



DRAFT

Opening of UOM School of Government

4.30 – 6.30 pm
Tuesday 18 June 2013

Location: Melbourne School of Government, Walter Boas Building, Wilson Avenue



Keynote Address

Welcome

- I am very pleased to be here this afternoon to help launch the University of Melbourne's School of Government
- After twenty-five years in the Commonwealth and Victorian public services as well as the private sector, I fundamentally believe in the importance of creating a dedicated academic 'space'
 - to enhance the understanding of the design and delivery of public policy;
 - to generate thought leadership on complex, public policy issues;
 - to engage across sectors and with other jurisdictions; and
 - to create the next generation of public service leaders.

Disciplines and Capabilities

- In the beginning of my career, I drew heavily on my economics education as that was my area of 'expertise'.
- However, as I progressed through the middle and senior ranks and spent time in the private sector, I drew on a wider range of knowledge and skills that I had acquired – legal reasoning, financial and business analysis to manage large commercial operations, an appreciation of scientific and engineering analysis and the importance of project management and evaluations.



- This was in addition to a range of capabilities that I also learnt on the job – crises management, tactical and strategic negotiations particularly in intergovernmental relations, people leadership and succession planning.
- A School of Government captures:
 - the array of important **disciplines** (including physical sciences, engineering, finance, philosophy, political science and sociology, economics, law, health sciences and planning and design); and
 - the **skills and capabilities** (leadership, project and people management, evaluation and analysis, strategy and negotiation)
- that are required to operate not just at the senior levels of political and bureaucratic leadership; but throughout what is a large, complex and evolving business.

Interface between the academic and the practitioner

- The other significant benefit of a dedicated academic hub is the **interface** it provides between the:
 - rigor of academic research; and
 - the experiences of the public policy practitioner; as
 - together they seek to understand, evaluate and improve public policy design and delivery.



- It also facilitates **strategic collaboration** as academics and practitioners seek to find new solutions and gain new insights from other disciplines and sectors
- My experience has consistently reinforced to me the need for multi-discipline solutions to the significant problems facing Governments in the delivery of services.
- A School of Government brings **intellectual capital** to the profession of public management and its future leaders.
- This in turn shores up the profession and the institutions its serves, against challenges to their legitimacy and accountability.

Why is this important – a complex operating environment

- All of this is important, as the challenges of governing in the 21st century are perhaps greater than ever.
- As practitioners over the past two decades we have gained a deeper appreciation of the complexity of public policy issues – the ‘wicked’ public policy questions – and a more sophisticated appreciation of the effectiveness and merit of the levers available for Governments to respond to these issues.
- However, a new generation of public policy leaders need to adapt to a new and evolving operating environment.
- We are operating in a more challenging global environment, with Australia’s engagement with China, India and South-East Asia requiring the broader public service to develop cultural and linguistic skills as well as a global outlook on their domestic policy issues.



- The demand for services continues to rise and citizens' expectations of Government are increasing.
 - By 2051, Victoria's population is projected to increase by 3.2 million to 8.7 million
 - Melbourne's population expected to grow to 6.5 million.
- The demand for services is becoming increasingly complex as well.
 - According to the Grattan Report on Budget pressures on Australian governments
 - health expenses constitute 19 per cent of Australian government expenditure, and grew by 74 per cent over the last decade (Grattan Report on Budget Pressures)
 - education expenses are 14 per cent of Australian government expenditure and grew by 48 per cent over the last decade.
- The halcyon days of big budgets to respond to these issues and demands are behind us and will not return for some time, if ever.
- The fiscal environment is challenging and Australia's economies will need to adapt and diversify in order to grow
 - GST revenue forecasts are down by more than \$7 billion over four years
 - Slowing demand in China and continued instability in Europe
 - Low productivity in Australia and in Victoria particularly – Victoria's **productivity growth** has been around **half of the national average** in recent years.



- Other traditional responses such as implementing new regulation have in many instances reduced productivity or resulted in perverse outcomes.
- Finally, there is the evolving political and operational context in which Governments and bureaucracies operate:
 - Cyclical nature of Government terms
 - the 24 hour, digital media environment; and
 - in Australia the sub-optimal operation of the Federal system with its extreme Vertical Fiscal Imbalance
 - The Commonwealth raises approximately 80 per cent of tax revenue in Australia while the States are responsible for almost 40 per cent of all government expenditure. The States only raise around 50 per cent of the funds they need to deliver their responsibilities. For the remainder Victoria relies on Commonwealth transfers, through tied and untied funding.

How to respond and adapt?

- To respond to these challenges a new generation of public servants will need to:
 - **Innovate** – conceive and test new ideas and methods of service delivery;
 - **Create partnerships** – across sectors and disciplines; with international colleagues and jurisdictions;



- **Create efficiencies and implement reform** – by understanding and evaluating what we do and how we could do it better;
 - Develop and refine **new skills and capabilities** such as intergovernmental negotiations and the development of markets for services; and
 - **Understand and respect** the institutions and the governance arrangements that support our system of Government including our Federal system and the benefits that this creates for our society.
- The next generation of public servants will also need to understand and embody those aspects of the public service that remain unchanged but are fundamental, including:
 - The principles of integrity and impartiality; and
 - the constitutional and administrative basis of government's activity

A Public Service Career

- To do all of this – our bureaucracies will need to attract the best and the brightest.
- Just as established Schools of Government across the globe have brought prestige to the career of public service:
 - The Institute of Political Science in Paris has produced ten Prime Ministers



- The Harvard Kennedy School of Government has educated political and bureaucratic leaders from across the globe including leaders in the VPS
- The University of Melbourne School of Government will also create a tradition:
 - of intellectual rigor in public policy;
 - of researching and highlighting the complex and multifaceted public policy and governance issues of our time;
 - of international engagement though attracting international academics and students.
- The University of Melbourne's reputation and the School of Government's commitment to thought and practice leadership will attract the best and the brightest.
- In turn it will prepare and train the next generation of political and bureaucratic leaders in the great tradition of global Schools of Government.
- This fills me with a great sense of excitement for the future of the public service in Australia and the Asia-Pacific region.
- I commend all involved for their foresight in creating the School of Government.
- I wish the school every success and I pledge my ongoing commitment to the School in fulfilling its aspirations.