Establishing the Department for Victorian Communities (A)

In December 2002 Yehudi Blacher was appointed Secretary of the newly created Department for Victorian Communities (DVC). The Bracks Government had been re-elected on 30 November and within a week announced a range of major changes to government departments, including the formation of DVC, which would bring together 15 separate units from eight departments into a new entity. In the Premier's public statement about the changes, he said the new Department would have two key roles: to strengthen communities and to integrate services across the state. It would support eight different ministers. With the Christmas holidays looming, Blacher had some thinking to do. His Department had no offices, its staff were spread out in dozens of buildings across Melbourne, its budget was still to be negotiated and apart from some high level objectives, it had no clear strategy.

A new government focuses on community strengthening

The leader of the Australian Labour Party (ALP) in Victoria, Steve Bracks, had first been elected Premier in a surprise victory over the Liberal Party's Jeff Kennett in 1999. Bracks had campaigned on a platform which focused on economic and social renewal in regional centres and rural areas of the State, and increased investment in community infrastructure in areas such as education and health. Once in power, his government implemented a range of projects and programs with a community-strengthening theme. He also launched a Community Cabinet process whereby he and his Ministers regularly held open meetings in locations across the State to gather feedback from Victorians about their concerns and priorities.

Broader public interest in the value of strong, connected communities or "social capital" was also on the rise during this period. Harvard University political scientist Robert Putnam's 2000 book *Bowling Alone* was widely discussed in government and business circles. He put forward a case for the importance of community organisations and institutions which either formally or informally connect people together. Such connections, argued Putnam, promoted healthy democracies and contributed to well-being and prosperity. The more social capital a given city or town has, the greater the capacity of its residents to overcome personal hardships, to access economic opportunities and to ensure effective government.

The OECD also released some influential research during this period focusing on the links between the formation of social capital and economic capital. This research pointed to the important role of social networks and high levels of trust in facilitating the development of efficient markets and the processes of wealth creation.

In the United Kingdom, a range of other schools of thought about the value of strong communities were being given prominence by the government of Tony Blair. One strand of thinking focused on the contributions of "social entrepreneurs" and "social enterprises". Drawing on private sector management literature, this research highlighted the importance of innovators who were skilled at creating and attracting resources to initiatives with a social rather than economic benefit. There was a range of debates about how governments and philanthropic foundations could address disadvantage by harnessing skilled entrepreneurs, and seeding enterprises with a social benefit. The Blair "third way" agenda also had a focus on reform of the machinery of government to make the public sector more responsive to local communities and more generally to engage citizens in local planning and priority setting.

Social epidemiologists including Professor Ichiro Kawarchi from Harvard were also producing research examining the power of strong communities. Kawarchi and others had produced a body of research pointing to the powerful correlation between the vibrancy of communities and quality of health enjoyed by a given population. This research suggested that the development of vigorous and inclusive local organisations and networks had a flow-on effect of reducing the incidence of a range of diseases.

These ideas were the subject of much debate in the Department of Premier and Cabinet (DPC) during the first two years of the Bracks Government. The Victorian Government arranged for Putnam to visit Melbourne on a speaking tour in 2001 and his arguments about the power of strong communities, with high rates of volunteering and numerous social and recreational clubs and associations, gained significant coverage in the local media.

David Adams, a senior public servant in DPC who was involved in the debates, said:

> "It was agreed early in the piece that the language of 'social capital' would not resonate with the public and that the language of community development was an 'old' language linked to the 1960s and 1970s and one that did not have a focus on the importance of governance issues and better service delivery. The language of 'community-building' emerged as a more neutral and 'new' way of describing the framework."

Terry Moran, Secretary of DPC, said: "The Government formed the view that you get more innovation from the public service and better outcomes for people, if there is more freedom at the local level to respond to local circumstances." The Premier and his senior Ministers' interest in fostering social capital in Victoria was clear. Moran and his colleagues needed to find a way to translate this objective into the activities of departments and agencies, and actual programs and projects on the ground.

