



**ACT**  
Government

Chief Minister, Treasury and  
Economic Development

**GOVERNING the CITY STATE: YESTERDAY, TODAY and TOMORROW**  
**Inaugural Chief Minister's Governance Lecture**

by  
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**The Glebe - Crowne Plaza Hotel**  
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May I begin by recognising the traditional owners of the land and pay my respects to their past and present elders.

Second, it would be remiss of me not to point out to this audience that Kathy Leigh, Head of the ACT Public Service, was appointed a Fellow of the Institute of Public Administration Australia at the National Conference Dinner in Sydney on 14 October. I'm pretty sure Kathy is the first ACT public servant to be appointed an exalted Fellow, so would you please join me in recognising that.

It's very nice to see Gary Humphries and his wife Cathie here this evening. Gary was number five in the series of eight Chief Ministers that we've had in the 25 years of self-Government, courtesy of Uncle Bob who bestowed that "gift" on us in 1989. The 25 November 1978 Self-government referendum voted 5.72% for local government, 30.54% for self-government and 63.75% for present arrangements.

I congratulate the Territory Records Office (TRO) on masterminding this initiative and appreciate the work of the TRO staff and CEO Dani Wickman in answering my myriad questions. The material that they have provided to me reflects the richness of the ACT Government Archives and their ongoing relevance to the community.

Dani asked me to prepare this paper to send out to those who couldn't be here this evening; affording me the opportunity to make some other somewhat eclectic, but I hope not overly self-indulgent remarks than can necessarily be accommodated in this address.

Chair of the Territory Records Advisory Council, - Anne Buttsworth - played a pivotal part in what happened to me at a critical stage of my career. She would typically downplay what she did, but I've never forgotten it and the lessons I learnt from that unsettling experience.

For occasional researchers like me, it's satisfying to know that ACT Government Archives become available to the public on the next Canberra Day - 20 years after their creation. A major 1994

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event in this year's release includes separation of the ACT Public Service from the Commonwealth as you celebrate your 21st birthday.

Combining that occurrence with the 2 February 2011 Report of my Review of the ACT Public Sector Structures and Capacity, called "Governing the City State"- One ACT Government - One ACT Public Service", led me to appropriate that title, with sub headings of - Yesterday - Today - and - Tomorrow, for this address.

Teddy Roosevelt once observed:

Far and away the best prize that life has to offer is the chance to work hard at work worth doing.

Sir Arthur Tange held a deep conviction that public service was more than a career - its disciplined performance was a duty to the public, a duty he practiced assiduously.

I quote those two examples as the guiding light for all of us dedicated to making Australia and our place in it a better place to be.

Before turning to the ACT Public Service of yesterday, today and tomorrow, I want to cover some other things.

I'm a fifth generation local, born at the old Royal Canberra Hospital in 1948, where our daughter was also born in 1984.

My mother was a nurse's aide and then Secretary to several Matrons. My father was an apprentice printer at the Commonwealth Printing Office which was in Wentworth Avenue before going off to World War 11 as soon as he qualified. He became a Fourth Division Clerical Assistant in charge of the Sub-printery for the Departments of Trade and Primary Industry in Barton.

My older brother worked in Immigration and Health and my younger brother was a teacher, then Deputy Head at St Edmunds.

My maternal great great grandfather, the convict Joseph Blundell and his consort - under the alias Susan Osborne - built their wood cabin where the Canadian Flag Pole now stands at Regatta Point around 1843. He farmed an area, then known as the Glebe and was the Duntroon Campbell's carrier. Joe and Susan had 11 children, who in turn, produced 93.

Blundell's Cottage, named after the third son George is now cared for by the National Capital Authority (NCA). Coincident with completion of the refurbishment they are overseeing in the second half of 2016, I intend to launch a book on my Blundell ancestors.

The NCA, Canberra District Historical Society (particularly Helen Digan), Heritage Section of the Woden Library and other local sources have been very helpful in this endeavour.

My Hawke great great grandfather came to Araluen in the 1850s, grandfather settling at The Causeway around 1922 as one of two Engine Drivers involved in building the Old Parliament House.

Most of my great grandparents and the succeeding generations grew up in the Canberra District, so I'm steeped in our history and heritage.

I may well be the first descendant to complete High School, let alone go on to University, graduating with an Honours degree and PhD in Science from the ANU.

I'm proud of my pioneer ancestors' contributions to what is now the National Capital and I'm a proud Canberran and Ambassador for this city.

