

SUBMISSION

To the Advisory Group on the Reform of Australian Government Administration

by

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My Background and Perspective on Australian Government Administration

- I was the Project Leader for Organisation Development Research in the Coombs Royal Commission in the mid 1970s.
- I was project leader for research on first line managers for the Karpin Committee of Inquiry on Leadership and Management in the mid 1990s.
- Early in my career, I worked (briefly) in the Commonwealth Public Service Board and the Department of Defence.
- I have acted as a consultant on strategic planning processes to several government agencies at the Commonwealth, State and local government levels.
- More details on my qualifications and experience can be found at www.petersaul.com.au

Suggestions for Improving the Strategic Focus, Flexibility, Cohesiveness and Efficiency of Government Administration

1. *The Present Situation*

At present, government policy and service delivery appears to be focussed primarily on addressing the needs of the present and the immediate future rather than the (possibly more critical) longer term challenges that the country may have to face. For example, the Australia 2020 conference of 2008 failed to construct possible scenarios of Australia in 2020 and seems to have focussed participants' thinking on addressing a prioritised list of current challenges. Fixing today's problems is not nation building, nor is it strategic political leadership.

Recommendation 1:

The government of the day, through a process of wide involvement of all facets of Australian society, should develop (and regularly update) scenarios for the possible and desired long term futures of Australia. These scenarios should then be used as the basis for community debate and whole-of-government planning directed at creating the future that is deemed to be most desirable by the government and also directed at ensuring the country is effectively prepared for the possible emergence of alternative plausible futures. Stakeholders such as business and unions could be invited to direct their own planning towards playing a positive role in helping Australia prosper in the future that the scenario process deems to be most likely to eventuate or which is deemed to be the preferred future for the country.

I have recently helped Skills Australia to develop three scenarios for Australia in 2025 as part of its efforts to develop a national workforce development strategy. Summaries of these scenarios are attached to this submission (below).

2. *The Present Situation*

Government policy making seems at present often to be a response to media reports, government surveys or lobbying on the issues that are of major concern to key stakeholders. It is only when policies are announced or when implementation is underway that the concerns and perspectives of other stakeholders become visible and these often show the policies, as initially formulated, to have been flawed or incomplete.

Recommendation 2:

Governments should establish continual feedback mechanisms that allow all members of the Australian community to document the reality of their day-to-day lives in this country under the government policies of the day. For example, people could be invited to upload photographs of infrastructure that needs servicing or replacement; or of examples of daily life that exemplify how it is for many Australians who are beyond the view of politicians or senior government officers; or of the impact of human activity on the natural environment. People and organisations could also be asked to feed in data that the government has determined indicates the health of Australia as a nation; e.g. how many people attend your local P&C meeting; how many hours a week do you spend caring for your elderly parents; how many days untaken holiday leave have you accumulated at your place of work; number of houses for sale in your street; number of police visible in your community; how many employees took sick leave this month (broken down by postcode); etc?

Analysis of these data could, over time, help individuals, organisations, communities and all political parties to better understand cause-effect relationships between government policy, environmental forces, stakeholder demographics and social/economic/environmental outcomes. We could all come to a better understanding of the things that differentiate healthy Australian communities from unhealthy ones.

Unlike the ABS census process, the data collection process outlined above would give policy makers (and ordinary citizens) real-time feedback on the key dimensions of the “health” of Australia as a society and as an economy and provide insight into the actions they can take to make this country a better place in which to live.

Incentives could be given to encourage widespread participation in the national feedback process; e.g. income tax rebates for participating individuals and organisations; establishment of a special class of National Award for Nation Building (similar to the Order of Australia); etc.

3. *The Present Situation*

The current emphasis of several key government agencies (e.g. health, tax, police, social welfare, etc) is on monitoring citizen and visitor behaviour to ensure compliance with various laws and regulations and then imposing penalties for breaches of compliance.

Recommendation 3:

Governments and their agencies should give more weight to incentives and rewards for citizens to do the right things. For example, people who do not smoke or drink alcohol; who exercise regularly; and get regular medical check-ups could be given free Medicare membership as they are acting in ways that are likely to minimise the costs that have to be borne by the community as a whole. Companies who reduce their carbon emissions, who have exemplary safety records, and who comply with the spirit of industrial relations legislation could be taxed at lower rates than companies who interfere with the achievement of national goals and thereby create challenges that must be addressed by government agencies which must then be funded by raising taxes from all members of the community (including those who are doing the right thing).

