



## **2010 DON DUNSTAN ORATION**

### **Professor Jennifer Westacott**

Thank you Chris Eccles for your introduction.

Firstly, let me begin by acknowledging the traditional owners of the land we meet on tonight, the Kurna people.

I would like to pay my respects to their elders past and present, and to acknowledge their traditional and unique association with the land as the oldest continuing civilisation on earth.

Well it's a great honour and privilege to be invited to deliver the Don Dunstan Oration, a person who has made such a huge contribution to South Australia and Australia more generally.

Tonight I want to cover a number of themes.

My overarching theme is about the future and focus of the South Australian Public Sector in my capacity as the Chair of the Public Sector Performance Commission.

In regard of specific themes I want to begin by reflecting on Dunstan's achievements.

In that context I want to focus on the reforms and changes he made to the public sector, to public institutions and to public services.

My second theme is to talk about the major issues of the new century.

I want to reflect on what they mean for the shape and future direction of public policy, and in particular, the management and development of the South Australian public sector.

Finally, I want to talk about the changes proposed by the Public Sector Performance Commission.

As many of you will know the Commission is due to hand down its report to government and I want to outline the content of that report.

I want to place on record my thanks to the staff of the Commission, particularly Bill Cinnamond, Lance Worrall, Dan Butler and Susie O'Connor, and to my colleague board members, Jim Hallion, Mal Hyde, Barbara Pocock, Estelle Bowman, Tom Stubbs and Roy Green.

So let me start with Don Dunstan's achievements.

I have had the privilege of working on many initiatives with the South Australian Government.

There are many times and many examples where someone will say, "well, that initiative started under Don Dunstan".

I'm thinking especially of Dunstan's work in urban planning, a vision that in many ways informs the Thirty-Year Plan for Greater Adelaide.

When I look at that list of initiatives, I'm struck by how often they're presented as a list of firsts; often a first in South Australia, *and* a first in Australia.

Dunstan's innovations crossed all areas of South Australia's cultural and social fabric, from urban planning, to education, consumer affairs, social equity, justice, the arts, and health.

This was the first state to have a fully funded film corporation, a commissioner of consumer affairs, an anti discrimination body, a lands commission, an indigenous governor, and a woman on the bench of the Supreme Court (later the first female governor in Australia).

He drove the fight for electoral reform, the removal of discrimination and the promotion of the arts and culture as an integral part of South Australian life.

This made South Australia a national and international leader in so many areas.

I believe it's that leadership that ultimately gave South Australians a different sense of themselves, and gave other Australians a different perspective on South Australia.

Dunstan was a truly national Premier.

As one of the co-authors of the Thirty-Year Plan for Greater Adelaide, it will come as no surprise that I take a great interest in Dunstan's achievements in urban planning.

There's no doubt that Dunstan gave Adelaide the vibrancy and cultural distinctiveness it has today.

And in doing so he faced many of the same issues that we faced in developing the Thirty-Year Plan: environmental sustainability, social equity issues, design and aesthetics, demographic changes, housing affordability and so on.

But what he really had to change was an entrenched view of a future for Adelaide that was simply not sustainable.

Dunstan inherited an urban plan structured around cars, low density housing, minimal public transport and a raft of major expressways that cut through parklands and converged on the city centre.

It was developed by the Department for Highways.

Not surprisingly, Dunstan shelved it.

But the fact that the plan was created in the first place tells us a lot about the sort of public sector of the time.

It was a fragmented and siloed bureaucracy.

Agencies at the time had little or no concern for the impact their programs had on other portfolios. In fact the culture and structure of the sector actively discouraged it.

The central coordinating body, Treasury, was concerned primarily with expenditure matters.

In urban planning, Dunstan did a number of things to turn this around:

- He created the planning and development act; and
- He created the state planning authority chaired by the Town Planner, and made up of the heads of most urban infrastructure departments.

His changes to the public sector more generally were even more profound.

In many ways they underpin the modern public sector we see in Australia today.

He strengthened the Department of the Premier to coordinate the development and implementation of public policy.

Dunstan oversaw a massive increase in the size of the state's public service (an increase of two thirds between 1970 and 1978).

There was a tremendous influx of executives from outside the public service.

At the time this was widely criticised as the politicisation of the public sector.

I will come back to this topic of impartiality, as it is central to any discussion on public sector management.