I don't agree with Gary Wilson's comment in yesterday's Canberra Times that "Canberra's only function is as the national capital". Indeed, I'm still in two minds about the media's use of Canberra as a pejorative term for the Commonwealth Government. On the one hand, it denigrates the national capital role; on the other, it selfishly allows those of us who live here to enjoy one of Australia's best kept secrets.

The Lodge was completed in 1927, Stanley Melbourne Bruce being the first PM to occupy it. You can well imagine the reaction in America if the President declined to live in the White House. Kirribilli House was never intended as a residence for PM's notwithstanding the practice of some recent occupants.

It would be most fitting if Prime Minister Turnbull's interest in cities led him to follow in Menzies' footsteps and apostolic interest in the national capital (with some astute prodding by his daughter Heather - Lucy is well placed to play that role with Malcolm). Menzies' imperative was to make Canberra "something that the Australian people would come to admire and respect; something that would be a focal point for national pride and sentiment".

Menzies also predicted that "As the new capital will inevitably have small beginnings it will begin by being looked down upon by its elder State brethren, and later, as it grows as the centre of power, be looked at sometimes with envy, but ultimately with pride".

It was Menzies who overturned the Treasury ("which in any country moves in a mysterious way its wonders to perform") attempt to strike out the money to build the Lake and who in his own mysterious way decided to call it Lake Burley Griffin. Menzies was wedded to the Griffins' vision, establishing the National Capital Development Commission and personally interviewing and appointing Sir John Overall as Commissioner to implement it. The Walter Burley Griffin Society and others work assiduously to keep the flame alive. Another aside seems fitting here - Overall's son, Tim, jumped ship and now sits in Queanbeyan's Mayoral seat.

Menzies' construct about mutual confidence with the Commonwealth Public Service (he preferred the Civil Service term), objectivity and integrity contributed in large measure to its high standard, morale and effectiveness seems to sit easily with our new PM. If I'm any judge, we can look forward to the incoming Secretary of PM&C, Dr Martin Parkinson PSM, setting out his views on public service soon after he comes to office on 24 January 2016.

Canberra has given me opportunities beyond my wildest dreams, so I'm constantly on the lookout for ways to return the compliment.

That underpins why I feel so honoured and privileged to have been invited to deliver the Inaugural Chief Minister's Governance Lecture.

Noel Towell, The Canberra Times' public service writer, recently wrote an article headed "Canberra's first people still a matter for debate". Until now, I've never had time to research the origins of the Ngunnawal name and the associated decision to recognise them as traditional custodians of Canberra.

The information I have from my ancestors relating to the second half of the 19th Century might shed some light on the debate. A Canberra District Historical Society article beckons for 2016 and I already have - courtesy of the TRO - a 2001 Report about ACT and Commonwealth Indigenous material.

As well as the TRO's precious archival material, it also has a small library, including a book by Lyall Gillespie who was very kind to me when I began looking into my family history. I used to go up to his home in Campbell from time to time where he took me through his indexed card system and suggested further lines of inquiry over a whisky or two. Where are those cards now?

## **YESTERDAY**

The Federal Capital Territory (FCT) was born on 1 January 1911 when the complementary NSW and Commonwealth Seat of Government Acceptance Acts vested. John Gale, a prominent Queanbeyan identity, deserves more credit for Canberra's selection as the site of the national capital than he gets.

It was not until after World War 1 that transfer of Government Departments to Canberra began. On 9 May 1927 the Duke of York opened the Provisional Parliament House so Melbourne's temporary seat of Parliament which his father King George V had opened on 9 May 1901 was returned to Victoria.

That's the same Duke of York who later became King George VI and was the subject of that wonderful movie "The King's Speech". Quite a few of my ancestors were there on 9 May 1927, although the reporting was noticeably quiescent on his speech impediment a la lese-majeste. The ACT District comprised less than 6000 people at that time.

Our current Queen opened the new Parliament on 9 May 1988 and I harbour hopes that when her reign ends we will be sufficiently mature as a country to become a republic.

You can see one of Australia's greatest artists, Tom Roberts' famous "Big Picture" painting which captures the 1901 opening ceremony as part of the current feature display at The National Gallery. The Canberra Museum and Gallery is also worth a visit for their exhibition, Capital and Country dealing with the Federation Years 1900-1914.

The 9 May 2001 Centenary of Federation re-enactment ceremony was held in the same place as the setting for Tom Roberts' painting, accompanied by the recognition of 28 Special Australians. That the media and public service was absent from that list attracted no comment. "Nugget" Coombs was hailed as Australian of the Century at the time of our Bicentennial Celebrations, but

there was no room on the list for him or any other notable Commonwealth, State, Territory or Local Government officials. What was the implied message?

