or disapproval is managed? Thank you.

Frances Adamson: Okay. So we've got citizens' jury, citizenship dissent is a potential theme emerging here.

Question 3: Hi, my name is Clancy. I'm from PM&C's behavioural economics team. My question, I suppose it follows on from the previous questions. I'm interested to know the panel's views on the use of big data and analytics in public policy making. It seems that the private sector does it very successfully, but governments, through the Australia Card or more recently in Cambridge Analytica, those sorts of institutions have had a bit more difficulty convincing the public as to their benefits.

Frances Adamson: Panellists, would you like to quite selectively ... We might start with you, Heather, if you like, and then the others for an opportunity as well.

Heather Smith: Thanks Frances. It's really good, really good questions. On the first one about citizen engagement and citizen juries, I just wanted to preface, I guess, what I said, which is really interesting thread, I think, in Australia compared to other countries. I noticed this when we were hosting the G20 during 2014, that we are probably the only country in the world that has a continuing conversation about the need to push on with reform. You don't actually hear that ongoing conversation in other, particularly western liberal democracies, like we do in Australia, so I think that's a really, really positive thing about our country, which those who look at us from outside actually comment on, but I don't think we actually realise that.

I do think we have to become better though at looking at what other countries do. I've mentioned that in the speech. Our ability to really quickly look at comparative experiences of other countries has eroded over time, and we have a Prime Minister that is very focused on really ... What are others doing? What can we take from other countries? And we're not always first best anymore in policy design as what we used to be, so we have to be really, I think, open to other examples. We know with New Zealand and the UK, particularly on digital transformation and on social investment, that they were at least in principle ahead of us, whereas in the past we might've been a leader.

But I do think we have done some good work around open government partnership and being more transparent with data, but I think your point is really an important one. Every public servant has to have an eye to whatever I'm working on. What do I know about others and what could I work better, and how could we make this work better? And that means going back to David's point about engaging with industry, or in this case, really having an eye on what is that borderless world, and we have all the access to technology to be able to do that.

Frances Adamson: Blair?

Blair Comley PSM: Can I just start by saying some of the ... probably Heather and Frances can't say but I now can. I think one of the really bad things that has sort of happened a little bit across governments is a real reluctance for people to travel, and particularly internationally, because of the politics of that, and I think that is an incredible shame. I think in my career, I was incredibly lucky that from relatively early in my career, I was always on an OECD committee. It took me every six months to a meeting of 30 like-minded colleagues who are grappling with the same issues often in different countries, and you could road test that question, "Why does that work in their country and

would it work in ours." Or, "Why is that not working and is that ..." That was an incredibly valuable thing, and I think in all jurisdictions, this sense of it's a junket, I think, is a great problem if we want to be an internationally engaged people who learn from our experiences. I can say that now.

Look, I'll talk about the data one and maybe come to citizen juries very briefly. My view of where we are in data in most jurisdictions is we now collect a lot. We don't utilise it nearly as much as we should. And we under invest in resources to do that analysis and linking up. And in some jurisdictions, particularly states, the focus on ... We apply efficiency dividends everywhere except the front line, means that you cut the data analyst, or you never employ them in the first place, who would actually have a much greater yield. So, there's latent data there and there's enormous resistance to some sharing because of concerns about privacy and things. I think we're at the tip of the iceberg. We've got to put more resources into that.

Frances Adamson: David, what are making of all of this?

David Thodey AO: Well, they're really great questions. I'm going to tell a little story and then we'll see where we go to. I can still remember the day at Telstra we decided to actively participate on social media. When there was another complaint about Telstra, we jumped in and said, "We're here. We care." And the lawyer said, "Don't do that. You'll get into trouble." Everybody came out and said, "No, you shouldn't do this. You'll open yourself up to all these problems." And then we did the same with social media internally and inevitably people ... There was a lot of people who said no, that you were going to start saying legal things, or the ACCC will be against us, et cetera.

I think we have this inherent sort of reaction to not be open and not to engage our people, and they have the answers more than we do. And that's the same as citizens. We need to find a way, not everybody's right of course, but we've got to find a way to engage them in a way that is meaningful, and we are resisting it as a community, and I think it is a great shame ... Now, you've got to have real data to actually balance against opinion, and that's why you've got to be good at data analytics. You don't have a choice. You hold more data, you actually see things that politicians don't see, that I don't see, and you've got to find a way to use it to make better policy, I think, and therefore it is not just an option anymore.

