



Case Study 6

Allan Hawke

This is an interview with Dr Allan Hawke AC, former senior public servant, conducted by CEDA in May 2013. An excerpt of this interview was published in CEDA's publication *Setting Public Policy*.

Dr Allan Hawke joined the Commonwealth Public Service in 1974 and has held senior positions including Deputy Secretary in Defence and Prime Minister and Cabinet, Chief of Staff to Prime Minister Paul Keating and Secretary of Veterans' Affairs, Transport and Regional Services, and Defence and High Commissioner to New Zealand.

Would you generally agree with CEDA members there's been a decline in the quality of public policy debate? If so, why do you think it is the case?

Allan Hawke: I do agree with that, and there are a number of reasons behind it. The primary reason in the contemporary era is because of a lack of bipartisan support for reform that existed at the time when major reforms were made in Australia that everybody now benefits from. At that time major reform issues were not subject to debate in the public arena where vested interest groups could do their level best to bring whatever it was unstuck. Now, the problem with the current minority government is that, even people who have articulated particular policy positions in the past, have opposed it when it was proposed. So, for instance, when some members of the Abbott opposition were in government and they articulated a whole series of policy proposals, when those proposals were put forward by the Gillard minority government, they opposed each and every one of them. That's led to this dreadful deadlock in Canberra in terms of policy reform.

The second part of this is that the Council of Australian Governments (COAG) has not been as effective as it should have been over the period of the Rudd government. And that was a different approach to policy setting than was conducted under the Howard government. The Howard government basically led that reform, brought the states on side, and then basically got what they were after.

Now, Mr Abbott believes that the Commonwealth-State relations are fundamentally broken, and he articulates his position on this in a wonderfully named book called *Battlelines*. So his answer is to move a constitutional reform which would give the Commonwealth the power to override the states in this area in the belief that it would never be used because the states would be more co-operative as a result of it. The fundamental flaw with this position is that to get a constitutional reform through in Australia requires the support of the states and their advocacy for that position. Mr Abbott will not be able to achieve that; he will have to work with COAG.

Of course, by the time he comes to office in October, almost every government in Australia will be of his political persuasion. On the surface, you might think that'll make it easier, but sometimes it doesn't – it makes it harder. It's that fundamental issue that the political parties have not got together to be able to do this.

Mr Abbott is working on the basis that when he comes to office he will have a majority in both houses of the Parliament and that's why he doesn't need to seek that coalition building with the opposition parties to get his reforms through the Parliament - and he may well be right. But for the longer term of Australian reform, it's a bit of a setback.

The issue of leadership is an important one for reform. What are the most successful characteristics of a political leader that can help drive that process?

Allan Hawke: It is leaders – in particular, prime ministers – who have a political frame of reference around which they judge initiatives and the events of the day, and they've always got that framework to work from. Paul Keating was about a vision for Australia, within Australia and in Asia, security with Asia, not from Asia.

John Howard walked away from “the vision thing”, because, by the time he won election, Keating’s political standing was in disarray in Australia and the people had had enough of his vision. Yet, while Howard eschewed the ‘vision’ word, he actually had one. He used a series of what were called headland speeches – a different terminology to get around that issue. In each headland speech he would articulate a reform proposal and argue it with whoever over the course of the day in order to come to a position that was saleable through the Parliament and with the Australian people.

The only time Howard ever over reached was with WorkChoices, which of course was when he had a majority in the Senate. He would have been one of very few people who predicted that, following the Senate election, he would have a majority. I know this for a fact because he told me. He did predict it before it happened but he didn't say anything in public of course, similar to the way that Mr Abbott's not saying anything about the position of the Senate in public today. The other thing you need to know about Mr Howard is, he actually produced a policy document, called ‘Incentivisation’ or ‘Incentivation’.

It's interesting that there is a view that the leadership of any political party doesn't necessarily drive a reform agenda on their own or with a policy perspective that they are wedded to, but the two examples you've used clearly illustrate, from your perspective, that a leadership style can in fact be developed and dictated by a philosophy that is often captured in a policy statement or a book.