The general principle here would be that one can prevent the need for government corrective action by acting in ways that align with national goals or one will be taxed at the higher rates that are required to repair the damage one's actions are causing to the national interest (or to provide for the higher costs that one's lifestyle is likely to impose on the community in the future).

I would welcome an opportunity to be part of any focus groups the Advisory Group may establish in order to further explore ideas such as those raised above.

Yours sincerely,

Peter Saul

AUSTRALIA IN 2025: Summaries of 3 Possible Scenarios

SCENARIO 1: *Low Trust Globalisation*

- The global efforts to deal cooperatively with the GFC end up being more rhetoric than reality (as in 1930).
- Voters around the world push governments to protect jobs and part of the strategy for doing this is to discourage migration and foreign investment. Large corporations push governments to protect their interests – even at the longer-term cost of the environment or the wider community (e.g. bail-outs to manufacturing and construction industries; and continuing subsidies to agricultural regions made uneconomic by climate change).
- Markets deliver very positive outcomes for some but there is a growing divide between the haves and the have nots.
- Governments, business and community groups attempt to manage the tensions and market failures at the global, national and local levels – by building increasingly complex sets of rules, regulations, monitoring and compliance machinery.
- The States have given up trying to harmonise legislation and now typically compete for scarce employment and investment by trying to build attractive regulatory environments.
- This is a world of police, defence forces, lawyers, lobby groups, CCTV cameras, security forces, and “watchdog” organisations (some of the latter being government funded but many funded by community groups and other interest groups).
- Governments have largely given up trying to proactively prevent systemic problems arising because they know that cooperation from others will only be token. So, issues are dealt with reactively as they arise – and people mostly then strive to look after their own interests.
- There is growing distrust of governments that leads to resistance to raising taxes to pay for social benefits such as public health and education. The private sector takes a larger role in these areas as a result.
- Governments and venture capitalists collaborate with universities and businesses on R&D and innovation (in attempts to create disruptive technology that can bring new sources of employment and new revenue/profit streams) but success is slowed by the prevailing lack of trust and aggressive protection of IP.
- A home bias exists with regard to private investment – a reaction to jurisdictional discontinuities that heighten regulatory risks. Trade sanctions are prevalent and are imposed on any country that is perceived to be a security risk.
- Pressure on companies comes not only from government and other market participants but also from an ever more demanding set of community and social groupings operating under the banner of “corporate social responsibility”. However, in this scenario, these groups take second place to the market and the state.
- The labour market is efficient if not always fair. Wage negotiations are driven by commercial and political factors (e.g. productivity gains; government policy rules; etc). There is little loyalty given or expected.
- Performance measures in the workplace reflect short term, shareholder value-added and low-producing workers are quickly marginalised or moved out. It’s a Darwinian economy.
- Growth is lower and costs are higher than they would be in a more trusting future world.

Attachment: Future scenarios

SCENARIO 2: *Open Doors*

- The GFC and climate change bring nations together in new governance forums in order to deal with problems that cannot be addressed by nations working independently. It becomes clear that pursuing self-interest in a globalised world only invites retaliation and continuing (expensive) conflict. Initially, peace is simply seen to be cheaper. However, trust gradually grows from there.
- The success of cooperative efforts at the international level reinforces and is reinforced by new governance mechanisms that are emerging at the corporate and community levels. Sustainability, triple bottom line, closing opportunity gaps, and social networking technology are ideas and forces that increasingly drive towards more participative governance mechanisms. They also reduce social inequality.
- We see many more reviews, consultative conferences, and community cabinet meetings in the search for “win-win” policies, solutions and decisions. This slows down decision making but speeds up implementation.
- Regulatory negotiation is common as NGOs, industry groups and regulators work together to set standards and lower barriers to the movement of people and ideas.
- Individuals become more actively involved in activities beyond their work. Work-life balance comes to mean more than work-leisure balance. People become engaged as active citizens, neighbours, and members of professional, developmental and social groups. This trend when combined with government’s preference for participative governance mechanisms leads to state authority diffusing downward to a host of local institutions, NGOs and community groups. It really is “government by the people, for the people”.
- Conflicts are increasingly resolved by referring to higher level shared values, respect for differences and a focus on building a sustainable “good society”. Not doing things this way becomes as anti-social as smoking and binge drinking once were.
- Corporate reporting to the market goes beyond financial reporting to include significant voluntary disclosure on all important stakeholder interests. Reputations are tracked, checked and challenged – and this can lead companies to be more risk-averse.
- “Built-in” rather than “bolt-on” technology plays a key role in ensuring high levels of security and trust. Smart bar codes, global tracking, databases and many other techniques are called on to minimise interferences and delays. Standardisation of legal codes and mutual recognition arrangements ensure that operations that occur across different jurisdictions are no more costly than those which occur within a single jurisdiction. Qualification standards are harmonised across all States.
- Labour has become remarkably mobile. Sharing of name-files among customs and police forces of different countries and the use of biometrics reduces the need for visas. All this adds to the opening up of global boundaries and enhances labour market efficiency. Migration rates are high and help Australia to fill knowledge and skill gaps.
- A general climate of trust fosters entrepreneurial risk taking and money is readily available to fund new ventures. The open, trusting culture of Open Doors leads companies to display greater confidence in entering joint ventures and in working as members of consortia. R&D and innovation blossoms as “knowledge economy” clusters of synergistic organisations, universities and government agencies form, develop, transform themselves or die, as appropriate.
- Businesses and learning institutions in Open Doors typically recognise that most learning happens in communities of practice that create, disseminate, and preserve knowledge and practice (explicit and implicit knowledge) and ICT is widely used to extend the temporal, geographical and membership boundaries of knowledge communities.
- Growth and social wellbeing are both higher in this vibrant, knowledge-economy world.

