

**Treasury's Progressing Women Initiative:  
fostering cultural change over the long term**

**Speech to CEDA (Qld) Women in Leadership Lunch Series  
Brisbane, 16 August 2012**

**Dr Martin Parkinson  
Secretary to the Treasury**

It's a pleasure to join you for lunch today and to be part of your esteemed Women in Leadership series.

The subject of women in leadership roles is one in which Treasury is immersed. As you may know, we are embarked on a Progressing Women Initiative that grew out of last year's Review of Women in Treasury. Today I'd like to share with you some of my personal reflections on that process and where we hope it will take our organisation in the years ahead.

But I want to come to that discussion by way of some reflections on broader challenges and opportunities facing Australia's economy, which also have direct implications for women in leadership.

**Australia's economic context**

First, as I've said in a number of fora – most recently at the CEDA national conference in June – we should expect continuing volatility in the global economy of a sort not seen since the 1970s. This volatility is emanating from the deep-seated crisis in Europe, fears of the looming fiscal cliff in the US, and the shifting of economic and political weight towards emerging economies.

But with a well-capitalised and well-regulated banking sector, strong investment, low unemployment and inflation, and capacity across the arms of fiscal and monetary policy, Australia is well-placed to withstand external shocks, either from possible contagion throughout global financial markets or from slowing growth of our trading partners.

Looking further ahead, I'm not the only one to have noted the challenges posed to Australia's future fiscal sustainability from the need to sustain strong productivity growth, manage structural change in our economy and deal with the ageing of our population. Combined with the peak coming off our terms of trade, this will place higher priority on productivity-enhancing reforms and other policy responses to continue delivering improved living standards.

Yet as Australian incomes have continued to rise over past decades, so too has community demand for the government provision of what economists call ‘superior goods’, including aged care, health, disability, education and social welfare. These pressures will only be exacerbated in coming decades as the population ages.

At the same time, the taxation base is weaker than we had imagined in the mid-2000s. With hindsight, it is apparent that part of revenue collections then reflected a temporary bubble in the economy. The takeout message is that the days of large surpluses being delivered by buoyant tax receipts are behind us. While economic activity rebounded quite quickly after the global financial crisis, tax receipts are expected to remain substantially lower – around \$20 billion per annum lower at the Commonwealth level alone – than pre-crisis projections.

The outcome is that – again as I have noted elsewhere<sup>1</sup> – we face, as a community, a widening gap between the demands we are placing on government and what we are prepared to pay to fund government.

And we will not be able to meet these demands for new spending by increasing the efficiency and effectiveness of existing government spending alone (although this is important in its own right). Nor can we rely solely on our existing tax bases, as these are expected to deliver less revenue as a proportion of GDP, given capital and labour will become more mobile and the costs of securing that revenue increases. In addition, greater use of the tax bases we currently rely most heavily on – personal and corporate income tax – can adversely impact on productivity, participation and investment if not designed well.

What will be required – of governments at all levels – to meet the community’s demand for new spending, will be more revenue or significant savings in other areas. In short, the public will need to make thoughtful decisions about what it wants government to provide, and how it expects these things will be provided.

What is clear is that we will have to do more with less. Increased fiscal and budgetary constraints will mean agencies – Treasury included – must continue to find efficiencies and will become smaller, even as the expectations of what they can deliver do not fall commensurately. As with a number of other agencies, we’ve already started the process of downsizing and will continue to find efficiencies over the next few years. Indeed, we are reducing staff numbers by over 20 per cent by mid 2014<sup>2</sup>, a reduction that some business stakeholders are already noticing.

---

<sup>1</sup> Introductory remarks to the Australian Israel Chamber of Commerce on 7 March 2012 (<http://www.treasury.gov.au/PublicationsAndMedia/Speeches/2012/Introductory-Remarks-to-the-Australia-Israel-Chamber-of-Commerce>).

<sup>2</sup> Abstracting from the temporary staff increase associated with the hosting of G20 in 2014.

## **Women in Treasury**

It is in this light – of ensuring capability to manage uncertainty and to do more with less – that reforms to address diversity are more important than ever.

Women in Treasury was one of two organisational reviews we undertook last year, and it considered the recruitment, retention and progression of women. The other was the Strategic Review of the Treasury, which aimed to evaluate our ongoing effectiveness, capabilities and engagement to deliver on our mission to improve the wellbeing of the Australian people. Both reviews had an overarching purpose of taking stock of how well we are placed to face the challenges that lie ahead.<sup>3</sup>

While we could have undertaken these reviews together, we deliberately kept the Women in Treasury separate as we recognise the importance of diversity and its business priority for the department. As other speakers at similar CEDA events across the country have commented, diversity – particularly in leadership – is important. And not just for reasons of gender equity and fairness, but for improving outcomes for organisations and contributing to Australia’s overall wellbeing.