Much national research (for example, the Australia Scan project) was showing that many people still viewed the public sector as opaque and distant from the lives of people and their communities. It was also showing that people highly valued "community" and increasingly expected governments to be involved in protecting communities and being more sympathetic to the social fabric.

Community strengthening initiatives begin

During the first two years of the Bracks Government, senior public servants in DPC thought hard about how to most effectively implement the Government's community strengthening agenda, and a range of changes were gradually put in place. In June 2000, Premier Bracks announced that he would relaunch a fund which had been established to distribute the proceeds of taxes on hotel gaming machines, and give it a new focus on promoting responsible gambling and community-building. The new Community Support Fund would distribute $100 million a year and would be overseen by a council of community representatives. The Premier also appointed Bronwyn Pike, an MP who had come from the community sector, as Minister Assisting the Premier on Community Building to drive the government's agenda on these issues.

In November 2001 the Government released a policy statement called *Growing Victoria Together: A Vision for Victoria to 2010 and Beyond.* The document drew on discussions which had occurred at a major community summit several months previously and nominated a series of priorities for action for the government over the next five to ten years. It included objectives such as "building cohesive communities and reducing inequalities" and "growing and linking all of Victoria". The "tag line" for the document was "Innovative State. Caring Communities", reflecting the broad goal of the Bracks Government to link social and economic objectives. It also outlined the measures by which progress towards these objectives could be tracked. Measures in the statement related to community strengthening included:

- "The extent and diversity of participation in community, cultural and recreational organisations will increase."
- "In a crisis there will be more people Victorians can turn to for support."

Priority actions and measures in the statement related to changing the way government works included:

- "strengthen the capacity of the public sector to deliver high quality, responsive, accessible and efficient services"
- "make government more democratic, open and inclusive…"
- "more Victorians will be consulted on issues which matter to them."

The 2002 election approaches

In the lead-up to the election which was due in November 2002, Terry Moran set up a team in DPC to provide high level strategic advice to the incoming government. "It was partly the normal work that the Department does to prepare for a new government, but it was also an attempt to stand back and take a broad strategic view of the challenges which the State would face over the next five to ten years," he said. The team developed proposals for a series of "leadership projects", one of which focused on the shape and structure of government departments. Moran said that governments don't make changes to the structure of departments very frequently because of the disruption such changes cause. He said that traditionally such changes occur after elections, and hence these issues were a focus for the team in DPC.

Moran said there were several strands to the thinking which the team did in relation to the structure of government. "Firstly, there was a strong view coming from the Premier about the value of communities and social capital. There was a growing sense of the importance of local attachment to communities, and the government had done quite a bit of work in this area during its first team. At the same time, there was a lot of debate going on about how government could work differently at the local level to achieve a more citizen-centred delivery of services. The view was that a more joined-up approach led to better outcomes."

> "As well, there really hadn't been any significant new public sector institutions in the State for over 100 years. If you looked across all the different parts of government - the public transport system, the police force, the various bodies looking after forests and primary industry, hospitals and so on – you could draw a link from all of them way back to the 19th century. The names have been changed and different parts have been moved around, but essentially we have the same institutions in place now that we had back then. This is surprising given how much other parts of society have changed.

> "All these ideas led to a proposal to the Premier for a new Department *for* Victorian Communities, not 'of Victorian Communities' as is the case in all other departments' names. It would advocate on behalf of communities within government and help communities at the local level; to help them get a better deal out of government. It would also help the government come to terms with how services could work better if they were joined up."

It was proposed that a range of different agencies from across various departments be merged together in a single new entity under one Secretary. David Adams, a member of the DPC team working on the proposal, said: "When we were thinking about which parts of government should be in the department, there were a range of considerations. We were very keen to have the body responsible for local government in there because the evidence suggests that social capital formation is linked closely to the strength of local institutions. We also thought about the themes of 'people and place' and the idea of bringing together a group of agencies with strong ties to those two ideas."