The colloquial FCT became the self-explanatory Australian Capital Territory through the 1938 Seat of Government (Designation) Act.

The ACT Administration within the Commonwealth Department of Territories managed most ACT Government matters. Before self-government, our City Managers were Richard Kingsland, George Smith, Lou Engledow, Laurie Daniels, John Enfield and Tony Blunn.

An ACT Government Taskforce was established in 1992 to start the protracted gestation towards cutting the umbilical cord.

The ACT Legislative Assembly considered the Public Sector Management Bill in 1994, following Report Number 8 from the Standing Committee on Scrutiny of Bills and Subordinate Legislation. Gary Humphries was a Member of that Committee and I'll bet he remembers the occasion as if it were yesterday.

The first Chief Minister, Rosemary Follett - who had worked for me in Defence - announced the plan to sever the Commonwealth link and create a separate Service in August 1993. Linda Webb was Head of the Office of Public Sector Management dealing with the ACT Separate Government Service Union Secretariat and Mike Sargent - ACTEW Chief Executive - about its status in the scheme of things. John Turner and Norm Fisher were also prominent players.

The kick off to a separate ACT Public Service happened on 12 August 1993 with Cabinet Decision 3660 of that date.

It may be just a coincidence - but I suspect not - that the Commonwealth decided simultaneously to establish a Task Force under Ron McLeod to review, revamp and simplify the Federal Public Service Act, 70 years after its inception.

It's also interesting that Kate Carnell, who was Opposition Leader at the time, argued in 1994 for Department Heads to be appointed on a contract basis tied to the tenure of the relevant Minister and Government of the day.

The argy bargy about this and other aspects of the Bill continued for some time until legislation was passed in a Special Sitting of the Assembly on 22 June, facilitating the separate ACT Government Service coming into effect on 1 July 1994. You can get some sense of the debate from the fact that the Special Sitting dealt with some 250 amendments to the original Bill. David Lamont and Michael Moore got that Bill over the line.

Bill Harris moved from the Commonwealth to become the first Secretary of the Chief Minister's Department, conscious of Canberra residents' collective desire that the Service should exemplify integrity, responsiveness, fairness, efficiency, effectiveness and accountability - values set out in the Public Sector Management Act.

As far as I can tell, it was Rosemary Follett who initiated the unique Chief Minister Talkback radio program - way back on 13 August 1993 - a remarkable open Government means of promoting accountability through direct contact with the citizenry which has stood the test of time and stands out as a feature of the way we do it in Canberra.

## **TODAY**

The ACT Public Service had some 23000 public servants at the time it came into being and is now down to about 18300 FTEs - 65% are women. There are 212 SES - 43% women. (See the ACT State of the Service Report for this and other detail, compared with the Commonwealth's State of the Service Report which Katy Gallagher has rightly rubbished.)

The youngest public service in Australia is well positioned to be both innovative and mature enough to do things your own way with your own identity - just like each of us when we turned 21.

Most Canberrans wouldn't realise that with two per cent of Australia's population (NT 1% and Tasmania 2%) in 2014-15 the ACT had the highest gross per capita household disposable income; Tasmania had the lowest. Nor do they readily appreciate that the ACT has the smallest public service in Australia.

We seem destined to always suffer unfair representation at the Federal level, having had a single representative as Member for the ACT from 1949 to 1974, two seats from 1974 to 1996, and three from that time with two Senators from 1975. You can thank me for my Review Report's comments about inadequate representation in the ACT Legislative Assembly leading to the five electorates of five people each that we will vote on next year.

Being responsible for both State and Local levels of government, the small - but beautifully formed ACT Service - provides advice to Ministers and a wide range of community services, such as:

- international trade and investment in the ACT;
- national policy debates on education, the environment, human rights and the structure of Federation itself;
- funding negotiations with the Commonwealth;
- advice on growing the ACT and regional economy;
- planning our city, including land and transport;
- advice on education, health, community support, and justice;
- rates, roads and rubbish; and
- care and protection services, schools, hospitals, courts, corrections centres, parks, and - like the Demtel adds - there's much more.

In the last few years, the Government - with the necessary support from the ACTPS - has developed and delivered some big reforms:

- abolition of inefficient taxes on insurance (which will be completed by 1.7.2016) and stamp duty (over 20 years);
- shifting revenue collection to land tax competition reform, with a recent seal of approval from Greg Smith, Head of the Commonwealth Grants Commission;
- the first jurisdiction to facilitate introduction of Uber, which will stir the taxi industry to lift its game; and
- bringing all regulatory bodies together under "Access Canberra", widely applauded by the business community.

