

7. In the national interest¹

Peter Shergold

Peter Shergold emigrated to Australia from the UK in 1972 to take up a lectureship at the University of New South Wales, becoming head of the university's Department of Economic History in 1985. Having worked closely with non-government organisations in the area of ethnic affairs during his academic career, Dr Shergold was invited to establish the Office of Multicultural Affairs in 1987. For the next twenty years he held several prominent positions in the Australian Public Service, including head of the Aboriginal and Torres Strait Islander Commission (ATSIC; 1991-94); Public Service Commissioner (1995-98); Secretary of the Department of Employment, Workplace Relations and Small Business (1998-2002); and Secretary of the Department of Education, Science and Training (2002-03). From 2003 until 2008, Peter Shergold was Secretary of the Department of the Prime Minister and Cabinet, Australia's most senior public administration position. On leaving the APS he established the cross-university Centre for Social Impact of which he is the Macquarie Group Foundation Professor. He is also Chancellor of the University of Western Sydney. He chairs the National Centre for Vocational Education Research and the New South Wales Public Service Commission Advisory Board. He also serves on the boards of private sector companies (AMP, Corrs Chambers Westgarth) and non-profit organisations (National Centre of Indigenous Excellence, General Sir John Monash Foundation and the Sydney Writers' Festival).

I was born in Crawley New Town, England. For an idea of its repute, one need look no further than the interestingly titled tourist guide, *Crap Towns: The 50 Worst Places to Live in the UK*. Most of my childhood and adolescence was spent there. My dad being in the Royal Navy, many of his postings were around Portsmouth. According to the guide, visitors 'sit glassy-eyed...staring out at the grey horizon and wondering, presumably, how to end their lives.' If that doesn't sound bad enough, my wife Carol and I went to university in Hull, which was actually ranked worst town in Britain. According to one correspondent, 'Hull did teach me one valuable lesson. No matter what happens to me in later life, no matter where I live, or how bad things are, I will know that it can never, ever be as bad as living in Hull.'

Perhaps that explains why in July 1972 I seized the chance to come to Australia. On no more than the trusted word of my doctoral supervisor (without submitting a job application, let alone attending an interview), I was recruited as a lecturer

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at the University of New South Wales. Promised \$6280 a year and a return economy air ticket, it was too good an opportunity for a poor and pallid student from the London School of Economics to knock back. It seemed to offer, at the least, three years of paid employment, cold beer and sunshine. It became a great deal more.

Fifteen years later, on 2 March 1987, I was offered a position in the Australian Public Service. I had long since decided that Australia was my country, but the attraction of academia had started to wane. I had risen to become the head of the Department of Economic History just at the point at which the discipline was in precipitous decline. I had written a well-reviewed scholarly treatise which was 'highly recommended' to readers by *Choice* – to little effect, it transpired. After 30 years it has now sold 1,976 copies (for anyone interested, 24 copies remain in a Pittsburgh warehouse). I faced the prospect, yet again, of delivering first-year lectures three times a day to reluctant students. They not unreasonably failed to understand why a major in accountancy, marketing or human resource management required an understanding of the Industrial Revolution.

In part because of my interest in the role of ethnicity in Australian history, but also to raise my flagging spirits, I had begun to work pro bono as a consultant to non-government organisations, particularly ethnic communities' councils. So when in 1987 the Hawke government decided to establish an Office of Multicultural Affairs in the Department of Prime Minister and Cabinet I was approached and invited to apply. I did not know the job existed and I'm fairly sure that I never did submit my statement of qualifications against the required criteria.

The reasons why I was head-hunted remain to this day obscure. Indeed I suspect that my appointment undermines my oft-espoused support for the importance of the merit principle in the APS. I was offered a position as a first assistant secretary. It sounded important. I had no clear ideas what responsibilities were conveyed by such a grand title (and indeed spent my early weeks in a bemused state trying to locate the second and third assistant secretaries). Nevertheless I was confident that the Australian Public Service would, at the least, offer two years' reprieve from university management (I write, of course, oxymorically).