Adams said the team decided not to recommend the inclusion of agencies which had direct service delivery roles, and instead proposed that the new department should include primarily agencies which focused on policy and grant-making:

> "To have considered mainstream service delivery areas such as the Office of Housing would have cut across the mainstream service delivery role of other departments which we wanted to avoid. What was needed was a large enough group of agencies to bring a critical mass of resources to enable us to get things done, but which was composed of small enough and nimble enough parts to retain flexibility."

According to Moran, the decision to propose the establishment of a new department as the means to further the government's community-strengthening agenda was motivated by the need to give the agenda greater practical and symbolic authority.

> "Up to that point I had been trying to build momentum behind community strengthening by taking the lead from DPC. There were a range of cross-departmental committees and various initiatives in place to bring people together behind these themes, but we didn't have much success. DPC has substantial authority in government as a central agency. But if we were to establish a whole new department, you would be saying very clearly that there is a gap in the way government thinks about societies because they treat communities as the residual after other things are done. But community issues are more important than that. They need full time attention. They need a Secretary who is senior and who, because of his standing in government can get things done. It would send a very strong signal."

Major changes to government departments

After the November election, in which the ALP substantially increased its parliamentary majority, the Premier announced major changes to government departments (see *Appendix 1*). Responsibility for environmental regulation and management and planning issues was allocated to a new Department of Sustainability and Environment. The Department of Justice was given new responsibility for gaming and racing regulation. And the Department for Victorian Communities was formed, assuming responsibility for planning for the 2006 Commonwealth Games and taking in a range of agencies and offices which had previously been housed in eight other departments (see *Appendix 2*). DVC was now home to:

- the *Office of Local Government*, which was responsible for working closely with the State's municipalities and helping to improve the responsiveness of their services in areas such as building approvals and planning. In recent years the number of local councils had been reduced by the government from over 200 to 79, so building confidence at the local level in these was a priority. The Office also had powers to audit and intervene in the management of local councils, which were creatures of state legislation.

- *Sport and Recreation*, which provided grant funding to many sporting clubs and organisations, ran campaigns to promote participation in sport for fitness and health, and supported the development of sporting facilities, such as swimming pools and gymnasiums.

- the *Office of Women's Policy*, which coordinated and monitored government policies and programs affecting women and their families. It had a focus on increasing women's representation in government and working to improve equity of outcomes in the workplace and in education.

- the *Office of Youth Affairs*, which provided policy advice, research and strategic planning in relation to government programs and services for young people. Its

priorities included educational participation, transitions to the workforce and addressing issues such as childhood obesity.

- the *Office for Senior Victorians*, which ran a range of programs promoting positive ageing and advised the government in its planning for the ageing of the population.

- the *Office of Multicultural Affairs*, which provided policy advice and monitored the government's responsiveness to the needs of culturally and linguistically diversity communities.

- *Victorian Aboriginal Affairs*, whose role was to promote knowledge and understanding about Victoria's Aboriginal people in the wider community. It also administered legislation protecting Aboriginal heritage and provided a range of information and advisory services to members of the Aboriginal community.

- the *Community Support Fund*, which distributed the proceeds of government taxes on poker machines via a grants program. The Fund focused on investments to address the social costs of gambling and gambling addictions, and on developing and maintaining community assets and infrastructure.

- the *Registry of Births, Deaths and Marriages*, and *Government and Community Information Services and Public Records*, which gathered, maintained and distributed a range of information and data products and services.

The Department was to advise eight different ministers (see *Appendix 3*). The Deputy Premier and Minister for Victorian Communities, John Thwaites, would be the lead minister.

Immediately after the legal and administrative arrangements were complete and signed off by the Premier, Yehudi Blacher, formerly Deputy Secretary in the Department of Premier and Cabinet, was appointed Secretary of DVC. Blacher had previously been Victorian Director for Local Government and Director, Youth and Family Services, and in DPC had been responsible for providing advice on natural resources and infrastructure policy.

