

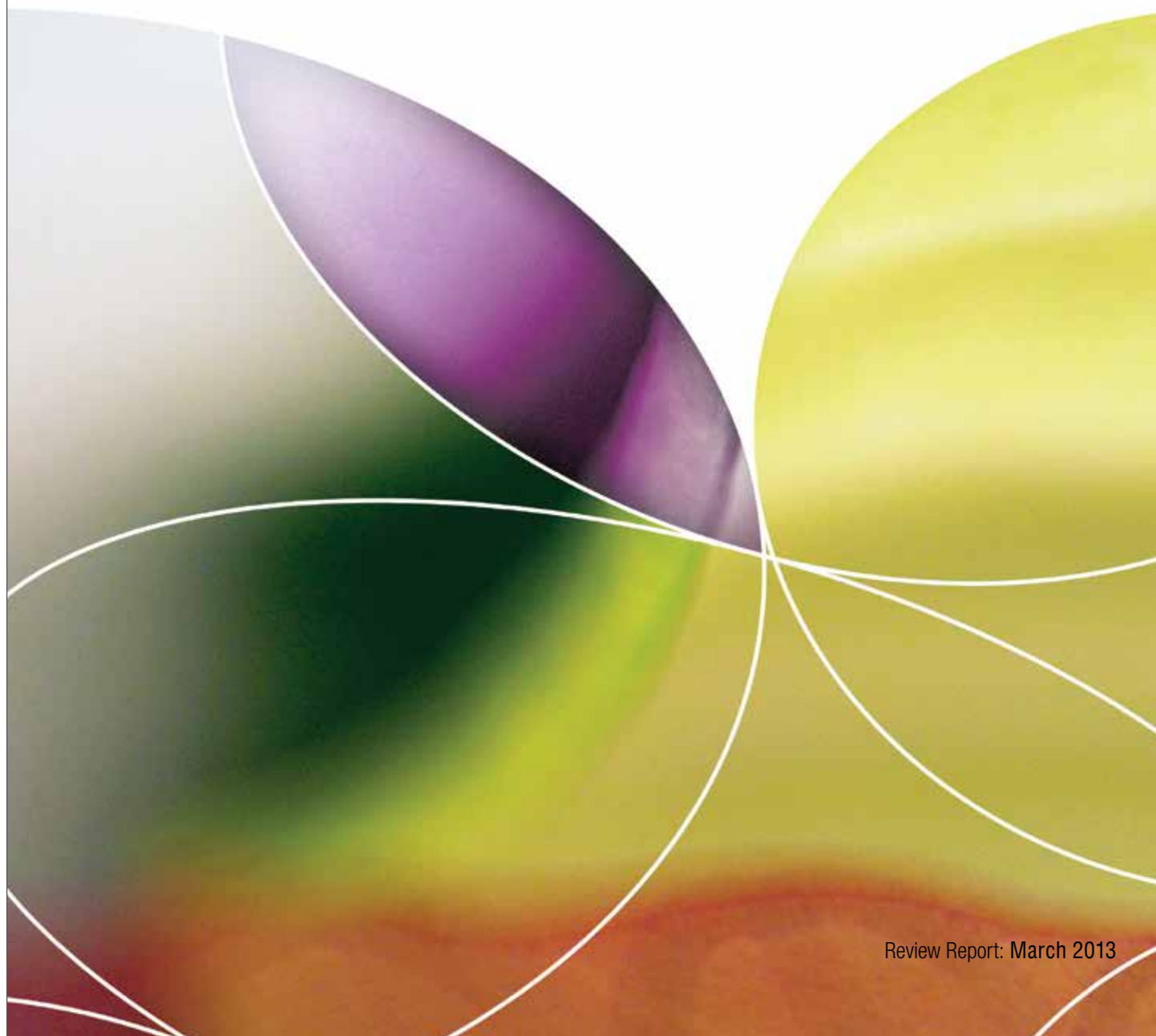


Australian Government
Australian Public Service
Commission

CAPABILITY REVIEW

Department of Agriculture, Fisheries and Forestry

*Effective leadership Diverse workforce **Capable organisations and workforce** Employee conditions APS Values*



Review Report: March 2013



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CAPABILITY REVIEW

Department of Agriculture, Fisheries and Forestry

Foreword

The 2010 report *Ahead of the Game: Blueprint for the Reform of Australian Government Administration* recommended that the Australian Public Service Commission (APSC) undertake reviews to assess capability in key agencies and to identify opportunities to raise the institutional capability of the service as a whole.

The methodology used by the APSC to conduct these reviews has been gradually refined to more closely reflect the Australian context in which the review program is being conducted.

I thank the Department of Agriculture, Fisheries and Forestry for the positive approach adopted towards the review. Both the former Secretary, Dr Conall O'Connell, and the new Secretary, Mr Andrew Metcalfe AO, who started in his new role mid-way through the review, were highly supportive of the exercise. All staff who participated in interviews and workshops were generous with their time and displayed great passion for their work.

I would also like to thank Dr Sue Vardon AO, the chair of the review team, other senior members of the team, Dr John Stocker AO and Dr David Gruen and my own team from the APSC who support and advise them. Once again, this review has shown the merits of bringing together a team of such high calibre and diversity of experience.



Stephen Sedgwick AO
Australian Public Service Commissioner



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1. About the review

A capability review is a forward-looking, whole-of-agency review that assesses an agency's ability to meet future objectives and challenges.

This review focuses on leadership, strategy and delivery capabilities in the Department of Agriculture, Fisheries and Forestry (DAFF). It highlights the department's internal management strengths and weaknesses using the model set out in Figure 1. A set of 39 questions is used to guide the assessment of each of the 10 elements of the model. Those assessments are included in Section 4 of this report.

Capability reviews are designed to be relatively short and sharp and to take a high-level view of the strategic operations. They focus primarily on its senior leadership, but are informed by the views of its middle management, who attend a series of workshops.

