

IPAA NSW  
SPANN ORATION 2012

Good evening ladies and gentlemen, it's an honour to have been asked to give this year's Spann Oration and I'm very pleased to have the opportunity to share some time with you tonight.

By way of background and context, as you've just I heard I'm a former Premier of Queensland. What you may not know is that prior to entering Parliament in 1995, I spent 5 years working as a public servant. Those 5 years were split evenly between the then newly formed Office of Cabinet, under the leadership of a relatively unknown policy wonk, called Kevin Rudd, and the Department of Employment, Vocational Education, Training and Industrial Relations.

I give you this background for two reasons. Firstly, because the experience gave me a unique insight into both bureaucratic and political leadership and the interplay between them. In the Australian context, it's unusual for an elected representative to have any working experience as a bureaucrat. I suspect this is true in all Westminster jurisdictions, they just tend to be completely different career paths and life choices.

It's self-evident that elected representatives can achieve very little of their agenda without the active and capable co-operation of the public service. It is equally true that committed, senior public servants can have little effect without strong and talented political leadership. However it has often surprised me how little each understands of the environment in which the other works and the challenges and constraints of that environment. And yet, it's in the interplay between the two that all good public policy and programs are conjured into life.

Secondly, I learnt that not all public sector agencies are created equal. My experience in the two agencies in which I worked could not have been more different and this in itself was a useful and eye-opening

experience. The Office of Cabinet was new, it had a strong, young and energetic leader, it had a good mix of experienced public servants many from other Australian jurisdictions and people from outside the public sector, like myself. It was equipped with state of the art technology, employed modern work practices and far from being hidebound by entrenched traditions, it was creating its own culture. It was an exciting place to be and an exhilarating place to work.

My second experience could not have been more different. I was employed in the public sector wages unit of what was the old Industrial Inspectorate. I entered a workplace that was almost entirely male, entirely comprised of staff who had entered the service at age 16 and worked their way up through the same organisation over decades. I found myself completely at sea on my first day when all work ceased at 10.30am and my colleagues pulled from their drawers, towels emblazoned with the words “Queensland Government” proceeded to spread them on their desks and enjoy morning tea for a full and timed 30 minutes. This ritual was repeated at 3pm. This had never happened in the Office of Cabinet, in fact I had never before seen a “Queensland Government” towel, and nor had anything like it happened in any of the workplaces of my previous private sector and non-government employers.

As it turned out, this first day culture shock, proved a powerful symbol of an unwieldy and often immovable culture and unsurprisingly, I butted heads with it on many occasions. At the time, Wayne Goss was Premier, the government was in the middle of its second term, its public sector wage negotiations were hopelessly mired in protracted talks that were going nowhere and unions had started a major campaign. The government did what governments often do in these circumstances – allocated more money and more staff to fix the problem.

My “Queensland Government” towel episode found parallels in just about every way my new workplace conducted itself. Despite 10 months of negotiations, there was no draft negotiating document, few records or costings of the items agreed or disagreed between the parties and no negotiating timeframe. I tell you all this entire not to criticise my colleagues in that unit. The reality is that enterprise bargaining was still a relatively new breed of wage fixing, especially in a public sector context and little or no work had been done to realign the century-old agency or

re-orient resources and skills from centralised wage fixing to this new system. It became apparent very quickly, that the priorities of the government had simply not been translated and that none of the necessary culture shift had happened.

For me, this was light bulb moment, it gave me a deep understanding of how things do and don't happen in government, of the often vast gulf between government priorities and their implementation and the importance of public sector leadership in driving capability. It was also a graphic illustration of the imperative for big organisations to adapt and change as circumstances change – and the huge effort needed to make that happen.

Elected in 1995, I began my Parliamentary career understanding that if I wanted to effect change, if I wanted to make a difference, I would have to make the elephant dance.

The notion of making the elephant dance was first coined in the private sector, by reforming CEO's seeking to overhaul large, unwieldy organisations, make them light on their feet and more responsive to customers. Notably, by Louis Gerstner in his book about the resuscitation of IBM in the 1990's. It's been used many times, and little wonder – it's a powerful image that so readily conjures up the task of any reformer. Nothing says, large, bloated and immovable as well as "elephant" and the idea of getting it up on its hind legs and making it shimmy, beautifully captures the often excruciating task of reform, especially public sector reform.

But of course we also know that, against all the odds, an elephant can actually get up on those back legs and so the image tantalises us with the prospect that we can achieve change, we can against all the odds do things better for the people we serve and care about.