Approximately 200 staff would be transferred into the new Department from DPC, and another 200 or so from other departments. However before there could be any movement of staff, a range of issues needed to be sorted out. The Department had no offices, computers, desks or telephones. Its budget was still to be negotiated. There were no systems for paying staff.

Five other senior executives from DPC and other parts of the government joined Blacher as the first official employees of DVC, including David Adams, who had worked on the original proposal for the Department. Blacher said: "This was a very rare event. Governments from time to time make machinery of government changes, but they usually graft different pieces on to a large core department which already exists. It was literally starting from scratch."

Why are we here?

Blacher said when he was appointed to establish and lead the new Department, he understood the Premier had two main objectives.

"The Premier used the phrase 'wanting to read the pulse of Victorian communities'. He had in mind wanting to stay close to the ground, to understand what people were concerned about. There was also the idea that the government could achieve better service delivery returns – better health outcomes, education, public safety etcetera – if it could leverage social capital and change the way it was working at the local level."

When Blacher started meeting with the executives who ran the various agencies which were to be brought into DVC, their reaction when he explained their two part mission was somewhat defensive. Many of these agencies had moved regularly between departments in the past and were uncertain as to what the new communities agenda would mean for them. DPC Secretary Terry Moran said:

"They were all living in their own worlds. I doubt any of them thought they had much in common with the others, apart from the fact that they were small and had limited budgets."

"Some of them tried to avoid being moved into DVC," he said. "They liked it where they were, especially the ones in DPC. There were various attempts to stay put, but none were successful. The opposition to it was partly because there was no document that could be written quickly explaining what we were doing. People didn't really understand the concept other than what they could glean from the Premier's press release and what Yehudi and I said when we pulled them together to explain the changes."

Perhaps the most distinctive agency among those to be brought into DVC was the Office of the Commonwealth Games Coordination. In 2006 Victoria was to host the Games, a massive event involving an expected 4000 athletes, 200-plus sporting events, 1.5 million spectators, 15,000 volunteers, and total State Government expenditure of over $650 million. DVC and its Secretary Yehudi Blacher would be responsible for ensuring the successful staging of the Games in three and half years' time. In addition to the Premier's community-strengthening agenda, the fledgling Department had a high-profile, high-pressure major event to plan and manage. Importantly, the Government intended the Commonwealth Games to focus more broadly on participation (for example through volunteering) and the creation of a community legacy.

Louise Hill, Executive Director, Corporate and Organisational Development, said:

"Most of the teams had a strong sense of identity about and ownership of their product. With some we had to unpack that. Staff were often attracted to these units because they had strong personal values about that particular area – for example, a really strong belief that sport was the answer to 'everything'. There were some very strong cultures."

The reaction from other parts of the public service

Initially, the reaction from other parts of the public service to the establishment of DVC was very watchful. Terry Healey, a senior executive from the former Department of Environmental and Natural Resources, who joined DVC upon its formation, said: "The public service was initially unsure about the role and purpose of DVC and what it might mean for them."

One official said that the idea that DVC would seek to change the way the government as a whole delivered services set alarm bells ringing in other departments. "What did all this mean for them? Would it take resources from them? Would it put up barriers? Departments are traditionally siloed and here was a brand new department with a broad-based, whole of government agenda."

David Adams said the leadership group at formation of DVC recognised early that there could be resistance to its agenda elsewhere in government. "We were happy to have the Deputy Premier as our lead minister and to have him supported by seven other ministers. That gave us a very large number of influential ministers if we ever needed to use them. It was also helpful to have a number of senior staff who came from DPC who had the status and experience that comes from a central agency."

According to Adams, "Some parts of the public sector welcomed the creation of DVC. Across the public sector there were a raft of programs and strategies that reflected the philosophy and practices of community strengthening, for example the neighbourhood renewal program in the Department of Human Services, and many of the crime prevention programs in the Department of Justice. Overwhelmingly, however, the response of the public sector was one of 'wait and see'."