External stakeholders are also interviewed, including relevant ministers, private sector companies, state delivery organisations, peak bodies, interest groups, citizens, clients and central agencies.

The fieldwork for the capability review of DAFF was undertaken between 12 November 2012 and 8 March 2013.

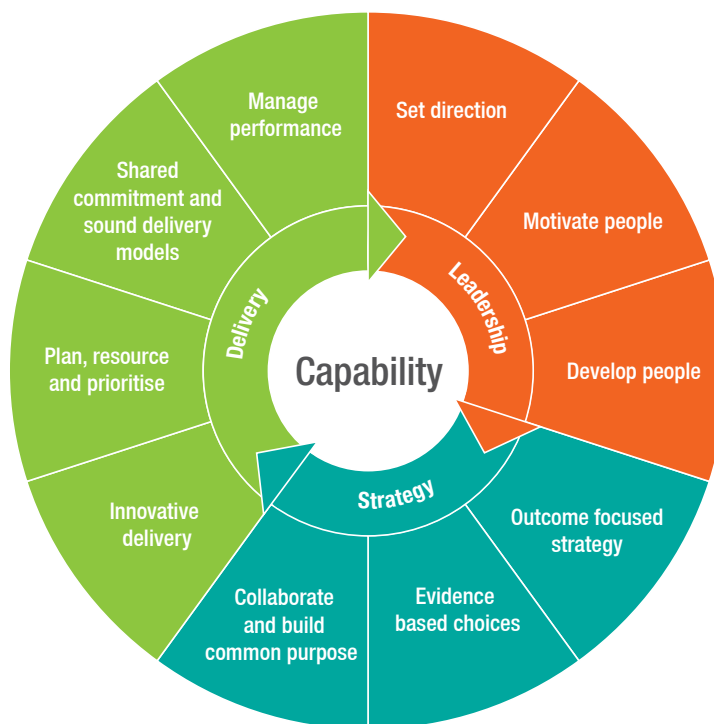


Figure 1—Model of capability

2. About the department

DAFF makes sure that Australians can trust that the food and fibre we produce is sustainably grown and safe, while every year helping millions of people and goods move in and out of Australia without harming animal, plant and human health or our environment.

There has always been a government agency fulfilling these vital functions that are crucial to the Australian community.

Australian agriculture, fisheries and forestry are billion dollar industries that benefit from DAFF's research and science, policy and programs to improve their productivity, competitiveness and sustainability. The department's impact and reach, and the way science and economics are combined with policy development and program and service delivery responsibilities, makes DAFF a credible organisation in the eyes of the Australian community and Australia's trading partners.

Agriculture, fisheries and forestry make an important contribution to Australia's economic prosperity.

The industries recorded a combined gross value of production of \$53.1 billion in 2011–12 and accounted for 2.2% of gross domestic product. Nearly two-thirds of our agricultural production is exported, generating \$34.7 billion in 2011–12. Our major agricultural exports are wheat, beef, wool, dairy products, cotton and wine.

Agriculture and forestry occupy 63% of Australia's 7.7 million square kilometre land mass. Our fisheries, although based largely inshore, use an Exclusive Economic Zone of approximately 10 million square kilometres.

Together, agriculture, fisheries and forestry industries employed 351,000 people in 2010–11.

DAFF employs more than 5,000 staff in Australia and overseas, including policy officers, program administrators, economists, scientists, biosecurity officers, meat inspectors, researchers, veterinary officers, communicators and project managers. Staff work in places as varied as offices, airports, mail centres, shipping ports, laboratories and abattoirs—located in regional centres, rural communities, capital cities and embassies and consulates around the world.

The age distribution of DAFF staff is similar to that of the APS (43% under 40 years of age). DAFF staff are employed at lower employment classifications (48% at APS 1–4, compared with the APS average of 35%).

Staff are also more likely than average to have worked in more than one agency (49%, against the APS average of 35%). A total of 59% of staff are located outside Canberra.

The department has undergone significant change in recent years in response to Australia's changing political and economic environment and the vulnerabilities in Australia's biosecurity system exposed by the August 2007 outbreak of equine influenza. The report of the Quarantine and Biosecurity Review panel chaired by Roger Beale AO (the Beale Review), released by the Minister in December 2008, made 84 recommendations to improve Australia's biosecurity system, all of which were agreed to in principle at the time by the government.



The department's response was immediate, driving a new focus on biosecurity that included combining the biosecurity functions previously undertaken by four groups to form the Biosecurity Services Group. The Beale Review recommended the establishment of a statutory office of the Inspector General of Biosecurity, which has been implemented at operational level pending legislation. However, the recommendation to establish a separate statutory authority was not followed through. Rather, the Australian Government decided at the time of its 2011–12 Budget that biosecurity functions would remain in the department because of their links to policy and the cost to establish a separate agency.

Shortly thereafter, on 14 November 2011, the department released a new Strategic Statement and launched a new identity.

Among other things, the new strategy takes the view that the most efficient and effective approach is to conduct quarantine activities along the biosecurity continuum addressing pest and disease risks offshore (before they reach Australia), at the border, and onshore (within Australia), rather than at the border alone; a concept consistent with the Beale Review recommendations. These changes also reflect the preparation of new biosecurity legislation, developed with the contemporary trading environment in mind and the risk it poses. This focus on the biosecurity supply chain more closely aligns the biosecurity function with related policy and program delivery.

The new strategy aims to unify the department's culture, and this has included the progressive 'retirement' of the Australian Quarantine and Inspection Service (AQIS) brand. At the same time, in view of its high degree of public and professional recognition, the Australian Bureau of Agricultural and Resource Economics and Sciences (ABARES) brand was retained but aligned more closely with the department. DAFF ABARES is a key part of the capability of the department and its work is used to provide an important evidence base to inform a range of policy challenges within governments and industry.