But what might be termed as politicisation in this instance was due to the fact that the public sector had not established methods of continual renewal or developed the capacity to respond to new challenges.

For a government as active in reform as Dunstan's, the skills and capabilities required were simply not available.

For who could oversee a centralised policy division, charged with managing a whole of government approach to policy design and implementation?

Who would lead the new Department for Environment and Conservation, the South Australian Film Corporation, the Pricing and Consumer Affairs Branch, the Lands Commission, The State Planning Authority, or the Office of the Ombudsman?

In many cases these skills had to be brought in from outside.

One of the most significant reforms initiated by Dunstan was a new emphasis on efficiency.

Dunstan's review of the public service in 1975 was notable for the fact that it was not an internal review, but one that combined the expertise of the private, academic and public sectors.

Its recommendations were modelled on the practices of the private sector.

Dunstan oversaw a reduction in the number of departments, from 48 to less than 24, and a new emphasis placed on the accountability of public service heads for the efficient productivity of their departments.

Dunstan transformed the public sector in South Australia.

But, we know that the work he began is still unfinished. And now we must recommit to it with renewed vigour and ensure that we have the ability to tackle the issues that face the South Australian government, and governments around the world.

Each government is formed in the face of challenges and is defined by its capacity to meet those challenges.

The risks and impacts of climate change and water security are profound for South Australia.

More so than in many other parts of the country.

They cannot be allowed to become hand brakes for economic development and population growth.

The challenge for policy makers is to build into the current and future economic cycle a more efficient and sustainable use of resources.

This will create new jobs and new industries.

If we fail to do this, we put at risk our long term economic prosperity.

But this will require a mix of regulation, price signals and incentives.

It will come as no surprise to many people here that I am an advocate for a price on carbon.

To me the question is not whether we should have a price, but how comprehensive it should be and how we manage transitional issues.

We need sustainable population growth. We need it to grow our economy, we need it to maintain our prosperity; and we need it for our long term national security.

The debate we are having now about population growth is unhelpful and ill informed.

36 million people by 2050 is not beyond us.

The challenge is to plan for it - not waste years arguing about it.

The community wants confidence that governments and the public sector can manage population growth without undermining their way of life and the character of their neighbourhoods and suburbs.

They want to be confident that the infrastructure and services needed to support an expanding population will be there.

That is the task of public policy makers.

An aging population will transform the way we provide health services and our thinking about taxation and paying for the infrastructure and services we need for the future.

Technology can and should transform the way we think about delivering public services.

We must begin to plan for a world where services can be delivered through a mobile phone or an iPad.

Where the volume of information and its accessibility will change our concept of connectivity and accountability.

Where the citizen will be at the centre of service delivery and in many cases will self-administer services that would otherwise have been provided by government.

And it will continue to change the economy in ways we haven't begun to think of.

The economy will continue to be a significant issue for the public sector.

We need to tap into new and emerging markets; and improve the efficiency of regulation to remove barriers to business

We need to increase productivity and competitiveness across all aspects of public policy.

No matter what agency they are in, public servants must get a grasp on economic fundamentals.

Economic literacy should be a core competency for all public servants.

If you and your department are not asking what you contribute to productivity and economic growth in South Australia, then you need to rethink your corporate plan.

As we are seeing in the debate about our banking system, the big economic public policy challenge is providing effective, enabling regulation without stifling competition.

It's very clear from the debate, that the community does not believe the market should go unchecked.

And whenever I hear people saying the market will fix this I am deeply sceptical.

Public sector budgets across Australia are under enormous pressure.

The work of the sustainable budget commission was focused on correcting and repairing the state's long term budget position so that we can afford the infrastructure and services we need over the next thirty years.

But this brings real challenges for the public sector.

It will be smaller. It will need to be more accountable.

The task of setting priorities will be harder.

And Governments will have to commit to continual investment in public sector capability.

So what does all this mean for the South Australia and the public sector?

In short: a larger population requiring a greater level of services and infrastructure, and a constrained set of resources in the public sector to deliver them.

This constraint must be our motivation to consistently improve our performance.

It must drive:

- Greater innovation;
- Collaboration;
- Economic literacy;
- ICT as a core competency for every single executive;
- Connectivity between the public and private sector;
- Efficient accountability arrangements;
- An understanding of how markets work and how to incentivise them; and
- And importantly, a long term outward looking focus like Dunstan had.