There was considerably more support expressed from third party stakeholders, according to Adams. Over the past two years Blacher and his DPC team had spent considerable time with stakeholders to test the likely level of support for a scaling up of community-building strategies. In particular the involvement of business, local government and the community sector in the 10 community-building demonstration projects had provided numerous opportunities to seek views from these sectors on an expanded community-building agenda. Adams said:

> "In general these sectors all saw advantages in supporting a new agenda. Many councils were already heavily involved in community building but lacked government resources to expand. The community sector had a long history in community development and saw community building objectives around 'empowerment' as closely aligned to their agenda. Many businesses were seriously engaging with corporate social responsibility issues and community enterprises and therefore welcomed the opportunity to have a single entry point into government on these issues."

A very short Christmas break

The Premier's official announcement that Yehudi Blacher had been appointed the Secretary of the Department for Victorian Communities came on 9 December 2002. Blacher said that his first chance to seriously think about the task in front of him came over the Christmas break.

> "It was literally just sitting down with a pen and paper over the break trying to work out how to pull it all together coherently."

Appendix 1: Victorian Government Departments[1]

The Victorian Government was organised into ten ministerial departments of state. There was also an array of statutory authorities and government enterprises which had a degree of autonomy. The ten core departments were:

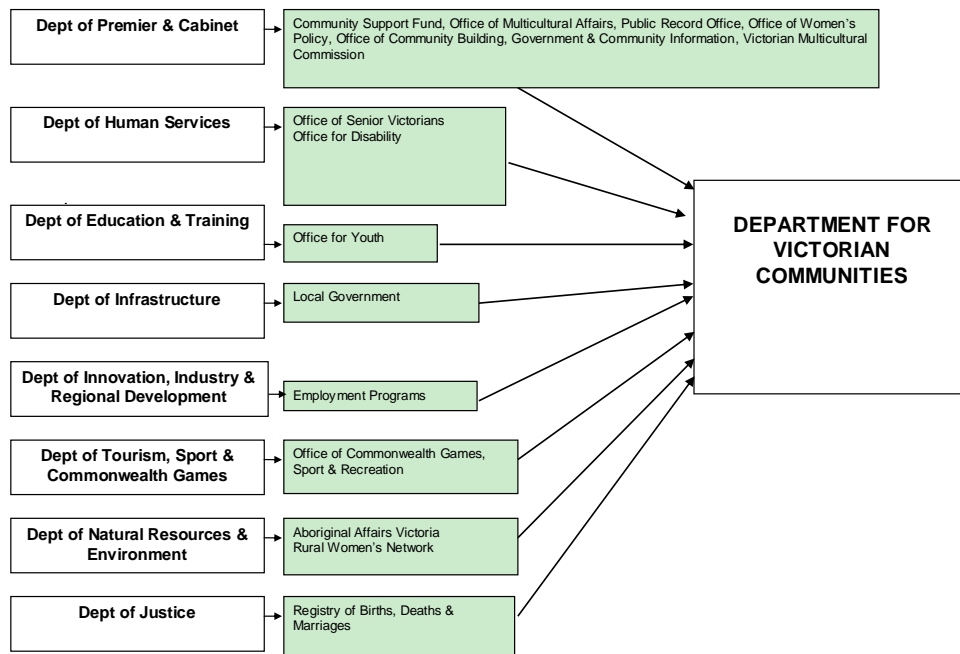| Department	Key roles
Department of Premier and Cabinet (DPC)	• Supports the Premier as head of Government and Cabinet • Provides strategic policy leadership • Develops whole-of-government initiatives • Delivers services and programs in relation to Government Information and Communication and Arts Victoria.
Department of Treasury and Finance (DTF)	• Provides policy advice to the Victorian Government on economic, financial and resource management, supporting the delivery of its financial and social policy platform. • Formulates and implements the Government's longer-term economic and budgetary objectives.
Department of Education and Training (DET)	• Plans, regulates, manages, resources and delivers primary and secondary education in Victorian government schools • Funds, regulates and liaises with non-government schools • Plans, regulates, resources and purchases training and further education, apprenticeships and traineeships, and adult community education. • Regulates and administers the legislation governing the provision of higher education in Victoria.
Department of Human Services (DHS)	Plans, funds, regulates and/or delivers: hospital and other health services, community and housing services.
Department of Infrastructure (DOI)	Provides essential infrastructure in Victoria, with responsibility for transport, ports and marine, freight, information and communication technology, major development, energy and security.
Department of Innovation, Industry and Regional Development (DIIRD)	Responsible for economic development in Victoria: • Acting as a liaison between industries and the government. • Championing innovative practices and technologies across industries and businesses. • Providing industry access to a range of programs, assistances and advice to foster growth and development. • Supporting and developing infrastructure projects in regional areas.