Our national economy benefits when we reduce impediments to higher participation in the paid workforce. This increases our tax base, provides a greater pool of workers to support the ageing population, and increases individuals’ savings for retirement.

Diversity has been found to be important to high-performing and healthy organisations, in part because diverse perspectives improve the quality of decision making, and because organisations with better gender balance tend to have more inclusive cultures that optimise the skills and contribution of all their employees. In short, diversity can lead to better employee engagement.

It is clear that organisations like Treasury will need to tap into a deeper and more diverse pool of talent and experience if we are to understand and meet the evolving and increasingly complex needs of the public, business and government.

Diversity minimises waste of talent. Unsurprisingly, selecting most of an organisation’s leaders from only 50 per cent of the employee pool is far from optimal. And nor will it be sustainable given organisations will face a talent-constrained environment in the future, with a labour market shaped by the ageing of our workforce, the retirement of the ‘baby boomers’ and low fertility rates. Soon the issue will not be about finding jobs for people, but finding people for jobs. And let me emphasise that this is not a challenge for the distant future: the

---

<sup>3</sup> We are also currently conducting a review of the quality of Treasury’s forecasts of the macroeconomy and revenue, led by an Independent Reference Group comprising: (Chair) Dr David Chessell, Access Capital Advisers; Dr Lynne Williams, former Deputy Secretary of the Victorian Department of Treasury and Finance; Mr Peter Crone, Business Council of Australia; and Dr Malcolm Edey, Reserve Bank of Australia.

impact of the ageing population is already showing up in the forward estimates of the Government's budget.

Now the number of women in leadership is not a new issue for Treasury, but one we've been conscious of for more than a decade. When we looked at our organisation last year we found that women accounted for only 23 per cent of our senior executive, compared with a fifty-fifty representation at the lower levels in Treasury and 37 per cent representation of women in the senior executive across the public service. We had, however, been expecting that over time the gender imbalance at the top would work itself out as fresh cohorts with more female graduates in economics and related disciplines worked their way through. And while this has occurred, it has been happening at a snail's pace.

A number of ad hoc solutions had been tried over the last decade – like encouraging and supporting part-time work, facilitating access to childcare, and so on. These had been somewhat effective; but the failure to see markedly higher proportions of women in senior ranks suggested they had not fundamentally addressed the barriers to the recruitment, retention and progression of women. The time had come for a systematic and structured approach to probing the imbalance.

We engaged an external consultant, Deborah May, to help us take a look at our organisation. This involved extensive consultations within and outside Treasury, and yielded some fascinating and, at times, confronting results. Briefly, what the Review found was not one single problem with an obvious solution, but a range of subtle cultural, attitudinal and behavioural issues that will take time and persistence to change.

The resulting plan of action – the Progressing Women initiative – comprises a suite of strategies to be progressively implemented.

First, we set up an Inclusive Workplace Committee that I chair, which includes all of the Treasury Executive Board, four non-Board staff members and two external members: Sue Vardon AO, the former CEO of Centrelink; and Rachel Cobb, Managing Director of Retailer Solutions, GE Capital. The Committee is a decision-making body responsible for guiding and implementing the Progressing Women initiative. We've now had two very fruitful meetings, and Rachel and Sue have presented the first seminar in our new leadership series for Treasury staff.

And we could not have chosen better representatives for this important work. Sue and Rachel are enthusiastic, generous and candid in offering valuable advice and external perspectives, and have been very warmly received in the department. They've both made the point that they would not have become involved if they had not sensed the commitment and support of Treasury's Executive. They are very busy people, so it was not something they took on lightly. They recognised that this was a serious undertaking for Treasury, strongly supported by me and my executive team. I am personally very grateful to have them on board.

We also set a target of 40 per cent women in the senior executive with a milestone of 35 per cent by 2016. Why did we set a target? For the Board, it was to indicate to everyone that we are serious about long-term change and we would not settle for short-term tokenism. Importantly, though, these targets set a 'light on the hill' for us to work toward, recognising that at all times the merit principle is paramount.

To be blunt, we may not achieve these goals; but if we don't, it will be obvious for all to see. We have created a set of incentives against which the Board and I will be accountable to staff – and if we fall short, we will need to explain how we are going to do better.

I want to be clear that our response is not just about the representation of women in leadership. In achieving the vision of greater representation of women, we aim to build a more inclusive workplace more generally, to encourage not only gender diversity but other kinds of diversity as well. The overarching aim is not to get the numbers right, but to create satisfying jobs and career pathways that all our staff value, at all levels and in all work areas.

Almost one year on, though much remains ahead of us, we have made significant progress on a number of fronts.

### **Fostering change to respond to challenges**

Before I talk about what we've been doing, I first want to make a point about the importance of leadership and communication in driving change. While there is considerable support from most staff, not all are convinced of the need for reform. To be frank, we have encountered some scepticism about what we're trying to achieve, as well as anxieties and sensitivities among some of our staff, both male and female. This is unsurprising, given that the territory we're venturing into is deeply personal and change is not easy.