Once again I hopelessly underestimated the extraordinary turn of fortune that serendipity had thrust upon me. I have now enjoyed a wonderful 20 years – intellectually fulfilling, administratively demanding, full of interest and rich with opportunities to learn. Not always successfully, I have been given the chance to do a job founded on social responsibility and – although I admit this only at my moment of valediction – moral purpose. It is surely no small thing to work in an occupation that takes 'national interest' and 'public good' as its reference points.

I am honoured to have the chance to reflect on my APS career. Although it has been touched with singular good luck, I have a strong sense that my sentiments are shared in varying degree by thousands of retiring public servants when they stand as guests of honour at their final afternoon tea. While I have on many occasions talked with vigour (and evoked no little controversy) on the quality and character of the Australian Public Service, instead, in this valedictory I will reflect on my own experiences. Nonetheless, I hope I can recount my story in a manner that says something truthful about the vocation of public service.

Since 1987 I have worked directly to 3 prime ministers and 9 ministers. In chronological order they have been Bob Hawke, Robert Tickner, Gary Johns, David Kemp, Peter Reith, Tony Abbott, Ian Macfarlane, Mal Brough, Brendan Nelson, Peter McGauran, John Howard and Kevin Rudd. They have ranged across all points of the political spectrum and all quadrants of the Myer-Briggs personality profile. Yet beyond the particularities of their character, competence and ideological persuasion all those I have served have sought to make a difference.

All were generous in the respect they accorded my views. More remarkably, all bore and accepted what Prime Minister Howard described (with kindly if weary forbearance) as my childlike enthusiasm. Verona Burgess, perhaps more accurately, suggested I am prone to excitability. On a good day that quality comes across as passion. On a bad day it's tiring, even to myself.

I have worked closely with each of these ministers and sometimes come to know their spouses and family. I have had high regard for them. I have learned to recognise their interests, concerns and individual quirks for – as any senior public servant soon discovers – an understanding of such matters is central to the ability to influence. In many cases, I have come to enjoy a level of intimacy in which confidences have been shared beyond the public policy at hand.

Yet not one minister was my friend. I say this with care, knowing it can be so readily misinterpreted, but in my experience it is of the utmost significance to understanding the role of a senior public servant. Indeed, in 20 years I have very rarely called my minister by first name, even in private. This may seem archaic, even quaint. It reflects my deep-seated judgement that, whatever public servants think of the ability of their ministers, it is vital that they always recognise the importance of the position that ministers hold (and the responsibilities they bear). Formality is, for me, a statement of respect for the framework of democratic governance within which ministers and secretaries operate.

Equally important, formality bears testimony to my experience that however cordial and close the relationship between a public servant and minister, and

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however founded in mutual trust, there will inevitably come moments when it is necessary to provide advice that is uncomfortably frank; to convey (and share with others) information which is unwelcome and even – on legal or administrative grounds – to conclude that one is unable to do what a minister would prefer. When such circumstances arise, often unexpectedly, it helps that both parties fully understand their respective roles. It is on such occasions that the distinction between public servant and political appointee needs to be clearly comprehended: the former serves a position, the latter a person.

I have been extraordinarily fortunate always to serve prime ministers, ministers – and, indeed, their personal staff – whose work ethic, capacity and political commitment I respected. That has allowed me the opportunity to contribute to some of the great issues of public policy. As head of the Office of Multicultural Affairs from 1987 to 1990 I was able to prepare the National Agenda for a Multicultural Australia. Launched in a spirit of bipartisanship by Prime Minister Hawke and NSW Premier Greiner, the Agenda offered a careful statement of the rights and responsibilities of Australians of diverse origins set within a distinctively Australian institutional framework. Unfortunately this balance was not always sufficiently understood or espoused by those who saw multiculturalism – a noun I always eschewed – as the ideological vanguard for cultural relativism.

As CEO of ATSIC between 1991 and 1994 I grappled with the wickedly difficult political response to the Mabo High Court decision and how to negotiate and legislate recognition of native title. I held meetings of Indigenous leaders to garner their views; one, discerning my English accent, responded that it would have been nice if I'd asked 200 years earlier.