Allan Hawke: Yes, that's right. I'll have to be a bit careful about this but I can give you a very good example where a prime minister of the day asked somebody about a particular issue in the room and then went round the table to ask each of the ministers and the public servants who were present what they thought about it. Almost everybody in the room opposed it.

At the end of all this, the person who was leading the discussion (the prime minister) said: “Oh, I still think it's not a bad idea.” and there was dead silence in the room for a long while, until one of the ministers said: “Oh, I think we could go along with that.” It was one of the most brilliant things that had ever been done, in my personal view and it led directly to an electoral victory. Yet, my impression, being in the room, was that most of those ministers were, in their mind, contemplating how they would present the fact that they opposed this policy initiative at the time it was first raised. After the election, of course, they all owned it.

How do you get that balance as a leader, or as part of a government, in influencing versus reflecting what public opinion might think is important?

Allan Hawke: There are a number of issues here. First of all, Bob Hawke was

renowned, and deservedly so, for being the chairman of the board. He was very consultative, he had views, but his views could be moderated by the view of the Cabinet at the time. In the best days of Keating, he led the discussion and often generated the ideas, and could usually convince his cabinet and his party room to go with this, or he moderated those views depending on what was happening. Keating and Howard did use their authority on occasions to insist their position be adopted usually to good policy and political effect.

The elephant in the room is the rise in the numbers and the influence of the private office compared to the public service. Particular ministers have said from time to time: "We don't need the department to generate policy ideas, we will do that ourselves. The public service is simply there to implement and execute the decisions of the government of the day."

Is that something that is more prevalent within a modern government than a few decades ago?

Allan Hawke: Yes, the power of advisers and the private office escalated in the latter years of the Howard era and became even more entrenched under Rudd, to the extent that it's now accepted as the way of doing things.

It brings into question how the public service can play that role of influencing, against simply implementing policies that the government might want to have implemented. What are your thoughts on that?

Allan Hawke: The work that Ken Henry and Treasury did on the Intergenerational Report, tax package and the Asian Century will be reference documents; for the next 10–12 years people will be dipping into those documents and pulling out policy proposals and turning them into an idea whose time has come. Treasury's scenario planning certainly helped the Rudd government ameliorate the impact of the GFC on Australia. I could point to other examples, but it's really a matter for the public service to take opportunities to innovate and propose policy options to the Government of the day. Most of the problems in recent times have stemmed from execution of policies.

The government of today has lost the plot. For them to argue that the problem confronting Australia now is a revenue problem and not a spending problem just defies the facts of the matter. You only need to look at the growth in revenue from the time Rudd came to office to the current day (about 13%, from memory), while you look at growth in spending, and my recollection is it's about 30%. So it's not a revenue problem, it's a spending problem that Australia is facing in trying to get its fiscal policy right.

The public service has a role to play in developing substantive reform proposals, do they not?

Allan Hawke: That's right. Let me give you what I think is the best example during my time of how you go about this. In 1996 when the Howard government came to office, I became Secretary of Transport and Regional Services with John Sharp as the new minister. We sat down and went through every single one of the Coalition's transport, regional service and infrastructure policies. And we decided in one or two

instances that maybe that policy that looked so good in opposition wouldn't serve so well now that they were in office. We assigned each of the initiatives to an advisor in the office and to a named individual in the department. They had a timeframe within which to report to the Minister on the policy and the plans for implementation and we monitored and reported progress against all that. That worked absolutely brilliantly in building trust and executing the Government's policy platform.

But that was an interesting way you approached that. Would other secretaries of their respective departments do the same thing?

Allan Hawke: I'm not aware of anyone else having done that.

And what about ministers? Would they be receptive to sitting down?

Allan Hawke: You know, I worked with one minister whose whole modus operandi was that, whatever was being put in front of him, he was being set up. He was that suspicious about the public service. Most ministers I worked with were good people who actually wanted to do things. But there's a big spectrum of ministers. And I think Terry Moran has come up with a conceptual framework of ministers, from those who are only interested in politics and don't actually want to know much about or have much to do with the department to those who are genuinely interested in working with and through the department to achieve major reforms in their area.