That's why I've emphasised the need for myself and the Board to take the lead, to identify ourselves strongly with its purposes. And, importantly, to maintain consistency and commitment. Scepticism can only be addressed by seeing good results, and the kind of change we're seeking will take time to embed. We also need to show that diversity is not about overriding the principle of merit for the sake of balanced numbers.

I've also emphasised the importance of staying engaged with our staff. Anyone who's gone through any kind of major organisational change knows you can't just put policy in place and wait for the magic to happen. We are keeping staff informed each step of the way, and staying engaged with them through genuine, ongoing conversations.

Let me share with you now what we have been doing.

## **Implementing Progressing Women**

### *Unrecognised Bias*

One of the key findings of the Review was that barriers to women's progress often came not from conscious prejudice but from unrecognised bias. One of the first actions of Progressing Women was the rollout of unrecognised bias awareness training, beginning with myself and the Inclusive Workplace Committee.

It was a thought-provoking and illuminating experience. As Deborah May describes it, "If we're not consciously thinking about our assumptions and decisions or how they're made, we make them by default according to an internalised belief system that may no longer be serving us or our organisations well. When decisions based on outdated paradigms or assumptions begin to impact organisational diversity or growth, it's time to pay attention."<sup>4</sup>

We will provide unrecognised bias awareness training to all our senior executive and middle management, and will include it in our standard management and leadership training.

### *PMS Refresh*

A key development is the refresh of our performance management system. While this system has been held up as an excellent model for others, our reviews suggested that problems had emerged with the way it was understood and implemented by staff. The refresh involved broad staff consultation, and foundation sessions delivered by senior executives reinforcing the high priority given to performance management and the behaviours that Treasury values.

What I found particularly enlightening was the value our staff place on genuine consultation and the key role it plays in ensuring outcomes that they will support. Though time-consuming and complex, it has been extremely valuable to seek staff views and experiences of the system, and to engage them in ongoing dialogue about 'living our values' in order to achieve an inclusive workplace.

### *Flexible work*

We also held staff consultations on flexible work, given that the availability and quality of flexible working arrangements often make the difference to whether women (and men) stay in an organisation or not. And it's not simply about where and how work happens; it's also about the nature of work assigned to staff in flexible arrangements and whether it's meaningful and rewarding. From last year's review we found that people working part-time or flexibly could be assigned projects that were perceived as less important to the

---

<sup>4</sup> From Deborah's blog: <http://www.advancingwomen.com.au/blog/?p=6>

organisation, with the concern this would create barriers when they applied for promotion. That is, we had encouraged flexible work but had not considered job design in any meaningful way.

Our objective is an environment where flexible work is not seen as career-limiting; where part-time employees are seen to be just as engaged and valued as their full-time colleagues. This is a challenge for all Treasury managers, since they have significant autonomy and responsibility for designing the working arrangements for their teams.

Organisations large and small are moving toward more flexibility in where, when and how people work. Our technology enables it and our lifestyles increasingly demand it; we will need to make sure our culture supports it. This part of *our* journey is only just beginning.

### *Mentoring*

We are also looking to introduce a more formal mentoring scheme. The Women in Treasury consultations revealed that many women would value mentoring in advancing their careers, better balancing work and life, and building confidence and networks.

We are currently consulting with a wide range of external organisations and internally on scheme design, with a view to starting later this year.

### *External engagement*

On external engagement more broadly, we've been asking other organisations what they do to understand and address gender balance in their workforces: what works, what doesn't and why. Interestingly, we're now finding others coming to us, asking the same questions.

Through my participation in the Male Champions of Change group – led by Elizabeth Broderick – we are also tapping into the experiences of a broad range of organisations and leaders similarly committed to this journey and cultural change. A takeout message for me from our experiences is that the path of this journey is not linear and will take time, and will require continued leadership and commitment.

### **Conclusion**

I want to conclude with an observation I've made consistently through this process. Everything we're doing is fundamentally about changing attitudes and behaviours, not about changing structures. In most cases, the structures are already in place and already sound. In the case of our performance management system, for example, there's broad agreement that the system itself is valuable. The issues lay with how it was understood and implemented, reinforcing for me that attitude and behaviour are key.

What this underlines is that Progressing Women is not about policy, it's about people and it's deeply personal. It involves the internalised beliefs and values of individuals, and their

expression in a common but diverse workplace culture. It's people that present the greatest challenge, and the greatest potential, for change.

Along with many other organisations, I see this as an incredibly important journey of cultural change for Treasury. While success can only be seen in the long term, the journey itself will ensure Treasury continues to adapt to remain an employer of first choice for men and women, and an efficient and highly capable organisation ready to meet the social and economic challenges of Australia's future.

Thank you.