A milestone for DAFF was the signing of the Intergovernmental Agreement on Biosecurity by the Prime Minister and all state and territory first ministers—excluding Tasmania—in January 2012. Work continues on the new biosecurity legislation and on the transition from rigid intervention targets to a flexible and more cost-effective risk-return approach across Australia, which allocates staff and resources based on intelligence to areas that pose the highest biosecurity risk.

The Strategic Statement also reflects the department's challenges in policy and program delivery. A number of drought support measures ended in 2012. The April announcement that Exceptional Circumstances Interest Rate Subsidies were to be phased out nationally from the end of June 2012 was a key milestone. New carbon farming programs began as part of the department's support for portfolio industries in moving from crisis management to long-term sustainability and risk management. A new policy framework and regulatory arrangements for the export of live animals in accordance with internationally recognised animal welfare standards has been developed and implemented. There has been comment on how expeditiously this was achieved. It is now in place for all markets. Progress has also been made to finalise the transition to new streamlined export certification arrangements, and the National Food Plan green paper, outlining policy options for maintaining Australia's food security and maximising food production opportunities, was released for public feedback in July 2012.

Each of these initiatives supports the department's strategic goals—summarised as RPM: Resources, Productivity and Markets. This RPM Framework has struck a chord with DAFF's staff, strengthening the connection between the department's activities and its Strategic Statement and beginning to unify DAFF with its broad span of responsibilities and ambitious change agenda.

In the 2012 employee census, 81% of DAFF staff agreed with the statement: 'I am committed to the department's vision, mission and goals.' This result was consistent across DAFF, with little variance across divisions and regions.

The department engages with a significant number of clients (people and businesses directly impacted by programs, service delivery or regulation) and stakeholders (those who have an interest in policy and its impact but are not directly affected by it), including public and private companies, brokers, industry associations, not-for-profit organisations, state and territory governments and other Australian Government agencies. The portfolio includes three prescribed agencies under the *Financial Management and Accountability Act 1997* (FMA Act) that have regulatory roles, a statutory marketing authority and six research and development (R&D) corporations.

The department manages its relationships with clients and stakeholders through advisory and working groups operating across its business. Engagement through consultation provides the foundation for DAFF in the conduct of its business, for example in formulating the annual regulatory plan that provides business operators, business representatives and the public with input and access to information about changes to its business regulations.

In a 2012 survey of stakeholders, 44% agreed that 'The Department fully engages with my organisation, listens to our views and provides feedback on the outcomes.' A total of 20% of respondents did not think DAFF fully engaged, while 36% of respondents neither agreed nor disagreed with the statement.

Clients and stakeholders are increasingly seeking to engage with the department in its regulatory capacity on issues relating to their 'social licence'—the implicit approval to operate given by communities in addition to government regulatory requirements. This community approval can sometimes change rapidly and vary across stakeholders. The issues that arose in 2011, relating to the live animal export industry, and in 2012, relating to the operation of the FV Margiris—Abel Tasman fishing trawler, underlined the importance of understanding the complex relationship between social licence, regulation and evolving community opinion.

3. Summary assessment

DAFF needs to be:



A policy leader—responsive to the government of the day, and the foremost policy influence on sustainable production and use of food and fibre.

Client focused with a modern service delivery approach—proactive in programs that protect the animal, plant and human health status of Australia and improve the productivity of portfolio industries; and offering the best possible service delivery options to its many and varied clients.

Contemporary in its approach to business and ICT systems—building systems that support a modern service-delivery approach, including cost-recovery arrangements suitable to its operations.

A source of easily accessible quality public information—shaping the public debate around contentious issues through strong foresighting and scenario analysis and effective communication.

The choices that must be made today in forging this future are for the new departmental Secretary and his leadership colleagues to make. They are fortunate to be able to build on the considerable strengths within DAFF that have been fostered in recent times. These include a:

- highly motivated workforce, rich with committed staff, many of whom have backgrounds in rural and regional Australia and farming communities
- diverse body of professionals, from scientists to economists, agronomists to dog handlers, biosecurity officers to information technology (IT) professionals
- united leadership group
- new Strategic Statement and RPM Framework that have been met with mostly positive staff feedback
- post-event crisis response capability that is impressive
- newly adopted risk-based approach along the biosecurity continuum (pre-border, border and post-border) that is intelligence-led and thereby more efficient and effective
- tangible commitment in everyday practice across all sections of the department to the principles of evidence-based policy
- culture of continuous improvement supported by a framework for facilitating innovation
- strong web of relationships with ‘established’ and ‘traditional’ stakeholder groups.

The senior review team believes DAFF understands its core responsibilities. It is by many measures a ‘solid and capable’ organisation. However, by the criteria employed to assess capability under the APSC model, the department has several areas that require further development.

Policy leadership

The department does insufficient strategic thinking on the big issues facing DAFF's portfolio industries and Australia's natural environment and has been passive and inwardly focused when it comes to larger policy debates within government.

Stakeholders have noted throughout the review that the scope of functions carried out by DAFF has slowly reduced over time, with other departments now taking primary carriage of water and environmental responsibilities, for example. Industry has expressed concern over this perceived erosion of influence.

In the opinion of the senior review team, DAFF needs to move from being a policy taker to a policy maker – leader. It needs to recognise that its insularity and timidity in policy matters are both skills and confidence issues. It also needs to recognise stakeholder concerns and enmesh its efforts with those of other departments of government, with industry and with the community.

The leadership of DAFF should play a more visible and communicative role inside and outside the department in establishing a stronger vision for its portfolio industries and Australia's natural environment. The department's role and purpose needs to be clarified to support its portfolio industries. Staff need to understand their role in larger policy debates and be given the confidence to bring considered, strategic arguments forward.