It's often been suggested that the big reforms that were required for Australia have pretty much been done, and those that are left are perceived to be politically unpalatable. Is that more to do with leadership style than anything else?

Allan Hawke: It's to do with having the courage of your convictions. Paul Keating on Mabo or John Howard on the guns legislation, or even when he was arguing for the GST; these were not uniformly popular measures. They stood up and argued those positions. Howard even went to an election on the GST and won it – a major reform and a good one, because it taxes consumption.

You have to think through and really explain why you've come to a particular conclusion and what the rationale for it is. If you can't do that, then you need to re-think very seriously the proposed reform.

The big problem facing Australia now is the break down in the bipartisan approach to reform which served us so well over the years, meaning that the argument wasn't dependent on the public arena. The oppose everything mentality leaves us exposed to the vicissitudes of the minor parties and the anti-whatever campaigns. Major policy debates now seem to be won or lost in the media. Mitch Hooke, CEO of the Minerals Council of Australia captured it nicely "... the new paradigm is one of public contest through the popular media more so than rational, effective, considered debate and consultation". I put it to you that the industry associations, Business Council of Australia and other bodies and people concerned about Australia's future need to contemplate what to do about this sorry state of affairs.

The question of taking hard policy decisions that are needed in the national interest, and how you get over what is perceived to be a narrow political interest, part of this clearly needs a constructive relationship between an elected government and a bureaucracy that's committed to the same sorts of processes. Are we likely to see that, going forward?

Allan Hawke: Well, I have no doubt about the willingness of the bureaucracy to respond to the government of the day and put in place the government's policy agenda. I've got no doubts about that at all.

You might want to argue about one or two individuals here and there, but by and large, the public service serves the government of the day to the best of its ability. I've very rarely seen anything that would lead me to another conclusion.

I would think that the public service now is readying itself for a change of government, and they'll be studying very carefully the Coalition's policy platform and what they might advise whoever their minister.

One other thing I might say to you is, if you're in government and you've moved beyond implementation of your party platform and you're now into other issues, the best way I've seen of approaching that is to have a discussion paper or green paper, so that you consult the interest groups twice. In the run up to the discussion paper, you put the discussion paper out, then you have another round of discussions, and that leads to what you're going to do.

I think a good example of that was the review I undertook of the Environment Protection Act where I did just that. Then I delivered a final report to the minister. It happened to be Tony Burke. What Tony did was to take my final recommendations and go out and consult quite a number of the groups yet again about the Hawke Review. And it wasn't just me, there was a group of people who did this, terrific people, aided and abetted really well by the Department of the Environment. And Tony went round the states and spoke to them all again about their reaction to the issues that I'd raised, and then came to a conclusion which was basically bipartisan –bipartisan in the Commonwealth sense and with the states. And he said to me, "Well, there are some things in your report I would like to do, but the political fact is that I will not be able to get those through both houses of Parliament, so they'll have to sit there for a future minister who may want to pick up those recommendations."

How do you balance that against the increasingly significant fact that governments are constantly being berated to do something more quickly? On one hand people want to be consulted; on the other hand they want governments to move and implement something, and if they did that and they haven't consulted, they're berated again by people for having put something in place.

Allan Hawke: I think you just take that on the chin and you say, look, this reform is too important just to do it quickly. We've got to do it right. That means consulting. Now, the benefit of doing a green paper-white paper process is that in the green paper, when you put the green paper position, you can flush out some of the arguments and some of the groups who are against the reform, and then in your white paper you can articulate what they've told you, and then you can say why you don't agree with that, and why you've come to the policy position that you have. That at least gives them an opportunity to argue their point in a couple of ways during the process. But if you come to a different conclusion, I think you have to really explain

why you've come to a different conclusion and what the rationale for that is. And if you can't do that then you need to be thinking very seriously about the reform that you're putting forward.

It's like this really strange issue that's around in Canberra at the moment that public servants can only give 'frank and fearless advice' if it's done in secret. Well, I don't hold with that view. I think it's incumbent upon you to tell the government of the day exactly what you think. And if you're not confident in the arguments that you're putting forward or willing to stand up and argue those in a public way, then what's going on here?