Now, the privacy thing and with Cambridge Analytica, it is worrisome, and you have got to be ... hold yourself to high standard. But you are not talking about selling data or using it politically. You're talking about using data to make better decisions for the citizen, and I think if you take that attitude, I think that it's an incredible opportunity, and I think we should be brave.

Now, the question is what happens when there's a mistake in it? Will it be? But gee wizz. I think this is the way that the world is going, and I think that that's why citizens are lacking trust because they don't there's openness. They think it's all done by corporates in boardrooms or someone sitting in New South Wales government, I won't say Canberra, and I think we've got to change that attitude, but it's going to take a brave thing. So I think you've got

to be looking at world's best practise and bring it here, and take a few risks, I would say.

Frances Adamson: Heather.

Dr Heather Smith PSM: Just to follow up. I think that's directly related to trust.

David Thodey AO: It does.

Dr Heather Smith PSM: And the public's perception of trust in government to both manage, curate, hold ... I think that trust really translates into making sure we get outcomes with the data and really applying it in a way that has real policy delivery outcomes that impacts on peoples' lives. That's the key. How do we use that? I'm looking at Duncan there because he knows that. How do we use that data to really change policy and/or get real outcomes? I think New Zealand has done that very, very effectively. I think we will get there, but we really need some wins.

Frances Adamson: If I can just come in on that point before we go to the next, a lot of questions, and I think the point you made, Blair, about ideas overseas and the way in which we can engage with them, and of course, doing that personally is a very ... personal experiences, it can be hugely influential, but we're doing something at DFAT that we haven't formally done before, and whereas we long had, or the intelligence community has long had national intelligence collection requirements. We're actually going out now to our posting consultation after consultation with domestic agencies and actually saying what are our policy collection requirements, if you like, internationally, recognising that in many of the areas where we're seeking to push the boundaries, there's relevant experience out there. But if our overseas embassies and high commissions don't know what that is, they just know they're looking for something different and special, so we want to use that to start the conversation.

And David, your point about we need to work at this together. A country of 24 million people, 25 million people is actually the right sort of size, almost a perfect size actually, to do this better together. We work pretty effectively, I think, internally, within the public service, but the business community will make, during sitting weeks, trips to Canberra and want to door knock and do all of those things, I think we can nationally be much more effective at how we harness all of this. Okay, next group of questions. We'll go up the back there. Great, thank you.

Question 4: Hello, Samantha Robertson from the Department of Education and Training. I'm very interested in some of the comments before in relation to disruptive technologies and innovation and getting better at how we deliver our services. I have a service delivery background as well as now being a policy boffin, and I'm always looking out for better and more efficient ways of doing things. I think part of the challenge is trying to have something quite disruptive but also bringing our stakeholders along with us when you're talking about big change. In the past, we've always talked about incremental change rather than something that's big bang approach. What insights, views, or advice would you have for people like us in trying to push that innovation or disruptive technologies for the future?

Frances Adamson: Okay, Samantha. Thank you very much for that. We're going to go now to David.

Question 5: Hi, I'm David. I work for the ACT government. Heather, your point about the importance of mobility during your career really struck a chord with me, and I can speak from personal experience. Six months ago I was at DFAT and now I'm with the ACT government. My experience with DFAT really give me the skills to thrive in my current job, but mobility is scary at all stages of your career, particularly when you're relatively junior and you've got a mortgage, and in my case a five-year-old. What can you as leaders do to make mobility easier?

Frances Adamson: Okay, David, good question. Now, I've taken a thing, that I've just decided. I've taken a panel pledge, and that means equal numbers of questions from men and women. Now, we've had four from men in the audience. We've had one from a woman. That means we need three more from women. One, two, three. No one's ever heard of this before but I've just started it, and we're going to continue it. Right, thank you.

Leanna Levin: Three really different-

Frances Adamson: Sorry. Name?

Question 6: I'm so sorry. My name is Liana Levin and I'm currently with the NHMRC, the National Health and Medical Research Council, from which Sam Robinson has just left apparently. I want to ask how do you ... We talk in a high level way about making policy in an environment, obviously supported by disruptive technologies and whatever, in an increasingly fragmented stakeholder environment and increasingly fragmented sectarian issues. How do you develop broad policy when these sectarian interests now have greater platforms, or much greater access to advocacy, et cetera.