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[1] As at December 2002.

Department of Justice (DOJ)	• Police funding and administration
	• Courts administration
	• Prisons
	• Fire and emergency services
	• Regulation of gaming, racing, liquor licensing and trade measurement
	• Victims' services.
	• Drafting of legislation
	• Administration of various tribunals and programs to protect citizen's rights.
Department of Primary Industries (DPI)	• Manage, regulate and facilitate investment in the sustainable use of Victoria's natural resources.
	• Sponsor science to drive improvements in the productivity and sustainability of Victoria's primary industries.
	• Promote trade by protecting and enhancing access to markets.
	• Strengthen the capacity of rural industries and communities to anticipate and respond to change.
Department of Sustainability and the Environment (DSE)	• Sustainable water management and supply
	• Management and governance of Victoria's parks
	• Promoting biodiversity, conservation, ecosystem, heritage recreation and tourism
	• Management of public land and forests
	• Fire prevention operations and planning
	• Urban and regional strategies and programs
	• Land information
	• Policy frameworks, regulations and services to protect the environment and promote sustainability.
Department for Victorian Communities (DVC)	See Appendix 2

Examples of the major statutory authorities and other autonomous agencies are:

• State Services Authority
• Victoria Police
• State Emergency Service
• Public hospitals
• Melbourne Water Corporation and publicly-owned retail water companies.
• Essential Service Commission
• Adult, Community and Further Education Board
• VicRoads
• Country Fire Authority
• Environment Protection Authority
• Parks Victoria
• Transport Accident Commission.

Appendix 2: The origins of the Department for Victorian Communities

Dept of Premier & Cabinet	→	Community Support Fund, Office of Multicultural Affairs, Public Record Office, Office of Women's Policy, Office of Community Building, Government & Community Information, Victorian Multicultural Commission
Dept of Human Services	→	Office of Senior Victorians / Office for Disability
Dept of Education & Training	→	Office for Youth
Dept of Infrastructure	→	Local Government
Dept of Innovation, Industry & Regional Development	→	Employment Programs
Dept of Tourism, Sport & Commonwealth Games	→	Office of Commonwealth Games, Sport & Recreation
Dept of Natural Resources & Environment	→	Aboriginal Affairs Victoria / Rural Women's Network
Dept of Justice	→	Registry of Births, Deaths & Marriages

All of these feed into → **DEPARTMENT FOR VICTORIAN COMMUNITIES**

Department for Victorian Communities

Source: Louise Hill, Executive Director, Corporate and Organisational Development, Department for Victorian Communities.

Appendix 3: DVC portfolio ministers[2]

Minister	Portfolio(s) in DVC
Peter Batchelor	Minister for Victorian Communities
Jacinta Allan	Minister for Skills, Education Services and Employment: Minister for Women's Affairs
Steve Bracks	Minister for Multicultural Affairs
Richard Wynne	Minister for Local Government
Lisa Neville	Minister for Aged Care (Minister responsible for Senior Victorians)
Gavin Jennings	Minister for Community Services (Minister responsible for Disability; Minister for Aboriginal Affairs)
Daniel Andrews	Minister assisting the Premier on Multicultural Affairs
James Merlino	Minister for Sport, Recreation and Youth Affairs

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[2] As at December 2002