I wanted to put my remarks tonight in this frame because I think that for many who work in the public sector, for those who analyse and study it, for those who understand just how important it is to the health and well-being of people, communities and economies, we can all too often feel overwhelmed by the task and despair that real change is ever possible.

I don't claim to have made the elephant dance as often as I would have liked, in fact it chose to sit down more often than I wanted. However, I'm not going to regale you with the failures this evening – rather I wanted to share my experience with two recent, and very different, examples of significant change in the Queensland Public Sector.

### Queensland Reconstruction Authority

The Queensland Reconstruction Authority was created as a new Statutory Authority in February 2011. It was created for a two year period in response to the urgent task of reconstructing Queensland after the massive disasters of that terrible summer. It was born out of the recognition that the bureaucratic architecture that had served us well in previous floods or cyclones was not going to serve us well in dealing with something of this magnitude.

The recovery and reconstruction task was of post war proportions, much of our economic base had ground to a halt, 52 coal mines were shut down, the banana, sugar and cotton industries had literally been flattened, tourism operators were devastated either by the events or the mass cancellation of bookings caused by the events. Catastrophic damage to public infrastructure totalling some \$6bn had seen rail lines, major ports and 80% of the road network damaged in some cases beyond recognition. And more than all of that, the disasters had destroyed more than 45,000 properties leaving thousands of people homeless and traumatised – the task of rebuilding was as much about rebuilding lives and communities as it was about bricks and mortar or concrete and asphalt.

In this context, we knew we needed an integrated response that dealt with communities holistically, knitting them back together with a systematic and seamless approach to the economic, social and personal imperatives. We knew we needed to effectively sequence the work to maximise both public and private sector capability – a business as usual approach of individual tenders for every job, just wasn't going to cut it. We knew we needed a single point of entry into government to manage the avalanche of requests from local councils, private contractors, community agencies and individuals.

The new Authority, with bi-partisan support was legislated and operational with 4 weeks of Brisbane flooding. It was given a range of exceptional powers to facilitate land use changes in disaster areas, to co-ordinate public works projects in a way that best utilised all existing capability and a mandate to work with all levels of government, with corporate Australia and NGOs to restore healthy economic and social capacity.

Importantly, it was not created in addition to existing departments, nor did it duplicate existing capacity – it was pulled together by taking all relevant staff out of a range of existing agencies which normally play some part in post-disaster recovery –predominantly Emergency Services, Main Roads, Transport, Local Government, Communities and Health. Each of these agencies has its own culture, its own processes and its own way of doing things. All of that had to be quickly overcome as the Authority completely redesigned the assessment and approval processes, jettisoned many longstanding arrangements that were too cumbersome for the task and put in place rapid turnaround benchmarks for itself. Over much of the past year, the Authority has been supervising over 10,000 active worksites and spending \$300m a month – the previous approval and delivery systems would have been paralysed by workflows of this scale.

In my view, an Authority of this nature is not needed on an ongoing basis, nor is it needed in every disaster, but without doubt, it has served the State exceptionally well in recovering quickly from a very large scale event. An agency that created a single point of control and co-ordination and a single point of access into government has successfully accelerated recovery efforts.

And, as often happens when you pull together multi-disciplinary teams it's achieved its goals in ways that were often entirely unplanned and unpredictable. Let me give you a couple of examples of innovative and effective outcomes – none of which would have happened without bringing together the government's response into a single agency – and importantly, bringing together some of most experienced disaster recovery people, most of whom had never worked directly together before.

## 1.A New Grantham

The Authority was given extraordinary powers to override all other planning legislation in disaster declared areas. This gave the little town of Grantham, the town most devastated by the terrible inland tsunami that tore through the Lockyer Valley, the chance to be reborn.

With the terrible loss and grief experienced by this town, it was no surprise that many felt too frightened to return or to contemplate living there again. However the town does have high, dry land which escaped any flooding even in this shocking event. Locals started to ponder how they could change their town around. Using the extraordinary powers available to it, the Authority by-passed all the usual planning and regulatory requirements, purchased the land, approved it for development, designed a master plan and started construction of the base infrastructure within 4 months of the idea being conceived.

This speed was the secret to its success because it allowed all those who were negotiating a claim with their insurance companies to negotiate a land swap deal. As a result the first family moved to their new, high dry home in the week before last Xmas, less than a year after the floods and many more have done so since.