The senior review team has noted the recent reviews of the rural Research and Development Corporations (RDCs) and the government's policy statement in response. Consistent with its policy role and in the context of the significant public money invested, DAFF needs to identify cross-sectoral, public-interest research outcomes for the rural RDCs, and put in place appropriate accountability arrangements.

The Portfolio Secretary should provide a strategic coordinating link for the Minister and government on all aspects of the portfolio, including its agencies, ensuring that all pieces fit together with clear purpose.

Finally, the department has a serious reform program ahead of it. To ensure its ability to deliver reforms, together with the management of day-to-day operations under complex legislation, DAFF needs to consider expanding its existing legal capability.

A client-focused, modern service delivery approach

A crucial part of the department's business is service delivery.

Survey data collected by DAFF show that clients and stakeholders view the department as friendly and responsive. Furthermore, in the opinion of the senior review team, individual parts of the department appear to relate well to their clients.

DAFF's biosecurity service delivery responsibilities are the largest component of the department's resources, making up approximately 70% of business. The senior review team found there is a sound and reliable service delivered by biosecurity operations.

However, all parts of the department should recognise their impact on service delivery roles and work together for their clients.

As DAFF recognises, its service delivery performance is not what is expected of a modern service delivery agency. In the senior review team's opinion, the department is many years behind best practice in the Australian Public Service (APS).



For each client group, there needs to be a clear articulation of all activities the department undertakes, to form an integrated service offer.

A modern, holistic approach to better client service is also required. The elements of such an approach have been articulated in DAFF's national service delivery approach but have yet to be embedded throughout the department. These principles provide a good platform for modernising the delivery systems. Improvements are underway, making the department well placed to achieve a contemporary service delivery model. The department is looking to 'build once and use many', better manage service channels and have a greater web presence for clients and stakeholders.

A contemporary approach to business and information, communication and technology (ICT) systems

Contemporary ICT systems and business architecture support a modern service delivery agency.

While DAFF does an impressive job of containing biosecurity risks and running a range of programs, there is an over-reliance on manual, paper-based interactions with clients. There is equally an absence of standard processes and procedures across the department for many of its service delivery functions.

DAFF has moved from a federated model to a less siloed operation since 2010–11, and there is great willingness to share knowledge, information, expertise and resources across the department and with partner-agencies in other jurisdictions. Systems to support such exchange, however, are clunky and inadequate.

It is notable that 60% of the department's budget comes from cost-recovery operations. As part of these operations, DAFF manages many fees and charges and consults with well over 100 industry bodies on cost-recovery arrangements.

This creates a level of inefficiency that would not be accepted in private industry and represents a major threat to the department's future capability. Accordingly, there needs to be a major organisational focus on reform of the cost-recovery arrangements and the proper internal allocation of resources. Such reform presents an opportunity to move from an old-fashioned system to a new paradigm that will ultimately benefit both portfolio industries and the department.

The department's ICT has historically suffered from under investment, poor decision making and the lack of an enterprise-wide strategy. Its new ICT Strategic Plan is looking to move DAFF away from its legacy of localised systems and databases and build capacity to store, share and link information across the enterprise. This will significantly enhance the department's ability to transform its service offers and manage its knowledge.

A source of easily accessible quality public information

On issues relevant to its portfolio responsibilities, DAFF has sometimes found itself between community groups and its portfolio industries. Increasingly, industries with poor social acceptance are failing to engage with the community and instead are turning to DAFF for assistance. The department's response to such emerging issues has been slow and costly to its reputation.

If DAFF is to anticipate these issues and their implications for policy, program and service delivery, it needs to further develop its capability in foresighting and scenario analysis. It also needs to provide accessible, authoritative, public information to industry, the media and the general public. DAFF is well placed to develop this capability, given the strength of its scientific and economic expertise and its ability to collate and use evidence in support of decision making.

Approaches to shaping the public discussion on emerging issues have already been successfully implemented in other areas of government service and present possible models for DAFF to emulate or adapt. One such model is the material on public policy issues with significant technical content that are also contentious, which is published by Food Standards Australia New Zealand on its website.

In addition, there may be scope for the Secretary and senior colleagues to speak publicly on issues, setting out the complexity of competing views in the interests of shaping more informed public discussion.



4. More detailed assessment of departmental capability

This section provides an assessment framed by the leadership–strategy–delivery structure of the capability review model.

Assessments were made according to the rating descriptions set out in Figure 2.





	Strong	<ul style="list-style-type: none"> Outstanding capability for future delivery in line with the model of capability. Clear approach to monitoring and sustaining future capability with supporting evidence and metrics. Evidence of learning and benchmarking against peers and other comparators.
	Well placed	<ul style="list-style-type: none"> Capability gaps are identified and defined. Is already making improvements in capability for current and future delivery, and is well placed to do so. Is expected to improve further in the short term through practical actions that are planned or already underway.
	Development area	<ul style="list-style-type: none"> Has weaknesses in capability for current and future delivery and/or has not identified all weaknesses and has no clear mechanism for doing so. More action is required to close current capability gaps and deliver improvement over the medium term.
	Serious concerns	<ul style="list-style-type: none"> Significant weaknesses in capability for current and future delivery that require urgent action. Not well placed to address weaknesses in the short or medium term and needs additional action and support to secure effective delivery.


Figure 2—Rating descriptions

The review team's assessment of DAFF's capability is outlined below under leadership, strategy and delivery.




Leadership

Set direction		Development area
Motivate people		Well placed
Develop people		Development area

Strategy

Outcome-focused strategy		Development area
Evidence-based choices		Strong
Collaborate and build common purpose		Development area

Delivery

Innovative delivery		Well placed
Plan, resource and prioritise		Development area
Shared commitment and sound delivery models		Well placed
Manage performance		Development area



4.1 Leadership summary

Set direction

- There has been much positive change and reform within DAFF over the past two years. The start of a new Secretary's tenure should help continue these efforts.
- The Strategic Statement and RPM Framework provide a compelling narrative for the whole department following the decision not to establish biosecurity operations as a statutory authority.
- The department has been passive and inwardly focused on larger policy debates and needs to broaden its gaze and extend its influence. Staff and stakeholders are looking for DAFF to take a more active role in articulating a vision for its portfolio industries and Australia's natural environment. The department's leaders have a role in informing and explaining public policy challenges before they become acute issues.
- While there are efforts to improve the change management process, DAFF should engage more widely to gain traction given the department's upcoming challenges. Respectful efforts should be made to unite to a single purpose.