Frances Adamson: Okay, great. Thanks very much.

Question 7: Hi, Natasha Lindfield from the Australia Public Service Commission. Heather, your address provided a really compelling case for the need for change and to think differently. My question for all of you is, what is your greatest leadership challenge in each of your departments or organisations that you are finding in terms of driving that change.

Frances Adamson: We're going to thank you very much, Natasha. One more question from a female member of the audience. Excellence.

Question 8: Hi, Tania Russell from CSIRO. Heather, you mentioned the need for a robust and rigorous evidence base to inform policy, which I completely agree with my bias being from CSIRO. I just wondered whether you have any insights about how the science and policy gap could be better bridged, and has there been much movement on that since the APS200 project?

Frances Adamson: That's four questions, some of them multiple parts, four panellists. I might start with you then David, and we'll work our way across this way. And if there's anything left, I'll try to roll it up at the end.

David Thodey AO: Do I get to choose which one I take?

Frances Adamson: You do.

David Thodey AO: Okay. Well, it's good going first then, isn't it? Look, I'll go with the first one. Innovation impact and technology. I think the question was, what do you do and how do you respond to it, and how do you take advantage of it. I think that, well, first of all, we've got to get into perspective. I don't think that AI is going to take everyone's jobs. I think it's a very real technology, but at the end of the day, it's just a whole lot of algorithms and it doesn't have human behavioural characteristics. But we need to talk about it, and we need to have a strong engagement because workplace will change. It is going to change. Is it going to be ...

The technology industry has always predicted the future, and we've always been very good at that, and said it's going to happen in five years time but it's taken us 15 years, so it's normally ... so usually it's been over-hyped, but it is real. And therefore, we need to have the discussion in an open and transparent way, and I do think the workforce is going to change.

I think it will, so let's talk about it and let's go there together while we innovate and drive change, and that will be the process that we're using new technology, and I see that in the health industry enormously at the moment. I see it in straight re-engineering, and I think it's going to be probably more middle management that's going to get changed than actually the people at the front line. But let's have the discussion. There's no easy answer to it, and I actually am an optimist. I think there will be lots of new jobs created, but not everybody shares that view.

Dr Heather Smith PSM: Okay, I'll pick a couple. They're excellent questions. The first one about mobility and it being scary, I think is a really important question. I sort of think about mobility, if you think now about the life cycle of work. And given how young you are, that we know you're going to have multiple careers throughout your lifetime. It's not necessarily the scariness of changing jobs. It's really knowing at a point whether it's through your performance management process, whether it's through the skills that you are developing, whether you're keeping your freshness and looking for opportunities and constantly asking how can I do this better, should I go and do something else. It's actually just thinking about your career management.

And the second point is, as I mentioned in this speech. In order, I think, to be a really, really public servant going forward, if you stay in the public sector, which you do have that stability, you're just going to be so much more influential by understanding not so much the content that you have, but how you understand culture and institutions and how you apply that in another institution to get better outcomes. It's all about that collaborative ability and having those networks and relationships. That's what you get from mobility, not different sets of, in my point of view, different set of skill sets.

On the question about ... that's an interesting one about your greatest leadership challenge in the department that you're running. I'm privileged to be heading up just a fantastic department. There's really so many amazing things, and this relates to the CSIRO question. I think the biggest leadership

challenge is the translation of the great things that are going in innovation and science, both communicating that and helping our ministers communicate that, given the cross cutting forces that we have, and before that, evaluating the impact of what we do so we really do change peoples' lives in the things that we do, as does CSIRO and others. But we've got to get out of this insider conversation and make it more of an outsider conversation, and communication, evaluating what we do, is really what I've been talking within my department about, because that's how we become effective and that's how we have impact.

Frances Adamson: Excellent. Blair.

Blair Comley PSM: I'm going to try and answer three questions in one go, but quickly. The leadership challenge that I thought was unfinished business when I went to New South Wales was actually the diversity of gender within the department, and not the diversity of gender in terms of gender, because we've hit 56% of SES were female, and that was 50-50 at the Band Three levels, and also it was all levels. But it was really the broader dimensions of diversity including thinking styles, life cycles diversity. And so we started thinking about characteristics diversity, which is the traditional category, experience diversity, and network diversity is how people could bring ideas to work. So just park that for a moment.