And so Grantham became the little town that moved. This could not have been achieved with a business as usual approach. Certainly it required the legislative powers given to the task, but there's no doubt that it would not have happened without some very lateral thinking by the Authority and the local council.

## 2. Joined Forces

Given the scale of this disaster and the devastation it caused, it was extremely gratifying to see so many Australian companies, large and small, put their hands up to help out. It was equally no surprise that many small community groups, especially sporting clubs which are often located on flood prone fields, were in desperate need of assistance. It's these community groups that form so much of the social glue in suburbs and communities and getting them operational as quickly as possible became a rebuilding priority – we knew that homes were going to take longer but if kids could sign up for netball and football and get back to ballet classes then life would start to normalise.

To this end, the Authority developed the Joined Forces program to link corporate donations and sponsorship with community groups in need. In the past, this process has always been a matter of hit and miss, left to the parties to find each other – often resulting in some getting more than they need and others getting little – often leaving well-meaning businesses wondering whether they made a difference or got value for money.

This was run like a big national dating service, happy matches were not left to chance. It was the first dedicated program that actively worked to link partners. It had a dedicated team working to get the best results and to ensure that the benefits were spread across all parts of the State, into some of our smallest and most needy communities. It meant that businesses weren't simply donating money into a large and anonymous fund, but had an intimate knowledge of the difference they were making. Interestingly, a number of businesses who started out wanting to donate, ended up doing much more, with staff working bees and exchanges of equipment and volunteers – in other words, the program leveraged more corporate support to more groups. And pleasingly, some of the partnerships have endured beyond the disaster.

This is a great example of a powerful and simple idea, easy and cheap to execute, that just wouldn't have happened if the ten or so agencies involved had been left to their own separate structures – no-one would have thought it was their job to co-ordinate that program across government and those that received an approach about a donation would have directed it to the NGOs in their patch whether they were the most needy or not. Significantly the size of the opportunity would not have been clear if it hadn't been brought under a single point of control.

### 3. DarmSys

I apologise for the acronym, it stands for Damage Assessment and Reconstruction Monitoring System. It is an Australian first system for rapidly assessing damage and monitoring the rebuilding effort. It can be used by government agencies at all levels and the Non-Government Sector to effectively target their effort and their resources.

In essence, it involves the deployment of teams using a hand held device to collect real time data which is then sent using wi-fi to provide map based damage assessment. This data is collected street by street, house by house. The assessment is done at regular intervals to keep track of progress and homes and buildings are progressed through a basic traffic light system, as a property moves from wrecked to having builders on site it moves from dark red on the aerial map to orange and then to green when complete. The Authority has current maps of reconstruction progress in all disaster affected areas and is sharing it with all agencies, public and private, involved in the response.

It becomes very clear, very quickly when little or no progress is being made in a particular area or with a particular property and allows relevant agencies to intervene. The data can be overlayed with other local information, such as addresses of meals on wheels clients or people with a disability to identify vulnerable people. It's being used by local councils to identify absentee landlords whose damaged properties are at risk of becoming a health hazard. It was used to ensure that the funds raised by the Disaster Appeal went to people in the greatest need. It also has applicability for utilities providers and temporary housing planners.

It such a simple tool that it's hard to believe it hasn't existed until now. The reality is that most assistance programs rely on people in need coming forward for help – and this mostly works, but again, can be very hit and miss. With this new system, a lot of the guess work has been eliminated. In post-disaster actions, where resources are always stretched thin, it dramatically improves the strategic utilisation of those resources. It has been acknowledged by the World Bank, in their assessment of the Queensland recovery effort, as a significant contributor to the speed of the recovery.

Again, it was driven largely by bringing the right people together. It's incredibly cost effective, the hand held devices cost less than a couple of hundred dollars, anyone can be trained to use them within minutes and the system uses the existing spatial and aerial mapping capability of a number of government agencies. The resources and capability were already there, they just needed to be unlocked in a different way.

As I watched this Authority undertake its work, it was a joy to see a government agency respond with such ready adaptability, with such

enthusiastic zeal for their work. The recovery effort felt so overwhelming when we first confronted it. It could so easily have become bogged down in all the processes of government, with important issues falling into the cracks between departments. Instead, we saw a flexible, people-focussed adaptation to a situation that demanded our very best.

For me it meant that my regular briefings reported progress on, or ahead of schedule, but more than this I was being briefed by people who were constantly coming forward with a new or better way to do something – it's an attitude that creates its' own momentum, it's an experience that I can never get enough of and it had all the lumbering grace of a dancing elephant.