Motivate people


- 77% of DAFF staff enjoy the work they do.
- There is a strong commitment across the department from highly motivated staff who take pride in their work.
- DAFF's leadership should be more visible and communicative, both within and outside the department, particularly on the future vision for the portfolio industries.
- The focus of the new 'One DAFF' identity and retiring of the AQIS brand has brought down siloes within the department and influenced the culture in a positive manner.

Develop people

- There is an absence of understanding among staff of wider government policies and DAFF is seen as a policy taker rather than a policy maker.
- To improve the quality of work along the policy – implementation continuum staff need to be competent in using the department's administrative design, project and program management frameworks.
- If DAFF's expertise is to be properly leveraged and new capability developed then more attention should be given to workforce planning, talent management, dealing with poor performance and a greater focus on productivity improvements in the enterprise agreement.
- Unplanned absences remain too high. Urgent action with staff representatives is required to bring this rate down.
- Many key-person risks exist across DAFF with expertise sometimes resting in a single individual.
- Succession planning and knowledge management need attention.

Comments and ratings against the components of the 'leadership' dimension follow.

Set direction

Guidance Questions		<p>1 Is there a clear, compelling and coherent vision for the future of the organisation? Is this communicated to the whole organisation on a regular basis?</p> <p>2 Does the leadership work effectively in a culture of teamwork, including working across internal boundaries, seeking out internal expertise, skills and experience?</p> <p>3 Does the leadership take tough decisions, see these through and show commitment to continuous improvement of delivery outcomes?</p> <p>4 Does the leadership lead and manage change effectively, addressing and overcoming resistance when it occurs?</p>
Rating		Development area

Moving in the right direction

The 2011 Strategic Statement sets out a new mission, vision, goals and aspirational culture for DAFF.

In particular, the new mission—‘We work to sustain the way of life and prosperity of all Australians.’—links to the department’s role in improving the productivity, competitiveness and sustainability of its portfolio industries and emphasises its job in helping people and goods move in and out of Australia while managing the risks to the environment and animal, plant and human health.

The introduction of the 2011 Strategic Statement and the RPM Framework is a major step forward for the department in building a common direction and purpose and has been met with mostly positive staff feedback. The statement demonstrates a sound appreciation of DAFF’s business, while the RPM Framework allows staff to see their roles more clearly and understand how they contribute to a common purpose. For example, the two documents combined have provided a rationale for integrating AQIS into the department proper and centralising human resource, ICT and financial activities under one umbrella.

External stakeholders and industry groups are still commenting on the absence of reference to agriculture, fisheries and forestry, while in the department, there is commentary that DAFF’s work also impacts on food and the natural environment. As a consequence the new Secretary is seeking opinion on the merits or otherwise of reintroducing these terms.

Broadening the gaze and picturing the future

As positive as the 2011 Strategic Statement and RPM Framework have been, they are primarily inward-focused documents that seek to clarify the department’s role and purpose.

Some segments within DAFF are already trying to focus on big-picture thinking and there has been particular investment in foresighting by ABARES and Animal Health.

However, in the opinion of the senior review team, DAFF does insufficient strategic thinking on the big issues facing its portfolio industries and as a result the department is yet to articulate a clear and coherent vision. More attention should be given to DAFF’s broader roles and responsibilities in delivering on the larger government agenda. In this respect, it is important that the department not be constrained by its Strategic Statement and the RPM Framework. It should use these as a launching pad towards a positive future for DAFF’s portfolio industries and the environment.

Staff and stakeholders have raised strategic issues with the senior review team in relation to drought reform, the role of agriculture in the Asian Century and the possible reversal of the historic decline in agriculture's share of gross domestic product. Various parties have also raised the issue of lifting the education standards and business skills of the sector and the role DAFF could play in cooperation with industry groups, given that education, along with extension services, are major components of productivity improvement. The thinking around these issues needs to be pulled together across the department.

In this respect some clients and stakeholders have been quite strong in their criticism of DAFF's inability to see this bigger picture and the perceived erosion of administrative responsibilities within its portfolio, claiming the department is now incapable of formulating a grand strategy or giving effect to one. There are also concerns on the part of clients and stakeholders about DAFF's ability to identify future risks and produce policy in response.

Managing change better

Creating a new vision for the department's portfolio industries will present a challenge for staff.

It was notable to the senior review team that some staff still feel 'scarred' by the criticisms that arose from the 2007 Equine Influenza event—some six years later.

All public sector agencies are subject to periods of intense scrutiny and it is rare that an agency has not been through one or more particularly challenging periods. DAFF leadership will have to help staff move beyond their fears and the timidity and risk aversion this experience has generated in some staff. Staff surveys indicate that staff feel change has not been managed well. The rating for this is below the APS average. There is also a belief that the senior leadership is at times pursuing change for change's sake, which highlights the importance of providing a compelling narrative to support departmental change.

The department's governance arrangements have been strengthened over the past 12 months, including through the establishment of a Change Management Committee and Investment Committee. Additionally, external and Executive Level (EL) and APS staff have been included on some governance committees to open them up to different ways of thinking.


Supporting the Change Management Committee is the Portfolio, Program and Project Management Office—the P3O. The P3O is responsible for implementing the new Program and Project Management Framework (launched in October 2012), which aims to ensure projects support the department's vision, mission and goals. The framework also provides an opportunity to identify collaboration, areas of duplication as well as emerging issues and risks.

