

Occasional Address - 2007 Graduation Ceremony

Faculty of Business, University of New South Wales

Friday, 16 March 2007

Professor Field, Professor Piggott, distinguished guests,
members of the University, graduands ... ladies and gentlemen.

It is a great honour to share this joyous occasion with you.

When the Dean and his staff invited me to give this address, my first thought was, “What were they thinking, inviting me!”

A graduation ceremony is above all a time for celebration, mixed with moments of reflection, and no doubt for some, relief.

It’s an emotional milestone in one’s life.

But I’m an economist and a Treasury bureaucrat to boot, I don’t do “emotion”! The tools of my trade are analytical frameworks and empirical evidence. My lot in life has been to strip public policy issues of their emotional content and apply reason.

Treasury Secretary's are expected to be anti-emotion!

It is therefore with a deep sense of gratitude and some trepidation that I get to step out of my usual role ...

So firstly let me congratulate and commend the graduands for the perseverance and hard work that has earned you the success that this ceremony acknowledges.

You can and should have a sense of pride in your achievements.

We should also acknowledge that success in any endeavour is rarely due solely to our own efforts. It is more generally a function of two variables, our own hard work and the opportunities we are presented with, or expressed in another way, the circumstances we find ourselves in.

The very fact that you have invited your families and friends to be here today, and the presence of members of the University, suggests that they also had something to do with your success.

So special congratulations and appreciation is due to those who have provided support, encouragement and no doubt in some cases, cajoled and sweated through your years of study.

It is somewhat traditional for people in my position to speak of the changing nature of society, economic structures, technology and the workplace, as if you are a vessel about to be launched into a turbulent world.

Early in my career I was sent on a live-in Executive Development Program that extended over a number of weeks at a prestigious Graduate School. The theme of the program was something like “*Managing in a Turbulent Environment*”. The lectures focussed on the challenges of working in an environment that was constantly changing, as if this was a new challenge.

My response was to drag out the autobiography of a former NSW Premier from the 1930s, Jack Lang, entitled “The Turbulent Years” and to carry this around with me for a number of days.

My point was not to signal endorsement or otherwise of Lang's policies, it was merely to point out that change, sometimes dramatic change or shocks is not a new phenomenon.

Rather than focussing solely on the specific nature of the changes we face today and getting caught up in the associated excitement or fear, I have always had a preference for being grounded in a set of first principles that can be built on when initiating, leading, managing or responding to change no matter what form it takes.

As graduates from the University of New South Wales you are equipped with a quality technical toolkit ... the instruments of your profession, that will be finetuned as you apply them in the workforce.

But we also carry around with us another equally important toolkit which consists of the personal characteristics, values or principles we process. These ultimately govern how we choose

to apply our technical skills. Like the technical toolkit, it will be challenged, developed and refined.

Talking about the contents of our personal toolkits can be inherently more difficult than the technical, especially for those of us whose comfort zones are the analytical and empirical.

However I think it's worth the risk and would like to reflect on just two of the principles that I have found pertinent to my own career and have observed in others.

The first I will call **Balance and Empathy**.

As an undergraduate I became totally absorbed in microeconomic questions around productive and allocative efficiency. Here was a worthy set of goals that I could dedicate myself towards and I received wonderful encouragement from lecturers and university staff.

Somehow I was also able to establish a relationship with a wonderful young woman and we were married (still are!) during a mid-year semester break. When I broke the news to my thesis

supervisor, Dr David Gallagher he smiled and said, “*Just remember – don’t think like an economist when dealing with your marriage.*”

Now I will be the first to admit, and if I didn’t my wife Marthese would tell you, that I have not been entirely successful in this regard.

However irrespective of your domestic arrangements or profession, I would suggest this principle applies equally in the workplace.

In a world of increasing complexity and specialisation the number of people we can effectively communicate with using the language of our technical toolkits is increasingly limited. Being technically correct is not a sufficient condition for success. Answers, no matter how correct, do not sell themselves. A necessary condition is being able to use our technical skills to arrive at our conclusions, but then being able to leave the technical toolkit that we hold so dearly at the

doorstep as we cross the threshold of having to communicate our conclusions to others.

I have found it a useful mental exercise, when I am trying to gain support for my conclusions or recommendations, to disregard completely the analysis that has given me confidence in those conclusions. To then try and empathise with the characteristics, objectives and frameworks of the people I'm dealing with so as to understand how they may come to share my conclusions.

Empathising with others with whom we wish to influence carries the risk that we will need to modify our conclusions.

To be effective we should always be prepared to do so.