The "Better Services" initiative reorganises community support services to ensure they are integrated and organised around the person needing support - not according to bureaucratic public service structures.

Citizen-centred service delivery will be a feature of tomorrow's Governments and public services with that principle extending to the business community.

The ACT was at the forefront again on same sex marriage, although the High Court found the legislation to be inconsistent with the Commonwealth Marriage Act. The Feds will get to the right answer on this matter of major social significance in due course.

Apart from the Commonwealth's abrogation of its duty, the "Mr Fluffy" imbroglio involves complex policy questions about Canberra taxpayer support to affected homeowners; a major purchase and demolition program for a surprising one in every 100 Canberra houses; and sensitive issues of personal impact. Just imagine the outcry by those affected if the Government adopted caveat emptor rather than their compassionate and common sense approach.

How has this small and young public service, achieved all this:

- being the youngest, means being less restricted by the way things have always been done - being more willing to see a good idea and "just do it";
- being small, makes it easier to get things done and effect change - there are less people with separate territories to protect - less silos with different priorities that don't align with what you are trying to deliver - and fewer layers to work through; and
- you have learnt from being small to be agile and collaborative, with the underpinning work practices and culture.

I designed the ACT Public Service to minimise the boundaries as much as possible and to bring together areas focussed on objectives around an optimally small number of separate Directorates. And I wanted it to be crystal clear to Directorate Heads and their staff that the Head

of Service was also Chief Executive of the Chief Minister's Department with all that trappings that that implies.

Together with rebranding individual units under a common ACT Government logo, the aim was to create a unified public service to reinforce that the ACT's public servants work for the Government of the day, not some self-styled independent agency such as TAMS, Justice etc. A single email address also contributes to that end.

This approach is further strengthened by the Administrative Arrangements classifying the Directorates into three clusters:

- Supporting Our Community, which focusses on the community's social fabric;
- Enhancing Our City, which focusses on the community's physical fabric; and
- Strengthening Governance and Promoting Opportunity which focusses on governance of the executive, legislature and courts - together with economic growth and the quality of life opportunities that our city offers.

These collaborations have been taken even further, by establishing cross-agency structures.

Task Forces that bring together staff from different agencies have their place in tackling complex problems such as the Mr Fluffy houses. Task Forces are best suited for time limited tasks - if they go on for too long, members can lose connection with their home office.

A complementary approach involves Cross-Directorate virtual teams led by a Deputy Director-General who assumes the additional mantle of Coordinator-General. Team members stay in their home Directorates connected to their area of expertise, but also accountable to the Coordinator-General for achieving particular outcomes. These are not IDCs where members come together periodically, but ongoing structures with day-to-day accountability, currently for Active Transport, Domestic Violence, Parking, Roads and Urban Renewal.

Structure is one thing, but its people who make the difference, so the Head of Service and her fellow Directorate Heads are fostering a culture of collegiality and mobility starting at the most senior levels.

The Strategic Board of Directors-General works together on the key priorities identified as crucial to the capability of the Service to deliver the Government's current priorities, being:

- agile public service;
- communication;
- digital transformation;
- economic growth and diversification; and
- regulatory reform.



The first step in filling vacancies, both temporary and permanent, is to encourage transfers across the service. In recent times, almost half of the Deputy Director-General positions have been filled on an ongoing basis in this way as have some short term vacancies.

A special development program brings together Executives in their cohorts (ie Band 1s, Band 2s etc) to tackle the challenges facing the Service, to understand the big picture, and to identify and drive the big reforms.

All of these measures have helped to build a Service that through agility, collaboration and innovation provides strong support to its Ministers and excellent services to the community on their behalf.

## **TOMORROW**

Tony Abbott got elected to Office to fix Labor's debt and deficit disaster. He promised to fix that in his first Budget - then in the first term - and then on the "never-never", claiming he would return the Budget to surplus faster than Labor could. By my reckoning, it took him less than two years to double the debt and deficit he inherited from Labor, but you haven't read or heard much about that.

The most effective Opposition Leader I've ever seen; he could give you Chapter and Verse about what he was against - even positions he advocated as Health Minister - but could never articulate what he was for in a coherent narrative about Australia and its place in the world.

Turnbull and Morrison will present their diagnosis in next week's MYEFO, loading up the problem as a precursor to their prognosis and discussion with the electorate about the cure. If we don't redress the debt and deficit disaster, "The Lucky Country" faces a tough time.