The P3O and Program and Project Management Framework are works in progress. It is important to understand what projects are being undertaken to prevent duplication; to look for synergies; and to ensure work being undertaken connects to the broader departmental strategy. Some business areas have engaged positively with the framework and are using it as part of their 'business-as-usual' processes. There are now approximately 85 registered projects.

Other business areas remain sceptical and are yet to embrace the framework. Reasons include a fear that a level of control over programs and projects will be lost and project administration has or will become over engineered and bureaucratic. For the framework to gain greater acceptance across the department it will be important that the principles of portfolio, program and project management be integrated into the business of units and their respective planning processes. In short, flexibility and understanding will be key to the P3O's success.

The Change Management Committee's forward agenda should be more effectively communicated across the department through formal and informal channels.

Motivate people

Guidance Questions		<ol style="list-style-type: none"> 1 Does the leadership create and sustain a unifying culture and set of values and behaviours which promote energy, enthusiasm and pride in the organisation and its vision? 2 Are the leadership visible, outward-looking role models communicating effectively and inspiring the respect, trust, loyalty and confidence of staff and stakeholders? 3 Does the leadership display integrity, confidence and self-awareness in its engagement with staff and stakeholders, actively encouraging, listening to and acting on feedback? 4 Does the leadership display a desire for achieving ambitious results for customers, focusing on impact and outcomes, celebrating achievement and challenging the organisation to improve?
Rating		Well placed

Building on a strong culture

DAFF has a strong unified and collegiate culture. This is of particular credit given the very diverse range of professional groups existing across the department and its geographical spread. The proportion of DAFF staff who report being satisfied with their job increased from 62% to 75% between the 2011 and 2012 staff survey. The cultural integration of regional operations has been enhanced in recent times by the sharing of policy responsibilities among regional managers and an approach that does not see regions merely as agents, but as genuine contributors on the policy–implementation spectrum. Staff are highly motivated and proud of the work they do.

Consistent with ‘One DAFF’, the new Secretary has decided to retire the AQIS branding immediately. The strong positive culture in AQIS is being transitioned across to the divisions responsible for delivering biosecurity services. Staff working in the regions are now referred to as DAFF officers, and all imports and exports will be stamped with the Australian Government crest once negotiations with trading partners have been concluded.

If there remains disquiet or tension about this move, it is likely to be countered by the clear and decisive position that has been taken and that the change will occur expeditiously.

Communicating DAFF's identity

As recognised in the department’s own self-assessment, the leadership cadre is not as visible to DAFF staff as it should be. It is noted that when the new Secretary started, he walked the floors and visited all regional offices to greet staff. This has had a very positive impact and is a model for the entire departmental leadership.

Beyond mere physical presence, senior leadership should be visible in setting and communicating the department’s big picture agenda. This is in part about demonstrating to staff the place they should take in larger policy debates and giving them the confidence to raise their voices and bring considered, strategic arguments to the table.

The start of the new Secretary’s tenure also provides greater opportunities to open communication lines with external stakeholders and to build stronger relationships, as well as better engaging clients and stakeholders in formulating and realising a vision for DAFF’s portfolio industries and Australia’s natural environment.



Internal communication

DAFF's intranet, MyLink, contains much of the corporate information needed to do business as usual. However, there are serious concerns about its usability. It is not intuitive, the information is siloed and staff trying to make a decision have to go in and out of various interfaces. Some forms still have to be printed and posted.


Instructional material is written along structural lines but is not consistent across the department.

Encouragingly, DAFF has introduced a practice – statement system to increase the integrity of instructional material. This initiative needs greater emphasis.

Information and training for decision makers in direct contact with the public vary in quality and consistency.

The intranet lacks the bandwidth to deliver important internal voice and video communications, for example the Secretary's vodcasts to staff over a 10-minute duration.

Develop people

Guidance Questions		<ol style="list-style-type: none"> 1 Are there people with the right skills and leadership across the organisation to deliver your vision and strategy? Does the organisation demonstrate commitment to diversity and equality? 2 Is individuals' performance managed transparently and consistently, rewarding good performance and tackling poor performance? Are individuals' performance objectives aligned with the strategic priorities of the organisation? 3 Does the organisation identify and nurture leadership and management talent in individuals and teams to get the best from everyone? How do you plan effectively for succession in key positions? 4 How do you plan to fill key capability gaps in the organisation and in the delivery system?
Rating		Development area

Supporting policy skills

There is evidence of well-informed policy work being undertaken within the department, informed by scientific and economic understanding. To maintain this level of expertise, DAFF needs to constantly refresh and reinvigorate its approach with new ideas and methods.

There is some level of timidity inside the department when it comes to engaging in wider APS policy debate. DAFF is considered by many to be insular and passive on policy matters and these are in large part skills and confidence issues. There seems to be a gap within policy areas, as well as a lack of sound understanding of the political arena in which the department operates. It has been commented that DAFF tends to focus on traditional processes, rather than actively shaping the policy terrain. While staff are regarded as good corporate citizens by other Australian Government agencies and state and territory counterparts, they are also inexperienced at fully engaging across the whole of government at all levels of the policy debate, particularly with new or uncertain ground. Part of this process includes providing the government with a broader range of policy options.

The department has acknowledged this deficit in policy skills in its own self-assessment. It is looking to address this as part of its workforce plan.

Good policy making also requires a strong understanding and appreciation of client and stakeholder interests and DAFF could do more to ensure staff are properly exposed to these. Such opportunities could also be used to reward capable staff by encouraging site visits and work experience within portfolio industries.

The department has adopted a new policy implementation tool, the Administrative Design Framework. This has been successfully used to develop the new illegal logging regulations, and is now a positive example within DAFF of a strategic approach to collaborating with industry, community and other government agencies. The senior review team supports these continued efforts and the use of the framework.