South Australia still leads the way in many areas of public policy across Australia.

The current government has a policy agenda that is just as ambitious as the one put forward under Dunstan.

But Dunstan drove the implementation of his agenda with an increase in the size of the public service by nearly two thirds.

In this regard, the times couldn't be more different.

We need deeper, more productive collaboration.

The ambitions of the Strategic Plan cannot be realised with a disjointed public sector where:

- departments work in isolation from one another;
- capabilities are of varying qualities and kinds; and
- measures of performance and efficiency change from one setting to another.

Never before has a unified approach to goal setting and performance measurement been so important to the prosperity of South Australia.

But there are three essential ingredients for a public sector capable of tackling these issues. They are:

- Leadership;
- Courage; and
- constant renewal and accountability.

We need to lead on issues and stay with them long enough to get an outcome.

That requires structures and a culture that fosters courageous and creative thinking.

Like Dunstan did, we need to move away from what I call hot potato politics where when something is difficult and hot, we toss it around and around and from person to person, but we can't seem to resolve it – and then we drop it.

Dunstan stuck with issues.

This began with his passionate opposition to the death penalty and his advocacy for Max Stuart.

Stuart was an Aboriginal man convicted of rape and murder and sentenced to be executed.

This was a very controversial and divisive matter.

Dunstan's advocacy of this issue early on would probably not have survived its first focus group or poll.

But he stuck with it and turned public opinion around.

This is a standout example of Dunstan's capacity to stay with an issue.

Not because he necessarily thought Stuart was innocent but because he believed that above all he had rights to a fair judicial system.

And of course, like many of us do, he thought that the death penalty is one of the cruelest and most inhumane acts that can be perpetuated by so called civilised societies.

So it's against this backdrop of challenges and the legacy and leadership of Dunstan that I turn to my final theme tonight, that being the work of the Public Sector Performance Commission.

We have been working on a program of initiatives to deliver the right management and skills to the sector to drive productivity and creativity.

I want to very quickly run through some of the activities we have undertaken and then talk about future reforms.

Over the last two and a half years we have led:

- the design, development and delivery of the first SAES induction program as part of the training guarantee of all new SAES members;

- the establishment of the Deloitte Leadership Academy;
- the development and implementation of action teams to drive executive collaboration on high priority projects;
- a major review of recruitment and retention activity in the South Australian public sector;
- the successful trial of a new high performance framework within eleven public sector agencies;
- the management of the public sector chief executive performance appraisal system;
- the development and implementation of a “managed performance” program to tackle performance issues; and
- the design and implementation of the “leading practice seminars” to foster knowledge sharing across the public sector.

There are four areas of change we believe are essential to position the South Australian public sector for the policy challenges I’ve outlined.

These four areas have been approved by government for adoption across the public sector.

I would like to thank the Premier, Mike Rann, Minister Weatherill and Minister Holloway for their strong support of these initiatives.

They are:

- A new enhanced performance framework - called the High Performance Framework - which has been mandated by the government for use by all state government agencies.
- Second, a set of initiatives to support the leadership capability of SAES members
- Third, a renewed approach to workforce planning, recruitment and performance management to drive a sustainable workforce
- And finally, the establishment of an ongoing body to drive reform.

For some time the private sector has been making use of quality management frameworks that measure performance and allow for a constant realignment of resources to areas of greatest priority.

The public sector has fallen behind in the development of an efficient performance framework.

In a time of budget and resource pressure it cannot afford to take the focus off performance and accountability.

Also the government cannot allow each agency to take a unique approach to performance. Such an approach will inhibit the capacity to test how the sector as a whole is performing.



Governments have a right to know that their priorities are being delivered, their resources are being efficiently spent, and that the community is getting the services it needs.

The High Performance Framework will apply to all agencies and will have the following features:

- There will be a renewed emphasis on clearly setting the priorities of agencies in an agreement with the Premier, the relevant Minister and Chief Executive.
- The High Performance Framework will also involve a simple and consistent approach for examining results. This will see a reduction in the number of reporting requirements of an agency and a focus on measuring the effectiveness of service delivery.
- The third component of the framework is designed to drive what we call in KPMG “a high performance culture.”

The Government has endorsed a set of characteristics of high performing agencies and a set of building blocks which would be used to test whether an agency is performing well.