Inevitably, I've wondered what got the elephant dancing with such rhythm on this occasion – and there a number of factors. It's hard to avoid the obvious that this particular machinery of government change was created in dire circumstances, in response to the worst of disasters - this gave the task a sense of urgency and engendered huge levels of motivation and goodwill in the team. There was no room for turf wars, patch protection or bureaucratic resistance – that all seemed trivial in the face of what had been lost. It is difficult to recreate these conditions without an external imperative, but it's a great reminder of the importance of culture to organisations and their performance.

The integration of previously disparate teams worked – it doesn't always, but in this case the whole quickly became greater than the sum of its parts and people found and built new possibilities. With big, or intractable problems, it's worth a try.

The Authority was created with bi-partisan support – this isn't always the case with government restructures and the resulting political uncertainty can hold agencies back. By the end of the disasters every one of Queensland's local governments had been disaster declared. This meant that the Authority was dealing with 73 mayors almost daily – you can imagine the scope for political games – and there were some minor skirmishes, but overall the Authority had broad political support and that liberated it to just get on with it.

And, as always, leadership and clarity of purpose were critical to success. We were fortunate to have the services of Major-General Mick Slater as the Chair of the Authority. Mick not only brought a very helpful degree of military precision to a huge and overwhelming task, but he came without any previous experience of the Queensland public sector or indeed any state public sector. This proved to be a bonus, it meant he wasn't imbued with any cultural baggage, often didn't know when he was treading on someone's turf and had no stake in currying favour with anyone for future opportunities – he wanted it done, he wanted it done well and he wanted it done fast. Similarly, the CEO, Graeme Newton, brought substantial leadership capability to the task. At the time of the Authority's establishment, he was Queensland's Co-ordinator-General and had a wealth of experience with the civil construction industry and a number of local governments and was used to working across government departments and all of that made a difference.

I talked earlier about the often vast gulf between government policy and the understanding of it by those who implement it – this was a clear case of the opposite. Everyone at the Authority understood the task, had the same appreciation as the government did that this was critical to the public that we all served and shared the same sense of clarity and unity of purpose.

### QR National

Now a number of you will be surprised to see that I've put this one on the success list. There's no secret that the privatisation of the coal division of Queensland's rail system was anything but a success in political terms. However, little has been said about it in terms of structural reform, performance outcomes or effects on public finances. In these terms it's been a stellar success and I think it's time that some of that story was told. If government is sometimes seen as a slow moving elephant by many, then the QR National story is also a good example of just how difficult it is sometimes to even talk about getting it to move.

Public discussions about what government does and doesn't do, along with what government should or shouldn't own are some of the most difficult of conversations. People generally understand the simple truth that you can't keep doing more and more new things unless you get a whole of new money – from taxes – or you stop doing, and paying for, some of the old things you've been doing. But the minute you name one of the old things to go, every stakeholder group and vested interest will rise up against the proposition.

Sometimes the public that the elephant serves is as wedded to the elephant staying stationary as the elephant itself is.

In the case of QR National this general tendency was compounded by the complex structure of Queensland's government owned rail system and the lack of community understanding of it. Many people were worried that their passenger trains were being privatised and reacted accordingly. The truth is that unless you work in the coal industry, most people have no idea how this part of the rail system works or the effect that it has on public finances. So let me just give you some background.

When the fledgling coal industry was getting started some 40 years ago in Queensland, the government of the day undertook to build, own and operate the rail system that would transport the coal to port. I don't think there's any doubt that without that decision the coal industry would have taken considerably longer to develop and mature, so it arguably represented a sound strategic decision by the government of the day. Those coal lines became part of the government-owned Queensland Railways, but they only ever served a commercial purpose. And they serve that commercial purpose for an industry that has well and truly passed beyond its fledgling stage. The only job of this part of the organisation is to haul coal from private coal mines to export ports. They do not carry passengers or domestic freight. And yet, they enjoy the benefit of capital investment by government, either in direct funding or through borrowing at the government rate and their debt sits on the government balance sheet.

The effect of this is twofold. Firstly, the government's ability to borrow for public infrastructure for public purposes, such as passenger rail, schools and hospitals is constrained by the borrowings undertaken by the coal division to run and expand its business. And secondly, the coal companies get the benefit of borrowing at the government rate, always lower than the commercial rate –these two factors combine to mean that the tax payer is effectively subsidising some of the world's largest multinational mining companies – an interesting public policy proposition to say the least.