Former Commonwealth Treasury Secretary Ted Evans once told me he didn't much like making predictions, particularly about the future.

That's the backdrop to me chancing my arm on a handful of propositions about what tomorrow has in store for us.

First, I doubt this Federal Government has the political fortitude to ensure multi-national and some Australian companies pay their fair share of the tax take, or redress the growing number of mega-wealthy Aussies who now choose to call Singapore and other havens home.

Nor are they likely to make the case and follow New Zealand's example. It's far easier to target PAYE taxpayers and superannuation, although PWC's Report on the fiscal gap has some good ideas that might be picked up. If I were in the ACT Treasury, I would be dusting off what was done to cope with Paul Keating's "recession that we had to have" as a precautionary measure.

CEDA identified tax evasion as number one aim for reforming the tax system in its 2015 Big Issues Survey. "Tax Reform" seems set to revolve around changing the GST regime under the guise of fixing Federal/State relations. I would argue that each State and Territory should retain the GST

Revenue stream that they raise, rather than a per capita distribution. Applying the GST to financial services would fund the Commonwealth Grants Commission's equalisation program.

Increasing the GST to 15% would go a long way to funding the big and growing spending areas of education, health and welfare. But, it should be offset by abolition of some other taxes and a very hard look the efficiency and effectiveness of those functions and business welfare tax breaks is long overdue.

For example, having doubled spending on education in recent times, educational outcomes are worse than they were before that. So why should we have any confidence that Gonski will make any difference?

Second, subsidiarity will come to the fore - who does what will loom large, preferably with the Commonwealth getting out of Service delivery altogether. That would make a real difference and could be accompanied over Treasury's dead body by hypothecation.

Third, the digital era, Internet-of-things and big data may cause disruptive effects of the magnitude of the Industrial Revolution. The Information Age requires renewal of legacy systems and a new approach to paying for IT as a service, rather than buying hardware and software.

Fourth, innovation, creativity and demand for new ideas from the public sector will be to the fore as will execution - the hard part of the equation. Good government aficionados would do well to study Laura Tingle's Quarterly Essay for lessons in the ACT arena.

Fifth, a thriving vigorous public service is essential to modern government. Those with leadership, management, communications (internal and with the public) and strategy skills will be in demand. Directorate Heads must provide sufficient context for people to understand how their individual contribution matters.

## **YOUR CONTRIBUTION**

The 2015 IPAA Conference Garran Oration, delivered by NSW Premier, Mike Baird, was quite unusual in being directed at the NSW Public Service, but the lessons therein have broader application. I have taken the liberty of adding a few of my own bits and pieces.

Baird made the point that everyone can be a leader; we each have the inherent capacity to lead - to shape the debate - and to change the system for the better in whatever workplace we happen to be.

He went on to identify four points that make effective leaders.

1. Passion. Workers like being around passionate people, particularly those who are advocates for their cause. If you're passionate about something, you don't know how far you can go or what you might be able to achieve. Passionate advocates make things happen.
2. Risk. Public servants are notoriously risk averse, often because they've been burnt or seen others scapegoated by their political masters when things go wrong. On the other hand,

you can often learn more about what not to do from failure rather than success. The lack of desire to have a go at new approaches can be overcome by proper risk assessments and mitigation measures.

I recommend that the ACT PS look at adopting New Zealand's "Better Public Services" model. The Kiwis have discovered a key to unlocking a different way of gauging public service performance through a "to do" list focussed on ten results in five areas over five years, while simultaneously delivering a 3 to 6% "efficiency dividend". The KPIs are accompanied by naming a Lead Minister and Lead Chief Executive as being responsible and accountable for delivering the clear publicly enunciated outcomes.

In my experience, it's essential to put a name (not an office or position) and date besides initiatives to reinforce responsibility and accountability for results.

3. People. There's nothing more important than investing in people. Leaders need both depth and breadth of experience. Leadership is the heart of organisational agility, capability and performance.
4. Have a go. Believe in yourself and the power of your opportunity. It's no good later in life wishing that you had done more with the opportunities that presented themselves.

As Teddy Roosevelt observed:

It's not the critic who counts, not the one who points out how the strong man stumbled, or where the doer of good deeds might have done them better. The credit belongs to the man who is actually in the arena; whose face is marred with sweat and dust and blood; who strives valiantly; who errs and comes up short again and again; who knows the great enthusiasms, the great devotions, and spends himself in a worthy cause; who at best knows in the end the triumph of high achievement; and who at the worst, if he fails, at least fails while daring greatly, so that his place shall never be with those cold and timid souls who know neither victory nor defeat.