As Public Service Commissioner from 1995 to 1998, I worked with successive governments to modernise the legislative framework of public service management. Those efforts bore fruit, after I had moved on, in a new Public Service Act. Enacted with opposition support, it placed a greater emphasis on the distinctive values and ethical conduct that underpin public service. To a significant extent the Act stripped away the prescriptive controls that had accreted over three-quarters of a century. It provided legislative support for the devolution of management authority to the agency level.

Asked to move to the Department of Employment and Workplace Relations (DEWR) to bed down the new workplace relations legislation, I arrived just in time to administer the government's approach to the 1998 waterfront dispute. It was a testing time. In something of an understatement I noted in the department's Annual Report that it 'was a matter of disappointment to me that on occasions the vigour of political debate was personalised into an attack on the integrity of public servants doing their job.' Then, as on many other occasions, I came to

recognise how an environment of fierce political contest brings a particularly challenging – dare I say exciting – character to public sector management. Public service partisanship lies, very often, in the eye of the beholder.

In 2002 in the Department of Education, Science and Training (DEST) I had the opportunity to regalanise the process of reform of higher education. The policies that emerged recognised the imperative to provide universities with greater public funding, enhanced their capability to bolster their own financial resources and actively promoted greater diversity of teaching and research. Finally, during my five years at the Department of Prime Minister and Cabinet (PM&C), I have been able to engage myself in issues as varied as welfare-to-work reform, counter-terrorism, Indigenous disadvantage, vocational education and, most recently, the role of emissions trading in managing the risks associated with climate change.

It would be a dull public servant who would not be stimulated by such a cornucopia. For me, however, it is not only the development of public policy that has afforded satisfaction. I have spent two-thirds of my APS career in line and operational agencies delivering programs in areas as diverse as Indigenous services, workers' compensation, small business, workplace relations, education, employment and training.

It is this line agency experience, I suspect, that helps to explain why I have arrived so firmly at the conclusion that the implementation of government policy is just as important to good public administration as its formulation. A public service should be held to account for the extent to which it can deliver the changing policy directions of governments on time, on budget and to their expectations. That is why, in 2005, I established a Cabinet Implementation Unit within PM&C. That is why, too, I have enjoyed talking as often as possible to the Australian public servants who work in hundreds of state and regional offices and call centres across the country. The challenges they face in directly delivering government policy – both entitlements and obligations – are significant.

I think few Australians appreciate the extent to which public servants in quite junior positions wield extraordinary power over the lives of individuals. They deliver welfare payments and health benefits, identify labour market opportunities, issue passports, scrutinise tax returns and decide on migration visas. They administer grants and award contracts. Every day they make decisions that affect the hopes of citizens. They deserve not only better training but greater influence. The more I have been willing to listen to their experiences, the better has been my capacity to design the policies and establish the administrative guidelines of the services that are implemented on behalf of government.

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Over two decades I have learned the scale and diversity of the nation served by the APS. I have always believed it necessary to see at first hand the administrative operation of the programs oversights by my departments. I have spent many happy hours talking both with those organisations who deliver them and those individuals who (sometimes reluctantly) participate in them. Over the years I've visited Job Network members, Work-for-the-Dole schemes, small business incubators, group training companies, science laboratories, parents and citizens groups, rehabilitation providers and a myriad diversity of community organisations.

I have also visited scores of remote Aboriginal towns and outstations from Wiluna to Bamaga, from Hopevale to Ernabella, from Yirrkala to Tikjikalala. Often I despair at the abject failure of well-intentioned policies to make a substantive difference to the appalling conditions in which too many Indigenous Australians live. Yet not infrequently I am uplifted by the transformative power of individual community leaders able to achieve small victories in the face of overwhelming odds.

The hierarchy of officialdom can often fail to recognise the experience and commonsense of the field officer. Yet there are characteristics of public service that transcend differences of situational authority. The Secretary of PM&C and the customer liaison officer in Centrelink share this: that neither can say, 'I alone was responsible for the development or delivery of a particular government policy'. In this profound sense the public servant really is a bureaucrat, integrated into a vertically and horizontally structured organisation that has been designed to plan, administer, implement and evaluate the millions of daily transactions that Australian governments manifest to their citizens.