Interestingly, in Western Australia, to the best of my knowledge, government has never built or owned the rail system that takes iron ore to port – so in some cases, the same companies, mining in different states enjoy the benefits of government capital in one state while managing their own investments perfectly well in another.

So, when the GFC hit Queensland hard and revenues fell dramatically, the question had to be asked – with skyrocketing health budgets, increasing public expectations of schools and demand for new roads and public transport to meet rapid population growth, could we afford to keep doing this?

The answer was a resounding no. Further, if we could not afford to keep taking on debt to meet the business growth of QR National we had two choices – either stop approving their capital program, allow the business to wither on the vine, and be overtaken by third party competitors or free the enterprise from government ownership, allowing it to access global capital markets to maintain and expand its business. As you know, we chose the latter and I can tell you I did so unashamedly – to have let it wither on the vine would have been politically simpler but a reprehensible failure to govern well.

So what's the result?

Firstly, for QR National – the business was publicly floated in November 2010. It was the second largest public float in Australia's history after Telstra and unlike Telstra, it was an immediate success for its investors.

It is a top 50 ASX company and its share price has risen 52% in the 2 years since the float – while the Dow Jones has increased by 17% and the ASX Top 100 by 3% in the same period. This increase in share price has increased the value of the company by \$2bn

As a private company QR National has been freed to become more national in focus and invest and grow its iron ore business in Western Australia. The current forecast is that hauling iron ore will contribute 15% of next year's company profits for this so called coal business – this diversification has strengthened the company and provided security to its workforce.

Given growth prospects in coal and iron ore markets, QR National has a planned capital investment program of \$1bn a year – this is \$1bn a year that would have competed for roads and hospital funding if it remained in government ownership.

For the taxpayer, the obvious benefit of a large cash injection allowed the retirement of almost \$5bn of government debt – but the real benefit is the elimination of the ongoing need for capital investment to keep the business running and growing – this is effectively a \$1bn a year dividend for the foreseeable future.

And beyond the financial benefits to the taxpayer, there is the less tangible, but no less important benefit that Queensland's passenger rail system is just that, a rail system for passengers. No longer is the senior management of Queensland Rail juggling the needs and demands of passengers and coal companies, they can now focus entirely on being a customer service organisation. The full benefits of this are only just beginning.

I wanted to talk about the Queensland Rail experience because it's a very different kind of machinery of government change. While the Queensland Reconstruction Authority example goes to the question of how we can do what we do better, the QR National story goes to the heart of what we do in government and what we don't do. Which

elephants are ours and which elephants would be better off in someone else's care.

Throughout Queensland's history, and I suspect the same is true throughout much of the Commonwealth, the story of changing economies and changing expectations of Government can be illustrated by what the Government has owned at any given time.

At times in Queensland's history the government has owned pubs, commercial timber plantations, we've retailed fish and at one point owned 90 State run butcher shops. We've always owned a railway but never a communications company. We've owned the TAB and had a monopoly on horse betting. We've retailed wood, meat, fish and beer but never fruit or vegetables.

For the most part these businesses were owned by Government in an effort to control prices – but of course far from setting the price ceiling, they were regularly undercut by commercial operators and successive governments sold these assets. While they made sense in the last century they make no sense in this century. Imagine the uproar today if a government decided to use taxpayer funds to buy pubs. Nevertheless, this economic history has left its own legacy in the public's mind about what government does and doesn't do and can or can't control. Some of you may have read Laura Tingle's recent Quarterly Essay which offers some thoughtful insights into how these successive economic reforms have affected the public mood.

Governments gone by undertook these measures in large part because they were needed to meet the challenges of their times. The challenge to grow Australia's young economy, to give new industries a leg up where appropriate and to supply essential services like power and water where it was sub-economic to do so.

The challenges of this century are vastly different to those of the last.

The challenge of educating our citizens in a fast changing world where knowledge, and its importance, is growing exponentially.

The challenge of nurturing new technologies and new industries to secure our economic future.

The challenge of climate change and the need to source different forms of energy.

The challenge of providing health care in an era of staggering advances in health technology and an aging population.

We can't meet these new challenges by clinging to business as usual.

And we can't meet them without a responsive, flexible and adaptive public sector. For all of you who grapple with the shape and size of government, I hope that tonight I've left you with a sense of optimism about what's possible because the challenges of this century are going to need a whole chorus line of dancing elephants.