There appears to be a lack of legal capacity within the department and it was noted during the review that this is a serious deficiency in policy formulation and in DAFF's understanding of the complex legislation under which it and its agencies operate. The urgent reforms needed to modernise the department will require a high level of legal capability.

A senior legal counsel close to the Secretary would strengthen capacity to develop alternative policy options for government. In addition, this function will improve the department's capability to purchase outside legal services and build corporate knowledge in legal precedents and advice. An in-house review addressing these issues has started.

Thinking about a talented future workforce

The department recently considered a draft workforce plan seeking to address existing and expected skills gaps. DAFF has also worked hard on a new mentoring program, including developing a framework, defining roles and sourcing a list of possible mentors to advertise on the intranet.

Nonetheless, it is the view of the senior review team that there is not enough strategic consideration of career development for potential leaders.

There has been much work regarding DAFF's Learning and Development Pathway, which closely oversees a staff member's journey throughout their career from when they start with the department. From the eLearning induction pack, through various technical and specialist training streams to management and leadership courses, the department has developed a progression for all staff. However some content included within the pathway is still under development or yet to be rolled out, and parts of the supporting learning and development pathway (for example, the induction package), do not appear to have been updated to reflect the new framework.

Moreover there are situations where staff feel relatively disadvantaged compared with other APS departments. Most particularly, decisions for everyday business seem to be taken at too high a level and EL staff feel they are not properly consulted. Moreover, some within this cohort perceive a lack of career progression opportunities. There is also a perceived lack of staff development opportunities in their view and it is difficult to change roles across technical streams.

The inaugural EL2 conference (2012) represented an attempt to better engage with the cohort and build relationships across the organisation. Future conferences of this kind should use more modern approaches to communication and include problem solving, issues management and leadership development.



Improving performance management

The department has recently revised Performance Agreements for the Senior Executive Service (SES) to align them better with the new Strategic Statement and changes have been made to SES Performance Agreements focusing on ‘how’ the senior leadership do their job as much as ‘what’ they do. This step seems sensible in the context of the comments heard by the senior review team regarding the lack of ‘soft skills’ within sections of the SES cadre (in particular performance appraisal feedback and cascading information throughout the department).

The performance management system extends throughout the department. Its quality is variable and it relies on the commitment of the supervisor, their knowledge and capability to give feedback, and the seriousness with which the process is taken. Comments made throughout the review also indicate the need for a clearer line of sight between individual performance agreements, the branch and divisional business plans and the Strategic Statement.

The senior review team has noted high levels of unplanned absences within the department —15.2 days on average according to the *State of the Service Report 2011–12*. In the context of limited resources, this high figure is a concern. Along with other constraints to improving flexibility, it represents a barrier to the creation of a modern service delivery operation within DAFF. It is notable that the level of unplanned absences was specifically raised by the new Secretary in his first address to staff.

The next round of enterprise negotiations provides an opportunity to address the level of absences, along with the identification of possible additional quantifiable productivity improvements that support the transformation of the department into a modern service-oriented organisation.

Key-person risks

The senior review team is concerned about DAFF’s vulnerability to key-person risk. In some areas there may be just one or two staff with the necessary expertise to manage an issue, program or project. When that staff member departs or is away sick or unavailable, no one else can respond. Despite the goodwill and commitment of individual staff and teams, this leaves the department exposed to potential risk. There are challenges for DAFF in succession and knowledge management.

4.2 Strategy summary

Outcome-focused strategy

- The Portfolio Secretary needs to coordinate the portfolio input to the government's policy and legislative agenda using the available resources of the department and its portfolio agencies.
- The department needs to develop a capability to undertake foresighting and scenario analysis to help identify emerging issues and to provide clear accessible information to inform public debate.
- The department is confronted by emerging and established social licence issues and should engage more actively in shaping this terrain.

Evidence-based choices


- There is a wealth of scientific and economic expertise, within ABARES and elsewhere in the department.
- This expertise, together with research accessed from outside the department, underpins DAFF's commitment to evidence-based policy development.
- The department should take the lead in setting the agenda with portfolio agencies and RDCs, defining the outcomes in R&D investment that it expects as a shareholder.
- Quality assurance of the science within the department would benefit from periodic external and internal review.

Collaborate and build common purpose

- The whole department needs to identify its clients and define its value proposition for each, resulting in an integrated whole of department service offer.
- Clients and stakeholders generally have very good relationships with the department, viewing it as genuine in its support of portfolio industries and the protection of Australia's natural environment. DAFF has many interactions with hundreds of clients and stakeholders. These could be more focused and constructive.
- DAFF is working collaboratively with other government agencies, in particular at the federal level with the Australian Customs and Border Protection Service and with the state and territory departments of primary industry.
- DAFF should lead a whole-of-government approach to define and clearly articulate the roles of the various players in trade and market access for food and fibre, including transparent priority setting.

Comments and ratings against the components of the 'strategy' dimension follow.

Outcome focused strategy

Guidance Questions		<ol style="list-style-type: none"> 1 Does the organisation have a clear, coherent and achievable strategy with a single, overarching set of challenging outcomes, aims, objectives and measures of success? 2 Is the strategy clear about what success looks like and focused on improving the overall quality of life for customers and benefiting the nation? 3 Is the strategy kept up to date, seizing opportunities when circumstances change? 4 Does the organisation work with political leadership to develop strategy and ensure appropriate trade-offs between priority outcomes?
Rating		Development area

*A whole-of-portfolio strategy*

The portfolio Secretary needs to deliver on the government's policy and legislative agenda collaboratively with portfolio agencies.

The portfolio agencies include three prescribed agencies *Financial Management and Accountability Act 1997* with a regulatory role; a statutory marketing authority; six R&D corporations and nine industry-owned companies. There are three not-for-profit companies and 12 statutory and non-statutory bodies providing independent advice or oversight on policy, program and operational responsibilities.