Attachment: Future scenarios

SCENARIO 3: *Flags*

- The global efforts to deal cooperatively with the GFC end up being more rhetoric than reality (as in 1930). The GFC morphs into a protracted global depression.
- Weakened international institutions, including increasingly under-funded bodies like the UN and WTO, provide little discipline to control the tendency of nationalistic governments to lean towards “beggar thy neighbour” policies. Across many realms where reciprocal action among nations is the key to success (as in the management of the GFC and climate change; and food, water and energy security) worldwide policy efforts flounder.
- In the absence of strong multinational agencies of global governance, bilateral and regional alliances and agreements are entered into by governments and national bodies in areas of mutual national interest.
- Increasingly desperate voters around the world push their governments to protect jobs at all costs and part of the strategy for doing this is to discourage migration and foreign investment and to impose trade barriers and “buy local” incentives.
- Standards that are relatively inflexible and widely divergent across jurisdictions translate into high compliance costs and are also significant non-tariff barriers to trade. Global mobility of people and money is seriously hampered.
- Large corporations and other entrenched power groups push governments to protect their interests – even at significant cost to the environment or to the wider community (e.g. bail-outs to manufacturing and construction industries; continuing subsidies to agricultural regions made uneconomic by climate change; and the indefinite postponement of the CPRS). Businesses with strong national identities (e.g. Qantas, BHP and the Big Four banks) fare well and are granted state protection through subsidies and the tax system.
- Markets become increasingly distorted as politicians (and executives) try to favour their allies and constituencies. There is a growing divide between the winners and the losers. In reaction, populist protest often turns violent with strikes and demonstrations as disaffected groups assert their agendas. Blaming foreigners, minorities or elite groups (e.g. for taking jobs and other local opportunities) is increasingly politically appealing.
- Security is pursued through isolation, gated communities and high defence spending. There is widespread distrust of outsiders or those holding different views and practising different customs.
- Media scrutiny focuses on political compromises, scandals, and connections that distort markets rather than on standards of social responsibility as is the case in Open Doors. NGOs aggressively attack companies for perceived lack of transparency in their dealings with national governments and local elites – but little corrective action is taken.
- With trust fragmented, as it is in Flags, investors are naturally sceptical about global markets and need to be enticed by high premiums to overcome their preference for domestic investment. Consequently, R&D and innovation are inhibited.
- Reacting to the failure of markets to meet social needs, governments are proactive in regulating the market and in providing public goods and services; and setting standards in a wide range of areas of market activity. Governments run higher deficits and have higher borrowings as their expenditure rises to meet security and social demands.
- ICT-based or cyber-infrastructure is used in leading higher educational institutions but access to it is nowhere near as inclusive as it is in Open Doors. Indeed, many learning institutions regard access to their knowledge communities as an important part of their proprietary service offering and only approved students, researchers or business partners are invited to be part of knowledge creation and enhancement activities.
- Trade barriers, complex and diverse national regulation, reduced mobility of labour, inhibited sharing of knowledge and innovation all contribute to low GDP growth.