The question about how do you do change and how do you manage change. The first thing I would say is ... One thing I learned as a policy advisor over the years, and I suppose I was wet behind the ears originally is, just don't underestimate how strong the status quo is, and how building a coalition of people to change is much harder than you think. Because what people typically do when they emerge from university is they say, "I've got a problem. I start with a clean sheet of paper. What's the objective? Therefore, what should I do? Where do I start from, and now therefore what's my transition plan." The general public does not start there. They start from the current state of affairs and, "Give me a compelling case why I should change."

Go back to diversity. The evidence question here was about ... because we're generally mostly analytical types who want to do evidence to drive policy, right? When I was at the Department of Climate Change, we got all the SES [inaudible 01:03:51], did the team management index. One of the dimensions of a team management is are you analytical or beliefs based? We're 100% analytical. And the consultant said, "That's not unusual." It's almost no one gets the SES and the APS unless they're analytical.

So what are analytical? They're convinced by data and evidence. What are the beliefs based people convinced by? They're convinced by whether it aligns by their general values and in particular, do they trust the messenger. Are they aligned with the messenger? Now, 60% of the population are beliefs based, so we have a group thinking about policy that is not aligned, is quite different to the group they're trying to take on a change management journey. I remember the time with the Comm saying, "Look, I can explain how climate change, why it's ... Here's a graph." I said, "Stop. You've just alienated 50% of the room." 50% of the room. I thought, "That's not good." 50% of the room didn't like [inaudible 01:04:51] were in that school. They

don't like it now. It doesn't matter what's on that chart, they're annoyed. You haven't got a chance.

And so, I think about times we missed points because we came from an evidence based analytical thing. We didn't think how we did the change management. By the way, when we surveyed all the EL2s in climate change at the time, 50% belief based and 50% analytical. So you can either think about this as a policy change or an internal change. Our lack of diversity, not on those traditional measures but the way we approach problems, the nature of who we are, was a barrier to making good things. Now, you can compensate for that by your engagement process, by your consultation, by all that, but there's not substitute to having the dissenting person in the room who says, "That just doesn't resonate with me because of that."

Frances Adamson: Okay, that's a very good point on which to end, I think, Blair, although I want to ... because I'm here as a ... not just a Chair but also a panellist. I just want to pick up on David's point about mobility. I think it wouldn't be so scary if more people did it. The fact that it's only 2% is very telling. I mean, that was the statistic, I think, that leapt out at all of us, when we saw the data. It's easy to say, "Move," and we'd like to encourage you to move and ourselves to move, to do the mobility thing because we know that the people who do that are the people that we want in our future leadership cadres. We know that when we ... I know when we run promotion rounds at SES Band Three, the people who do strongest are the people who come through the whole thing, are people who can see things from a number of different perspectives and have that experience.

But I do think you've put your finger on something, which is in order to encourage more people to do it, we've got to make it easier. And just as women in leadership or elements of diversity, I think that the challenge that you've thrown down is something that would benefit from greater thinking and practical conversations and consultations. So, in response to the greatest leadership challenge, I would say for me is to, in DFAT, is to draw the threads of the discussion that we've had today because many of them are ... these discussions have been played out in various ways in different departments, and actually resolve as many of them as we can. Not to the final conclusion necessarily, but in a way that has us moving us forward in a way that has ...

And David, I must say I really liked the idea that we are policy advocates for citizens. And I think although Heather didn't use that term, that was very much to the point of her address. If I might say so Heather, I thought that was an absolutely brilliant start in terms of your ... research base, including what others have said about all of this, the way you ... the intellectual construct of it, and I think we will want to pick up. And part of the reason we video these things also is so that we as an IPAA team can go over them and extract from them, if you like, the policy juice, the practical juice, the reform juice that we will now use to help shape the future discussions that we're having.

Can I thank my colleagues here up on the stage, but thank all of you as well. Because we've got off to a good start, we're going to - as is traditional for IPAA, we're going to give you just a small gift, a cucina by Bison. A couple of

people on the panel have had one before. I want to assure you we're giving you one in a different colour.