

KEYNOTE 1: BIG PROBLEMS AND BOLD ACTIONS

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Eidos seeks to change the way Australia's important social and economic issues are solved - with fresh ideas and different perspectives.

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Terry Moran served as Secretary of the Department of the Prime Minister and Cabinet, Australia's most senior public servant position, from 2008 to 2011. In 2012 Terry was named a Companion of the Order of Australia (AC) for "eminent service to the community through public sector leadership, as a significant contributor to policy development, program delivery and effective governance, and to the implementation of contemporary government administration".

Terry is also Chair of the NSW Barangaroo Delivery Authority, Chair of the Melbourne Theatre Company, a member of CEDA's Board of Governors, and a Special Adviser at the Boston Consulting Group

Could I acknowledge the traditional owners of the land on which we stand and their elders past, present and future.

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Good afternoon Ladies and Gentlemen, I'm delighted to be with you. Could I offer a particular greeting to old friends here today: Jim Varghese, David Edwards,

Fred Chaney, a former Commonwealth Minister and Patron of the Centre for Policy Development is now the social policy conscience of Australia. In a significant address in 2011 he focused on the idea of duty and asked where the politician's duty lies. I want to quote the end of Fred's speech as a way of beginning mine. He said:

"There is a need to define our national purpose, to have a light on the hill. There is a need for a story which explains where all the different policies fit and how they advance the national purpose. There is a need to re-engage the electors by giving them a story about Australia they can believe in."

I want to talk about this quest, what I'm going to describe as a mission – Australia's next long wave of reform.

It is this third wave of reform, which must bring us to a compact on the big ideas which will drive policies and programs at all levels of government and within our national community for a generation. It should give effect to consistent Australian attitudes on government and democracy described by Rebecca Huntley in the latest Quarterly Essay, citing CPD's research prominently.

The first wave had focused on national development after the Great Depression and Second World War. It started with Curtin, accelerated under Chifley, continued under Menzies and concluded with Holt. Its focus was rebuilding Australia after the ravages of the Great Depression and the immense challenges to our national existence in the Second World War. It wasn't just infrastructure, rural electrification, homes, social improvement but also a new immigration program to grow our population. It was expansive, bold in some respects and popular.

I hope the third wave, yet to come, may have something of the deep impact we experienced from both this first wave of reform and the second wave.

In the late sixties, Australia started a long national conversation. Over fifteen years economists, some journalists, academics, government economists (mainly from Canberra), leading business and union figures and a few parliamentarians began to debate how to energise Australia and open it to the world.

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But, we are now established on a descending path of trust in our parliamentary and political institutions.

- 70% of Australians don't think their elected representatives are serving their interests.
- 75% of Australians believe our politics is fixated on short-term gains instead of longer term challenges.
- 76% of Australians think that we should have fewer career politicians in our parliaments and a similar percentage believe our governments rely too much on contractors and consultants instead of investing in the public service.

We have reached a point where general public support for the second wave of reform based in economics has dissipated. Yet we are in aggregate prosperous and something of a national economic success story. Why then are so many Australians grumpy?

Many in our community now argue that the problems and the grumpy sentiments arise from the system of government itself and the character of those elected to office. However, I'm not sure this is the right focus for explaining the problems and what should be done. It is good ideas, supported by the community, which guide politicians in an acceptable direction. It is here where the problem resides.

Consider the results from the second wave of reform. Seen from a community perspective:

- the proceeds of economic activity have shifted from families to business, with wages relatively stagnant;
- the outsourcing of Commonwealth service delivery to the private sector (for example, employment services, settlement of the new arrivals in Australia, disability services, aged care and VET) has failed and it is clear Canberra knows this;
- a number of prominent privatizations have major failings, for example the energy sector within the domestic economy, and cost of living has been adversely effected;
- reduction in the value of key benefits, such as those received by the unemployed, has left large numbers without dignity and hope;
- social housing for those displaced and impoverished by Commonwealth reforms was neglected while we led the world in rising house prices;
- the Commonwealth has been very late to recognize the consequences for our larger cities of rapid population growth flowing from the time of Peter Costello's Intergenerational Reports;
- too many but not all corporations have become short term profit maximisers with little serious commitment to investing in R&D, product and service innovation and staff training (all of which are in aggregate decline across the private sector); and
- on a positive side, many corporations have begun focusing public attention on what most Australians believe is a must do reform – urgent attention to decarbonizing our economy.

