

SPEECH

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Workplace Relations**

Encouraging Innovation

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Acknowledgments

I would like to acknowledge the Ngunawal people, traditional owners of the land on which we meet today and in a spirit of reconciliation pay my respect to their elders past and present.

Introduction

Thank you for that kind introduction, Mike.

It's a pleasure to be here today and to have the opportunity to talk to you about innovation and what innovation means for the Government, the APS and my department, DEEWR, today.

For those of you would like to know a bit about me, I am a career public servant. I realised I was a career public servant after about 20 years when I woke up and thought "good heavens, I must be a career public servant!".

I joined the APS by accident. I went to uni at the ANU and went along with friends to the APS entry exam. There were hundreds of people lined up all at desks at the Campbell High School and the person next to me fell asleep, so I thought I might be in with a chance!

I was first made a Secretary in 2004.

DEEWR: What it is, what it does?

At DEEWR, we administer \$43 billion a year on behalf of the Australian taxpayer. Our staff costs represent 2 per cent of that amount. We have about 5500 staff in 49 locations in Australia and 10 overseas.

Other than the Department of Foreign Affairs and Trade we are the only department that has two Cabinet Ministers. But different from the Department of Foreign Affairs and Trade, we also work to two non-Cabinet Ministers and a Parliamentary Secretary.

When the Prime Minister, Julia Gillard, was Deputy Prime Minister, she set up DEEWR to focus on productivity. In particular, to focus on the contribution people make to productivity. In other words, how do Australians' skills, education and personal capacities contribute to national prosperity.

Of course the relationship between people's skills and productivity is direct.

It's been said that a 1 per cent increase in literacy among adults would increase GDP by 1.5 per cent. And yet, 4.5 million Australians are not literate enough to operate effectively in the modern global economy, according to the OECD. This figure includes 60 per cent of all unemployed people.

DEEWR looks after people from what I like to call "cradle to almost grave!" We deliver programs for little kids through childcare and early learning, through schooling, transition to a job or further education, employment, support for the unemployed and fair workplaces. But we don't do aged care!

Innovation

I have been asked to talk about public sector innovation.

But let's just pause a moment to consider what that really means.

Back in the 1960s, Harvard Professor Theodore Levitt was one of the early pioneers of innovation. As he put it:

'Creativity is thinking up new things. Innovation is doing new things.'

I like to think of innovation as "three I's" where:

innovation equals an idea plus its implementation.

In other words the test of a truly innovative idea is whether it makes it to the implementation stage.

DEEWR: Policy Innovation

I believe there is plenty of good policy innovation happening all the time, in the public sector.

I'll offer a few examples from my own department.

For the first time since federation there will be standard consumer protection across 11,000 childcare centres. Every four year old will have access to pre-school.

The first ever national curriculum is being implemented now.

The MySchool website is a huge hit with parents because for the first time in Australia anyone can see how their kid's school is performing on the basics, compared to statistically similar schools.

Higher education is being de-regulated to allow all comers, particularly from poor families.

Vocational education has been a major response to the global recession and innovations in skills reforms are a centrepiece of the recent budget, to address the needs of a patchwork economy.

Support for unemployed people has been revamped and is better helping very disadvantaged people.

The workplace relations framework has been entirely replaced from Work Choices to the Fair Work Act.

A new National Workforce and Productivity Agency announced in the budget will be a world first, in promoting innovation within workplaces. It will help firms realise the intangible extra productivity that comes from workers experiencing good management.

A Social Enterprise Development Investment Fund is a world first way of making taxpayers' money go further. Private investors will match \$20 million from Government to deliver \$40 million for new social enterprises. A social enterprise could be a cafe employing unemployed people. In this example the job seekers gets a break and the private investors get a return. Everyone's a winner.

Return on Investment

But there is little point to being innovative if the economy and citizens do not see a return on investment.

In 2009 we commissioned Econtech to tell us how some of the groundbreaking policy innovation might contribute to the economy.

For example, Econtech's modelling estimated that the early childhood reforms could generate up to a 1.5 per cent increase in the productivity rate by 2040 and an average increase of 1.1 per cent in employment every year to 2040.

Overall Econtech reckon a range of our policy innovations could add \$100 billion every year to 2040 which is the equivalent of an extra 500 000 jobs each year.

Creating DEEWR—the challenges, the opportunities

Before DEEWR embarked on this ambitious agenda, we first needed to come together as a fully functioning department. This required quite a lot of organisational innovation!

In 2007, DEEWR's formation involved joining two former departments and a large part of a third. Each of these departments had very different organisational cultures and as a result meant bringing together groups of people who had very different views about how things should operate. Half of the organisation knew me well, while the other half didn't.

It was the equivalent of a major merger in private sector terms, without any time to plan and without any funding.

We used an innovative change management approach. I set up an Establishment Taskforce and some of our best and brightest were brought into it.

And we had to think about innovative ways to create our future—in a way which would be seamless to customers and invisible to government. And then we had to implement it.

Of course all the issues relevant to any major merger had to be considered: IT alignment, remuneration, records, property and assets, communications and so on.