Perversely this demands a higher level of intelligence, self confidence and technical expertise than doggedly holding onto our original conclusions.

The second principle in the personal toolkit is **Passion**.

Now what would a heartless Treasury official know about or indeed have a need for, passion!

Well there are two aspects.

Like many others, my understanding on the role of passion first developed as a young man in the sporting arena. In my case, in the middle distance events on the athletics field.

My coach happened to be my father, who to this day refers to the University of New South Wales Blue he received for athletes with some considerable pride. Coach Pierce would remind his small training squad, *“You won’t run a good race unless at some point you feel, “This is too hard, I’m not going to make it.””*

You have probably already felt that while completing assignments or preparing for exams. I know I have felt it all too regularly over the course of my professional life.

And guess what, sometimes I was right. What I was trying to achieve was too hard at the time ... but you never give up.

Whatever your goal, if it is truly worthwhile and to the extent that achieving it relies on your own efforts, it is passion that keeps us going.

The second aspect gets us back to the question of **Balance and Empathy**. Passionate people can be very difficult and tiring for others to work with.

If per chance the State Treasurer after 24 March decides that I should remain the Treasury Secretary, then by early May I would have been in the position for a little over 10 years and be the longest serving Secretary in 102 years.

Now don't mistake me, longevity in a role has never and can never be, a goal in itself. In any case, a rational mind would question the sanity of someone that has performed this sort of role for so long.

What matters to me is that Treasury is uniquely placed to deal with a breadth and depth of issues that I care passionately about. It is a precious privilege to be in this position.

I could not sustain that privilege however if I pursued my passions in a manner that did not involve a degree of subtlety, taking into account other people's perspectives and recognising that ultimately, to reach the goals that I believe to be important, I am hugely dependant on a raft of other people.

Now I don't wish to start an economic policy debate, but one of the things I am passionate about is the need for all of us, whether we work in the public or private sectors, to enhance Australia's long-term productivity growth. It is the bedrock of our economic prosperity with all the possibilities that this brings with it.

The pursuit of productivity growth however raises a number of issues, not the least of which is being able to discern which of our actions or policies are genuinely going to lead to a more productive outcome. To answer this question you must rely

heavily on your technical toolkit. But knowing how to lift productivity and actually doing it are completely different things.

To paraphrase the Italian economist Professor Luigi Pasinetti ... we are fooling ourselves if we think we can increase wealth through increased productivity without changing the structure of the economy.

Increasing wealth will only come if we can manage a rather complex process of structural change in which the relative importance of different sectors of the economy are continuously changing. The process of moving capital and labour ie. people from job to job, from sector to sector and from region to region, far from being exceptional events, is the normal pattern of growth in wealth through productivity.

For me Pasinetti neatly summarises an important aspect of my, and I hope your, vocation.

Identifying opportunities for productivity growth will place significant demands on the technical toolkit. But in realising those opportunities, we have some choices to make about how we deal with the process of changing the jobs people do, the location of those jobs or the sectors they work in.

Facing up to these choices is necessary whether we are dealing with a public policy proposal, a potentially profitable investment or disinvestment decision or the restructuring of an organisation. The types of choices we make, will largely depend on what is in our personal toolkits.

This need not to be seen as an ethical point, but a rather pragmatic one. If we don't manage the impacts of our goals on others, they can prevent them from being reached.

You may be successful once, but your working life will be a series of repetitive games. The people we work with or who are affected by what we are trying to achieve are very good at learning what to expect next time around.

The NSW Treasury, like many other employers, operates a graduate recruitment program. Through that program we gain an understanding of what is in graduates' technical and personal toolkits.

In the personal toolkit, we look for:

Intellectual curiosity ... for these are the people that will

generate the new ideas and identify new opportunities.

Ambition ... not to hold a particular position or achieve a certain

status, but to do things that contribute to their profession and organisation.

An openness to others ... these are the people that will work

effectively with others, which is a prerequisite for any long term success.

Leadership and integrity ... These are the people that accept

responsibility for themselves and those around them.

A preparedness to the opportunistic ... these are the people

who will grasp challenges and rise to the occasion.

I started by congratulating you on passing your exams and graduating from this wonderful university. You are indeed privileged and I hope you feel better off from having had both the opportunity and made the effort.

With that privilege comes the responsibility, yours and mine, to contribute to not just your own well-being but the society around you.

I can only hope that by combining your professional skills and personal values that you enjoy a life well lived.

One that is as celebrated and fulfilling as you have made this day for yourselves, you friends and your family.

Thank you.