General practitioners and nurses can know the patients they have healed or comforted. Teachers can watch the progress of the students who have learned from them. Architects can see their legacy in the buildings they have designed. Even now, more than twenty years on, I – if no one else – can read the scholarly articles that I wrote as an academic and see my name attached to their arguments. It is a form of posterity.

Not so for the public servant, and for two good reasons. First, public policy is, by the nature of political dynamics, almost always transitory. Policies, or at least the specific programs and particular initiatives that give them shape, come and go. I struggled hard between 1991 and 1994 to mould the organisational dysfunctions of ATSIC into an effective vehicle for Indigenous self-determination. A few years later I contributed to ATSIC's abolition and the creation of new organisational and political approaches to the public administration of Aboriginal and Torres Strait Islander affairs.

That difficult experience in many ways typifies the challenges faced by professional public servants serving successive governments with equal commitment. It is the hard uncompromising edge of non-partisanship. It is the point at which frank and fearless advice, given in confidence, appropriately concedes to the will of elected government. Public service is not a job for everyone. It requires a toughness and fortitude that, without good leadership, can descend into employee cynicism about the cyclical nature of change.

Second, it is unusual indeed that a political leader (still less a public servant) can say with honest assurance that 'this policy is mine'. Whether born after a long intellectual gestation, or conceived hurriedly in response to unexpected crisis, political initiative rarely has a single parent. The intersection of public debate, political discourse and media commentary – and the increasing range of individual and institutional advocates able to exert influence – mean that policy formulation is nearly always an iterative process marked by collective deliberation and political compromise. At most, looking back, I can boast that I was given opportunity to suggest new approaches, to comment on the ideas of others and to exert some influence on the shape of the final outcome – and, of course, nearly always in a manner that was hidden from public gaze. The power I had was the power to persuade. A public servant does not leave monuments behind.

Yet public service has its own rewards. I have been part of the discussion on matters that have the power to transform; I have participated in moments of intense political debate; I have had the power to wield together groups of bright young women and men and charge them with bringing strategic coherence to an ill-formed but exciting new idea. These may seem the aspects of public service life that are unexceptional but they are, in a sense, the lifeblood of senior public service. Perhaps it is for that reason we forget that they are nevertheless special. Meetings and briefs are the means by which public servants put their fingerprints on the evolution of a nation.

Admittedly, I have had occasions available to few others. I have sat in on meetings of prime ministers and presidents, seeking to quiet my fears that it is only a matter of time before I am exposed as an impostor. I have enjoyed breakfast at No. 10 Downing Street, lunch at Chequers, a barbecue at the Western White House and a state dinner at the White House – and can report that on each occasion the company was more memorable than the food. I have never taken such opportunities for granted nor pretended that they are the due of a senior public servant.

I have appreciated my good fortune. Carol, my wife, joshes that I am the one always smiling at the camera when the photos are taken. Perhaps. Certainly while I have focused on the content of leadership discussions I have always

taken time to examine the surroundings, read the body language and absorb the atmosphere. Details are important. I have wanted to remember clearly such occasions for the time, now arrived, when I would no longer be invited to attend.

I am keen to avoid sentimentality in my farewell remarks. Yet there have been moments of such emotional potency in my public service career that they will forever remain vivid: being with the Prime Minister at the beginning of a New York Yankees baseball game when the coaches and players stepped out of their dugouts to salute the Australian national anthem; flying by helicopter across the breath-taking grandeur of the Himalayas after the devastation of earthquake and seeing at first hand our young reservists ministering to the needs of desperate survivors; being present at a working lunch between prime ministers Howard and Blair when a harried official had to interrupt with news of an attempted terrorist attack on the London Underground; going out to Government House on an idyllic Canberra morning to discuss, with Peter Hollingworth and his unwell wife, how sadly his term would end – these are the times imbued with such poignancy that they bring richness to the experience of public service.