But beyond the logistics, I think the most important piece of work was the cultural piece.

We used an extensive communications strategy. We used multiple channels to communicate to people and offered many different ways in which DEEWR people could be heard, including anonymously.

Burning platform

In the years following DEEWR's inception, like many other departments, we experienced significant budget reductions. Over the last year we have seen 500 people leave DEEWR representing about a 10 per cent reduction.

In 2011-12 DEEWR will deliver 110 new Budget measures with 200 fewer people.

This means that being more innovative now isn't desirable, it's essential.

This led me to “The Big Ideas”.

DEEWR, home of Big Ideas

Our Big Ideas initiative is a simple but effective concept that’s about fostering, innovation from the ground up.

It’s kind of a funny story how Big Ideas came to exist. Our Queensland state manager was out shopping one day when she stumbled across a notebook with the words ‘Small notebook, Big ideas’ emblazoned across the cover. And so it was, in the Queensland tradition of BIG things – like the big pineapple and the big barra – a new BIG Idea was born.

Today the national Big Ideas initiative is an effective and fun way for DEEWR staff to have their innovative ideas be heard, rewarded and implemented. It provides an opportunity for people to present creative ideas to their team and to the Executive. Ideas can be big or small, serious or fun.

HOW IT WORKS

Staff can offer up a Big Idea any time they like through the Big Ideas portal. Group Managers host regular Big Ideas meetings. Each group winner goes up the line to the Executive Big Idea Champions who in turn choose a winner for their cluster. I then have the difficult job of choosing an overall winner. This happens every few months.

There’s been no shortage of innovative ideas generated through the initiative. From the suggestion for a staff signature block that acknowledges traditional land owners to ways to encourage better participation in ‘workplace giving’ to a

retirement strategy for long serving staff members to help manage loss of corporate memory and skills.

Our first national winner is for Wellbeing Officers who will be responsible for leading initiatives focussed on the wellbeing of people in their state or group, as part of an overall workplace wellbeing program.

Our second national winner is for EL1 and EL2 Financial Training and will see training in budgeting and finances provides for new EL2s, and EL1s aspiring to be EL2s.

Working smarter: operating in a tighter fiscal environment

We are also fostering innovation through formal businesses process reviews.

We asked staff in the State Network about areas where we could improve the way we do business. We received around 450 suggestions.

Some of the ways we have already drawn on these suggestions include:

- Automating special claims processes has already achieved over 40% reduction in work.
- Six new performance reports to help contract managers to better assess provider performance.
- Removal of red tape- e.g. no longer require individual vehicle registrations processing.
- Having fewer meetings!

I mentioned a little earlier embracing technology to foster innovation.

Our intranet, DNET, has collaborative portals for every structured level of the department (cluster, group, branch and section). These are used for information sharing, discussions, document development and announcements. We also have project portals which provide an online work space for people to work collaboratively across the department.

In a department this size it is also important for the left hand to find out what the right hand is doing. Our DEEWR Programs Portal on DNET provides a dynamic list of our programs taken from the PBS – it includes a description of the program and contact details so people can find out more.

And now that I've started one, I am enjoying learning the art of blogging. It's yet another way for staff to find out what I've been doing as well as an avenue to communicate with me directly. For those not into the blog thing I can also be contacted the old-fashioned way (!) via confidential email or people can leave me a voicemail message.

IN CONCLUSION: Innovation across the APS

Innovation is so much a part of the 21st century lexicon that in addition to the APS200 Public Sector Innovation Project we have a Government department with innovation in its title.

We have 10-year innovation strategy and the Government's vision for a national innovation system in 2020 is outlined in "Powering Ideas: An Innovation Agenda for the 21st Century".

As we head down the road to 2020 there is much that we can do as agencies and departments to capitalise on the creativity of our people.

A couple of years ago, a study of innovation in Commonwealth countries found that most innovation is initiated by frontline staff and middle managers.

In Terry Cutler's 2008 report he talks about the need to overcome hierarchical authority structures to 'cultivate innovation from the "bottom up"'. He suggests that Australian governments have typically performed well at engineering top down innovation but have been less successful at harnessing the insights of those working at the 'coal face' and, equally importantly, the consumers of government services.

I'd agree with that Cutler's statement but I'd also add my own thoughts to this. There are reasons why we have silos and clusters. We are accountable for taxpayers' money. We should have systems in place that ensure this money is managed appropriately. So then the challenge for us, or perhaps the question we need to keep asking ourselves is, do we let those silos and clusters hinder innovation or do we foster it.

I have witnessed firsthand in my own department the value of going out to consumers and providers of services for their input, ideas and visions.

I have also witnessed how one individual can make a difference through our Big Ideas initiative.

But perhaps the best test on how well our efforts to build a collaborative and innovative corporate culture in DEEWR have worked is that we have been able to deliver the Government's large reform agenda successfully.

And I can quite honestly say that when it comes down to it there is no better way to demonstrate how the whole is greater than the sum of the parts.

And for my money, that is what encouraging innovation is all about.