The Framework recognises that while agencies need to deliver on and measure results, they also need to constantly test and improve how well they are run.

This goes to things like:

- how they drive innovation;
- how well strategy is defined and understood;
- their engagement with staff and stakeholders;
- their development of staff and leaders;
- the extent to which they are customer centric and genuinely engage with communities; and
- their capacity to manage to the triple bottom line.

If we are to be successful in meeting the policy challenges of the future, organisations need to have a depth of capability and must constantly refresh their strategy and their customer focus.

We focus a lot on results and budgets. But organisational failure is often caused by deep seated cultural issues. Whenever I have seen organisations fail it is because they are badly run, badly led, and staff feel disempowered and de-motivated.

The final and critical component of the High Performance Framework is a structured review process for agencies to test the three elements of the Framework, namely:

- their priorities;
- their results; and

- how well they are run.

This will happen over the next two years and agencies will be required to conduct this review by 30 June 2013.

It will culminate in an annual statement of priorities for improvement which will form part of a strengthened chief executive appraisal process.

The High Performance Framework is simply about driving a more consistent and practical approach to delivering on government priorities.

I will turn now to the Commission's recommendations on the South Australian Executive Service, or SAES.

Again, our recommendations concerning the development of the SAES have been accepted by Government.

Strong leadership capability is one of the key attributes of a successful public sector, indeed of any sector.

This has been a central platform of the work of the Commission.

As Board members, we feel very strongly that there has never been a more important time to invest in leadership capabilities and leadership development.

South Australia must become a magnet for the best and brightest among executives, just as it was in Dunstan's time.

The PSPC assumed responsibility for the SAES in July 2008, twelve months after the SAES was launched.

The SAES itself was a brand with little recognition within the public sector and was virtually unheard of among partners in the private and academic sectors.

Neither SAES members nor the wider public sector were gaining the benefits offered by the SAES value proposition.

The initial work of the PSPC focused on working with agencies to begin delivering these benefits.

I'd like to run through some of the key proposals that we have put forward for the ongoing development of SAES.

All public sector executives will become SAES members by 2015 so that we have a uniform approach to training and development.

This will include:

- The introduction of a training and development guarantee to ensure each SAES member has access to a minimum number of hours of professional development per year (approximately 50 hours).
- This guarantee will include the permanent, twice-yearly induction program for new executives and ongoing refresher programs for experienced executives.
- The training guarantee will potentially lead to a specific public sector qualification that is recognised nationally. This will be linked to further executive education, such as MBAs will be designed in partnership with Universities and made available by 2012-13 financial year.

The PSPC believes that to tackle the issues I have outlined, the public sector will require more specialist professional skill sets.

We are proposing to support professional qualifications, standards and networks by creating new “Heads of Professions.”

They will provide advice on the training and development needs of professionals in fields such as economics, planning, science and innovation, medical sciences, engineering, environment and education.

A critical element of our report is succession planning.

We have proposed a structured and targeted approach to the identification, selection and development of successors to key leadership positions.

The private sector has for some time has driven a deliberate approach to succession planning to ensure people are equipped with the skills and confidence to do their jobs and as a means of retaining their best people.

The commission is also proposing a continued focus on collaboration.

Executives will continue to work in Action Teams on projects of the highest strategic priority for government.

The commission believes the Action Team model of bringing executives together from a range of departments to tackle tough whole of government issues should become a normal way of doing business in South Australia.

Finally, we are proposing a structured approach to mobility and collaboration through formal rotations between the public, private and academic sectors.

We want to avoid Dunstan’s dilemma where the vital skills required to achieve changing strategic direction must be brought in from outside of the public sector.

The SAES is a vehicle for constantly renewing our executive through strategic training and development, and ensuring its impartiality and professionalism in the face of rapid change.

The final area of the Commission’s report addresses the creation of a sustainable workforce.

We believe that South Australia must proactively manage the recruitment and retention of people with critical skills, and that once those people have been recruited they need to be developed and retained.

The challenges faced by small states in recruiting people into all levels of the public sector is difficult, particularly in an environment of economic growth and increased competition for skills.