These concerns reflect policies, which in turn arise from a particular set of ideas. They are not the inevitable consequence of the sort of democracy we have or our national institutions. Indeed institutionally, our democracy seems in better shape than the UK, USA and many European democracies.

Democracy's Triple Helix

You may be familiar with the concept of the triple helix, used to model University-Industry-Government collaboration. I want to use the triple helix as a metaphor for critical relationships between the strands of Australia's democracy on which the future of our country depends.

Firstly, Institutions, which embody the health and vibrancy of our representative democracy, its parliamentary expression and the professional and ethical public sector agencies accountable to parliament through Ministers. Trust in these institutions sustains legitimacy. But this extends beyond public institutions. Royal Commissions and inquiries into the Banks, Aged Services, Child Sexual Abuse, and now VET tell us that private and community institutions matter too.

Secondly, Big Ideas, which respond to long term challenges and give birth to major policies and the effective program initiatives which define what governments do in the community and the economy. Those ideas also define how government works in concert with industry and civil society. Nation Building and then economic thought reflected different sets of critical big ideas. They were right for their time.

Thirdly, Delivery: the efficacy, honesty and accountability of public administration and the institutions of which it is comprised and the quality of their services.

The Axis of the triple helix is the legal foundations, conventions, values, expectations, democratic practices including public discourse, and the acceptable path to the future on which most agree. Taken together, these are accepted by the community generally as the rules of the game — the boundaries defining what is acceptable.

We know quite a lot from CPD's attitudes research over the past two years about the public's view of the axis of the triple helix. And it isn't captured by the slogan "Aussie Rules" carried on the front page of The Economist last October — even that article articulated the growing uneasiness Australians feel about the future.

The results of CPD's attitudes research suggests to me that, to a varying extent, institutions, big ideas from the past and delivery are now weak reflections of the axis of our democratic system — the views and expectations Australians have of their democracy.

Importantly, the axis of Australia's democratic system is not the same as the axis of the American democratic system. It's not the same as the ever-shrinking axis of Britain's Brexit democracy.

What we have found is that Australians don't want to blow up their democracy, they want to save it. When Australians are asked what they think the main purpose of democracy is, the answer twice as popular as any other is "ensuring people are treated fairly and equally, including the most vulnerable in our community". This is actually the Australian story from times past and it remains valid.

In my view, a big problem is the absence of agreement on the big ideas to drive the next long wave of policy reform designed around an Australia which citizens aspire to live in.

Certainly, institutions and delivery need reform but this is best done in the light of agreement on where we are to go — what the light on the hill is, and where that light is.

To be clear: we've reached the end of a nearly 50-year policy cycle, dominated by ideas derived from macro and micro economics. Community sentiment has swung away from the primacy of light touch regulation of markets, the unexamined benefits of outsourcing, a general preference for smaller government, and a willing ignorance of public sector values and culture as a means of underwriting commitment to the public interest and the needs of communities. Similar, but far more dramatic shifts, are part of the explanation for the contemporary problems in the UK and the USA.

In the UK we are now watching an "informal constitution" unravel as the centre ground of politics and a willingness to compromise evaporate. I believe that we are not facing such a problem in Australia. Our constitution has not, nor should it be, challenged.

In Australia there is increasing acceptance of a larger role for government, including involvement in service delivery, more effective regulation and bolder policy initiatives. Australians want government to be active and collaborative players, not just investors or market fixers. We know they support reinvestment in the delivery of essential services. Interestingly, local government is now trusted more than the Commonwealth Government.

The changes ahead will be comparable in their breadth to our national experience of economic and social reform from the early 80s to the late 90s. That period of immense change transformed Australia. Just like then, we're going to need fresh ideas. Big, bold ideas which can drive new policies and the programs to foster a more sustainable economy and greater wellbeing across society.

Missions' Mindset

You may have heard of Mariana Mazzucato, an economist CPD hosted for her first Australian tour last year. Mariana's work on the entrepreneurial state and public value has struck a chord worldwide — from Martin Wolf, Theresa May and the EU. Mariana made a big impact in Australia, speaking to around 2000 people and briefing the heads of the CSIRO, Clean Energy Finance Corporation, the Chief Scientist, senior public servants and the Shadow Economic Team.

Mariana doesn't just speak of bold ideas. She speaks about missions and moonshots. It's another way — perhaps a more powerful way — to describe the light on the hill and a story about Australia all of us can believe in. A mission is something we can all buy into, not just watch.