Even the most mundane incident, remembered in the light of what followed, can be seared on the memory. I can recall vividly Carol and I being walked around the block by our dog on Boxing Day in 2004 when I received a call on my mobile telephone. It was to alert me that there had been an earthquake off Indonesia and that early reports were coming in of a tsunami. ‘I’m not sure,’ I said to Carol, ‘but I think we might have to change our plan to go on holiday tomorrow.’

We did and I am forever grateful. Instead of two weeks on the NSW South Coast I had the chance to work with an extraordinary team of ADF personnel, police and public servants from a dozen agencies, brought together by a moment of unanticipated crisis. To have seen the speed and the efficiency with which aid was planned and delivered; to have played a part in the conception and development of an unprecedentedly bold reconstruction package and, within days, to have flown with the Prime Minister to Jakarta to announce it was an opportunity given to few. It bore testimony not only to government vision but – as the Prime Minister noted at the time in a national address – to the capacity, commitment and camaraderie of Australian public servants able to give it effect.

The APS is not a career that is suited to everyone. It offers the opportunity to work from the inside but always in a manner that is responsive to the directions set by government. Within that framework one has the chance – indeed, the obligation – to present policy advice that is strongly argued and unvarnished, to set forward a range of alternatives, to establish and interpret the facts as objectively as possible and to ensure that the consequences of actions are foreseen. But professional public servants can only exercise influence.

However frank, robust and compelling their advice, it must always be the government they serve which makes the political decisions. It is for elected ministers, individually and collectively, to establish their view of the public interest and to be held responsible for it at the ballot box. Public servants who come to believe, intellectually or ethically, that they have a view of the national interest superior to that of the elected government need to leave and enjoy the freedom of pursuing policy goals from the outside. Being on the inside has its constraints as well as its opportunities.

In some ways the value of professional public service is fully appreciated only at the moments of transition when prime ministers, or governments, change. In November 2007 Australians took pride in the manner in which John Howard conceded defeat and Kevin Rudd accepted victory. Most were pleased that John and Janette Howard, on their final day in the Lodge, showed Kevin Rudd and Therese Rein around. There was a dignity in the handover of power which symbolised the resilience of Australian democratic process.

Equally impressive was the extraordinary seamlessness of change. Throughout the pre-election caretaker period teams of public servants, in every Commonwealth agency, prepared briefs to serve an incoming government of either persuasion. It's an experience I've been through seven times. The plans were in place. Late on the evening of November 24 the Prime Minister announced that he had lost power. At 9.00am on the morning of November 25 I flew to Brisbane with Barbara Belcher to brief the Prime Minister elect.

The essence of public service is often unseen by the public. As an illustration, let me continue my account of the 2007 election. On November 28 Prime Minister Howard came to farewell the department who had served him for almost 12 years and received an outstanding ovation. On December 18 Prime Minister Rudd came to speak to his department about his expectations of them. He received similarly enthusiastic applause. It was clear that those who worked in the Department of the Prime Minister and Cabinet, no matter what political views they held in private, fully understood that they served the Prime Minister of Australia. I was proud to lead them.

The warmth of my valedictory may suggest a naïve optimism about the state of the APS. I hope not. It is true that I am buoyed by the ability of the public service to continue to recruit the best and brightest from our universities and by the fact that the Commonwealth's public sector agencies remain employers of choice for large number of graduates. I am cheered, too, by the large proportion of respondents to the annual *State of the Service* report who report satisfaction in their employment: last year 84 per cent agreed that they felt motivated by

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their job, 79 per cent were proud to work in the APS and 81 per cent would recommend the APS to others. Clearly I am not alone in the regard I have for public service.

Of course there are challenges. I worry that the devolution of the APS, which has undoubtedly improved the management of agencies, may have gone a little too far. It is not just the economic inefficiencies or systems dysfunctions that concern me. I fear that the values that underpin public service, and the cooperation necessary to ensure the best interest of the whole of government, may be undermined by the reassertion of bureaucratic territoriality. In my experience the whole of the APS is much greater than the sum of its parts.

