Dear members of the Review

In response to the desire for a more innovative and agile public service, I wish to propose the creation of a dedicated transformation and innovation function within government.

This would not be innovation for its own sake – rather one with a very explicit purpose – to find new ways to solve complex societal problems. These could include but not be limited to; inequality, rising healthcare costs, an aging society and effective environmental management. In short, investigating how best to improve the wellbeing of Australians.

In my observations, even those areas of government perceived as innovative are challenged by the operating constraints of the public service. Hierarchy, constraints on hiring and promotion decisions, and the requirement to spend annual allocated budgets reduce flexibility and autonomy.

A separate function will first and foremost act as a flagship for innovation and doing things differently. It could have more flexibility and autonomy over how it does its work and manages its resources. It would drive a culture of dynamic, multi-paradigm solutions. The creation of a separate function is important, at least initially, for three reasons:

* Bureaucracy has very strong social norms regarding how things are done, and a preference for predictable, repeatable activities which can limit innovation and ways of thinking differently.
* Separation will allow distance from the traditional adherence to the ASL cap, traditional promotion paths and provide an ability for suitable compensation for required specialist skills.
* Separation also allows the function to build its own culture and distance itself from short-term political decision-making and any Machinery of Government changes.
* It would assist in supporting the longer-term retention and development of deep capability to tackle complex problems.

I set out some possible ways such a function could be enacted below. I also wish to refer the panel to the UK Nesta’s report, [How Innovation Agencies Work, International Strategies to Inspire and Inform National Strategies](https://media.nesta.org.uk/documents/how_innovation_agencies_work.pdf) which sets out the types of models different countries have employed to set up their own functions, and the alternatives strategies and focuses available.

**Work program**

The new function’s work program could be drawn from challenges the government, general public, business and public service would nominate. Input from all three sectors would minimize the politicization of its work program and ensure it reflects widely agreed-upon topics.

It should be tasked with solving difficult problems. It should be asked to examine those issues which do not sit squarely within any one Department or Minister’s portfolio, but cut a cross a range of responsibilities, thereby making them complex and difficult to solve. It should also be tasked with grappling future policy issues – assessing the longer-term impacts of decisions and contemplating alternative paths and choices. The work program could have a 2-year time horizon but be reviewed at regular intervals to ensure it remains on track.

It would almost always work closely with the relevant department/s who have responsibility for elements of the issues at hand. It would be able to draw on these resources wherever appropriate (including through secondments) and ensure relevant information is incorporated in its projects.

**Research and evidence focus**

Many in the public service (including some other submissions to this review) bemoan the lack of opportunity to think deeply, to conduct research, to go out and engage with citizens. This transformation and innovation function would be granted social license to undertake these activities (and more). One of the key focuses should be on evidence. How to be find it, support its collection or generate it from new sources. The function would therefore have a strong focus on both conducting its own research and supporting the research of others.

But this would not be a loosely defined research body. Rather it should have a clear mandate for improving the lives of Australians and be held to account. This accountability will not mean failure to achieve its stated goals for a project is unacceptable. Doing things differently inevitably involves risk. But failures must be explained and lessons learnt.

**Funding and timeframes**

It will be important not to confuse accountability with short term expectations to deliver. A reasonable length of tenure will also allow it time to grow and expand and bed down its role. Further to this point, its funding path would likely expand each year, in recognition of its growing maturity and capability. This would be the ‘seed funding‘ model typically granted to start-ups in their early growth phase.

**Talent**

A function like this will require highly capable, forward thinking innovative individuals and teams. It will require strong leadership and excellent research and communication skills at every level. Staff could be drawn from a mix of public servants, the private sector and academia, with a hiring model to support this approach. The former is necessary to understand how government works and ground the ideas.  But the latter is necessary to draw on new perspectives. Relevant disciplines could include: economics, behavioural economics, human-centred design, social psychology and data science.