So we are proposing the following:

- A requirement that all agencies prepare a workforce plan that looks at long term workforce needs, identifies the skill mix needed and identifies where skills will be sourced from. Most importantly, workforce plans need to actively manage short term vacancies and turnover.
- We were very concerned about the cost of temporary and contractor staff and the disruption to service levels which occurs when agencies take too long to fill vacant positions. These things can be largely overcome by a return to basic workforce planning.
- The Commission is also proposing that we return to the concept of general intakes of clerical staff and a formal graduate program. This is a common feature of efficient private sector organisations.
- This would allow the Government to become a more active purchaser of graduates and be able to negotiate with universities about the types of skill sets needed for a more effective public service.
- It also gives the South Australian public sector the opportunity to be an employer of choice for high quality graduates.

In respect of recruitment, we are proposing that agencies move to electronic recruitment to dramatically improve the efficiency of the process.

The final platform of our proposals for a sustainable workforce is managing performance.

There is an urgent need to tackle poor performance and also to reward excellence.

The Commission is proposing that a uniform approach be introduced sector-wide which involves some very simple things:

- a clear understanding of goals and targets at a departmental, team, business unit and individual level;
- a clear articulation of the alignment of those goals to the organisation's strategic direction
- a continuous process of dialogue and feedback – including external feedback - with at least 2 formal conversations with managers and supervisors each year;
- a personal development and learning plan;
- an agreed set of focus areas which come out of performance discussions;

- a formal reward and recognition program in every department;
- And a clear articulation and measurement of management and leadership behaviours, particularly among executives.

These things are not hard and but they are vital.

Whenever I talk to someone about why they left the public service feeling unhappy, the conversation invariably turns to the failure to tackle poor performance openly and honestly.

The use of redundancy programs is not an answer to tackling poor performance. It is demoralising and inefficient.

These three key areas – the High Performance Framework, the development of the SAES and Workforce Reform – build on nearly three decades of public sector cultural reform.

We propose that this is the chance for the South Australian Public Sector to reap the dividends of that reform process.

We propose that the public sector drive these reforms from a centralised performance body with the capability and skills needed to ensure effective implementation in each and every agency.

Let me be clear, the role of this body is to lift capability, provide coaching and support to agencies.

It is not its role to micromanage reform

It is essential that we recognise that all of these reform areas are interconnected; there is not one of them that can be left out if the public sector is to move forward in its drive for greater productivity and efficiency in the face of such difficult policy challenges.

Further, there is not one agency that has the luxury of excluding itself from the reform process.

And we need to recognise that these reforms are part of an ongoing process.

The capacity for the sector to renew and reinvigorate itself must be built into the central machinery of government.

This is a united effort for the entire sector.

So to conclude: What kind of a public sector will emerge from these changes?

Well, we hope one that leads debates, leads solutions and drives reform:

- One where there is a genuine collaboration.
- One which constantly reinvents itself to deal with the issues of today and the future.
- One that is not afraid to change structures, power bases and policies to better suit the needs of the community.

I said I would return to the theme of politicisation.

People talk about politicisation of the public sector.

And I ask, what does this mean? Well, clearly there is, from time to time, overt politicisation.

But then there is often in our history a set of changes which reflect frustration with the capacity of the public sector to respond to the agenda of an elected government.

Dunstan had to make radical changes to achieve a more responsive public service.

Not for political needs (although these would be important) but in response to the community's desire for change.

What we hope these reforms achieve is a public sector that doesn't need major restructuring every 10 years and all the disruption that goes with it.

Rather we want to see a sector that leads its own constant change and renewal.

In many respects, the public service we need for the future is best summed up by a statement from the past.

Let me read from John Kennedy's first State of the Union address in 1961:

**"Let every public servant know, whether his post is high or low, that a man's rank and reputation in this Administration will be determined by the size of the job he does, and not by the size of his staff, his office or his budget. Let it be clear that this Administration recognizes the value of dissent and daring -- that we greet healthy controversy as the hallmark of healthy change. Let the public service be a proud and lively career." (Excerpt from President Kennedy's State of the Union Message, January 30, 1961)**

The public sector is one of the great assets of a democratic, fair and decent society.

But it must be treated like an asset.

We must invest in it, renew it and enhance its value.

For me and my family, the great public institutions of a free education system, affordable public sector public housing, and universal health care were the difference between a life of poverty and difficulty and a life of opportunity.

An effective public sector is a ticket to social and economic freedom.

Our challenge is to give that opportunity to this generation and future generations of Australia.