I regret that there have been administrative failures on my watch as notional head of the APS. The Palmer and Comrie enquiries into the unlawful detention of Australian residents, and the findings of the Cole Royal Commission into the behaviour (in particular) of the Australian Wheat Board in breaching UN sanctions, exposed significant organisational weaknesses – inadequate channels of communication, structural demarcations, insufficient quality control and poor reporting systems. Yet the willingness of agencies to acknowledge their failings and, more importantly, to set in place mechanisms to address them in a strategic way, suggest a public service with the capacity to continually address performance. The APS can and will continue to make itself over.

I have not found these challenges easy. Indeed, although it may not be apparent from my gregarious nature, I have found leadership of the APS a lonely job. There have been few days when I have not found something to worry about and, when they have occurred, someone else can generally be relied upon to have found it for me. In the nature of the job many of the matters that I have struggled with are not ones that can be widely discussed. Not infrequently have I found it necessary to rely on my own counsel, and ask, among others, the following questions: How hard and persistently should I continue to debate policy? How soon should I concede that I have lost the argument? These are the dilemmas that lurk beneath the cliché of 'frank and fearless advice'.

What has made my job easier – and conversely, what makes my final hour in the APS so wrenching – is the collegiality and goodwill I have received from so many public servants in so many agencies in so many circumstances. My career has been smoothed – on occasions protected – by having deputies and executive assistants who have looked out for my interests. They are, in my view, the two positions upon which a leader utterly depends.

I have always felt supported, too, by the senior executives of the APS, and in particular by the secretaries and agency heads with whom I share collective leadership. I rarely say it, and fear I don't always exhibit it, but it is their advice,

goodwill and loyalty which has sustained me when things have got tough. I am delighted to have this public opportunity to recognise them. The APS is in very good hands.

The decision to leave the APS has not been easy. I was honoured that Mr Rudd asked me to stay on and strongly tempted to agree. This is not a political statement but an acknowledgment that a change agenda always offers extraordinary opportunities and fresh challenges to a public servant. But, for the first time in my life (at the age of 60) I thought it sensible to plan my career. I decided that whatever the outcome of the [2007] federal election I would step down at the end of my contract.

Five years seems to me the right time to do a job like this – indeed it represents the longest period I have been in any public service position. In the public sector, just as in the private, organisational invigoration is often stimulated by leadership renewal. Equally relevant for me, personal fulfilment often comes from taking on new ventures. That is why, while you have all been toiling to meet the new government's ambitious timetable, I decided to learn downhill skiing. I hope I will be better at my new job.

It may seem odd, given previous comments on my earlier academic life, that I have decided to return to university. In truth, the chance to establish a Centre for Social Impact was irresistible. Whilst I love the making of public policy, and I believe that the APS contributes mightily to that effort in extraordinarily beneficial ways, I am increasingly persuaded that it is far too important to be left to governments and public services.

Over the years I have come to the view that it is the voluntary efforts of hundreds of thousands of individuals, and the support and advocacy of not-for-profit organisations that gives Australian democracy its vibrancy. To an increasing extent community-based (and often faith-based) organisations not only lobby governments for change but contract with governments (and public services) to deliver their program and services. In a variety of ways they are forging new partnerships with the private sector to make concrete the corporate commitments they make on social responsibility. The 'third sector' builds the social capital that makes us a nation.

This does not represent a sudden revelation in my life. Just before I became a public servant I undertook an enquiry for the Department of Immigration. It wanted to understand better the settlement needs of immigrants from non-English-speaking backgrounds. It was, dare I say, an exercise in social inclusion. I wrote the report with my friend and colleague, Loucas Nicolaou, now in FACSIA. Prompted by our consultations, we entitled our submission, *Why Don't They Ask Us? We're Not Dumb.*

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On many occasions over the last 20 years I have reflected on the simple truth reflected in that title. Now I hope I can build the Centre for Social Impact to generate social entrepreneurship, to improve the managerial efficiency and political effectiveness of established not-for-profit organisations and to improve understanding of the role that they play.

And so, as I bid you a fond farewell, there is a sting in the end of my tale. You have not seen the last of me. I will continue, in my different role, to share an abiding commitment to public policy and a desire to promote the public interest. For that, I am glad.