Mariana's work urges governments, industry and the community to identify core "missions" and go for them. Her missions framework doesn't pit government against business or the community. It doesn't speak about picking winners. It picks the willing — those in our society who believe in a better future for all Australians who are prepared to chance their arm (and balance sheet) to get there. Interestingly, philanthropic foundations have already started to play a role in helping to shape possible missions and underwrite a collaborative model to achieve them.

My view is Australians want government to seek tailored, smart, creative solutions that draw on the experience of civil society, business and the public. They want missions. They want government to admit they don't have all the answers and organise the search for them. And they must work across departments and other levels of government, industry and the community to find the best entry points.

It's precisely this frame we need to think about Australia's next long wave of reform.

What are our missions?

Tempting as it is to invent a set of big ideas to frame missions within the third wave of reform, I can only mention those things I believe are strong candidates.

Decarbonizing our economy;

- Equipping our workforce and businesses with the capabilities to succeed in the new digital era,
- Finding a new configuration of national security and diplomatic relationships for Australia as China and the US struggle for dominance in our region.
- A new emphasis on successful integration of new national, ethnic and religious communities into an Australia which has dropped the ball on settlement. The new Morrison Government appears to have some new energy for this problem.
- To this we must add our shameful failure with respect to empowering indigenous communities and embracing the Uluru Statement from the Heart. Again, the prospects look better.
- An approach to national economic development which emphasizes goals of national competitiveness, regional integration and a fuller embrace of the region and its peoples in all their diversity.
- Subsidiarity, driven by a respect for individuals, families and communities seeking to find comfort and support in local connection within new approaches to governance and service delivery.
- In fact, I want to suggest that subsidiarity is an imperative to underpin success. I see it as a means of providing new respect for communities at the local level, equipping them with resources, strategies, systems and opportunities to work within local community and business networks and systems of democratic accountability.

Economies such as ours are now experiencing a new debate about localism (as it is described in the UK) or a broader role for city government or regions (this being the focus of the debate in the United States). The Europeans have called this subsidiarity for some time. Community deals is another way of thinking about it. More than any other state, Queensland already has some features of subsidiarity

This trend to localism has also begun to emerge in Australian public policy debates which turn on a more positive view of the public sector and its many institutions. We have seen this over the past 12 months in the reviews done by Sandra McPhee into jobactive, by Peter Shergold in his review — still not released — of settlement outcomes for refugees, and by David Thodey in his ongoing review of the APS. It is all about connecting flexibly at the local level with networks, service providers, local government and opportunities.

By this means we can localize accountability and build connection and support for those who most need it. I hope the Morrison Government's new focus on delivery will take this up.

CPD has been active on this front for some time. We have found that locally connected, place-based approaches to delivering critical services achieve better results. In recent months, we have had a staff member embedded in the City of Wyndham to help them to develop a new economic and social inclusion framework — the City hopes to receive State and Federal funding for the trial. This requires activity based funding for recognised pathways to employment, not a tender-based model driven by price rather than results. It means Canberra letting go to a backbone institution at the local level. It requires an active role for government on the ground.

The current system is madness. We have buckets of money being spent by federal, state and local governments — and by charities — on the same people, without any coordination, often without local experience and usually with poor results. Coombs found in the mid seventies that the Commonwealth needed to find a new way to operate at the local level. It has been a singular failure in delivery of social policy programs. We need to admit failure and invent new approaches.

I hope local approaches are backed and our obsession with the contracted state ends because of David Thodey's review of the Australian Public Service. But I fear we are at grave risk of dancing around the most critical reforms. The Commonwealth announcement that jobactive contracts would be extended by two years to 2022 is the latest example of putting the hard reforms into the too hard basket and permitting a dysfunctional system to work against the hopes of unemployed Australians.

In a speech about 18 months ago, I argued government and the public service must get back in the game. We need that now more than ever.

The starting point for Australian missions — the starting point for our new moonshots — is to reinvest in the creative elements of our public services, enriched by direct experience of the services that Australians expect government to provide.

Just as it was rebuilt to deliver on nation building and rebuilt again for the second wave of reform built on insights from economics, the APS will need to be rebuilt once more for the third wave of reform once it is agreed.

Unless we renovate the approach taken by government to the delivery of services we are at risk of heightened populism in the next decade and all the disharmony and simple nastiness which will flow from it.

Thus we all have a responsibility to advocate for a debate about the next wave of big ideas — the missions we can all support and — a contemporary view of the light on the hill.

Thank you.

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