Each agency has an interest in some aspect of Australia's agriculture, fisheries, forestry or food industries. They all report in some way to the government.

The Portfolio Secretary provides a strategic coordinating link for the Minister and government for all aspects of the portfolio and should ensure that all the pieces fit together with clear purpose.

Anticipating emerging issues and managing them

The department needs to develop a capability to undertake foresighting and scenario analysis to help identify emerging issues. In the same way that extension services are used to translate research into productivity improvements, DAFF's scientific and economic thinking should be made more accessible to provide credible information on emerging issues to industry, media and the general public. This approach has been successfully implemented across a range of government services. A case in point, and possible model for DAFF, is the material published by Food Standards Australia New Zealand on its website, often on public policy issues with significant technical content, which are also contentious. In addition, there may be scope for the Secretary and senior colleagues to speak publicly on issues, setting out the complexity of competing views in the interests of shaping a more informed public discussion.

DAFF's new Communication Strategy (2013–16) has relevant elements but is aspirational and should be implemented as a priority.

Social licence

The term ‘social licence’ emerged from the mining industry to describe the implicit approval to operate that is given by communities in addition to government regulatory requirements.


The efforts of the department in building productivity, opening markets and ensuring resources are sustainably managed are increasingly being challenged by the emergence of social licence issues. These are demanding ever more time and attention from DAFF’s senior leadership. On issues relevant to its portfolio responsibilities, the department sometimes finds itself between community groups with one view and industry groups with another view.

Increasingly, some industries with poor social acceptance are failing to engage with the community and instead are turning to DAFF for assistance in solving their social licence problems. Where industry has not maintained its social licence, the public expects the Australian Government to regulate on perceived market failures—most recently in relation to fisheries management and animal cruelty in the live animal export industry, and historically in relation to logging of forests and introducing genetically modified crops.

The department’s response to emerging issues has been slow and costly to its reputation. There is a sense that as the public’s attention has expanded from one issue to the next, DAFF has struggled and is failing to learn from experience and adapt accordingly. As a consequence, external stakeholders perceive the department as reacting to public relations crises rather than taking a proactive approach to managing underlying client and stakeholder expectations.

It is important that DAFF define an appropriate model for engagement with these issues, while not abrogating industry’s primary responsibility for securing and maintaining its own social licence.

Evidence-based choices

Guidance Questions		<ol style="list-style-type: none"> 1 Are policies and programs customer focused and developed with customer involvement and insight from the earliest stages? Does the organisation understand and respond to customers’ needs and opinions? 2 Does the organisation ensure that vision and strategy are informed by sound use of timely evidence and analysis? 3 Does the organisation identify future trends, plan for them and choose among the range of options available? 4 Does the organisation evaluate and measure outcomes and ensure that lessons learned are fed back through the strategy process?
Rating		Strong

Committed to using the evidence base

The department has a very strong commitment to advancing evidence-based policy and staff are committed to operational decisions being based on evidence. This is reflected in work done for a range of stakeholders, from research into the drivers of adoption of sustainable farming practice to data and market analysis used to support the department’s stance in international market access negotiations.



ABARES is a world-class research organisation that supports evidence-based policy making across the department, government and industry more generally. The science informing biosecurity risk assessment is another one of its strengths.

Indicative of DAFF's effective use of evidence in its policy and program design was the Western Australian drought pilot run by the department in conjunction with the state's government. The pilot trialled alternative support programs and provided farmers with new tools and knowledge to combat farming challenges. The pilot won the Strategic Planning Award as part of the 2012 National Awards for Economic Development Excellence. The results are being factored into national drought reform policy.

Equally reflecting the use of evidence in risk – return is the example of the Asian Gypsy Moth, one of the most serious biosecurity threats facing Australia. In summary, reforms have seen the use of geospatial intelligence to target specific ports where ships would be most susceptible to contamination with the moth's egg masses.

At the coalface as well, DAFF biosecurity staff are using the Australian National Insect Collection databases, developed by the Commonwealth Scientific and Industrial Research Organisation (CSIRO) for real-time identification of potential insect threats.

The department works effectively with external research providers and the senior review team notes the recent reactivation of a Secretary and Chief Executive Officer level executive forum with CSIRO.

DAFF also has extensive data holdings that can be further developed and leveraged to build strategic intelligence in support of departmental operations, whole-of-government initiatives and industry productivity. Such use is presently limited by ICT system constraints. The senior review team notes that the department is working towards a more integrated model and a data warehouse is being built.

Leveraging R&D expenditure

Fundamental to evidence-based choices and industry advancement, the rural R&D system has been the subject of much scrutiny, including examination in 2011 by the Rural Research and Development Council and the Productivity Commission. This work was followed shortly thereafter by DAFF's release of the Rural Research and Development Policy Statement in July 2012, introducing changes designed to increase transparency and accountability in the RDC model.

In the opinion of the senior review team, the department should work more closely with the RDCs in defining and measuring public-good outcomes (including in the statutory funding agreements) from the estimated \$235.9 million contributed by government to the rural RDCs in 2012–13.


As the largest 'shareholder', DAFF should play a greater role in driving the research agenda to reinvigorate cross-sectoral public-good research and deliver the optimal balance of R&D and extension.

Quality assurance

The department can only continue to contribute to the public policy debate if its science remains credible. It needs to take part in scholarly conversation to inform policy conversation. The transparency of much of DAFF's scientific work and the ABARES statement of professional independence go some way towards assuring this credibility.

Opportunities for publication and the scrutiny that comes with this are relatively limited in the public service environment in comparison to the academic environment and alternative measures of science quality are required, given the often politically-charged environment in which DAFF operates. The senior review team has seen a draft DAFF Science Strategy that advocates a number of initiatives. This focus on the science base within the department is positive and the inclusion of a periodic external review process would add evidence of the soundness of scientific expertise within DAFF.

Collaborate and build common purpose

Guidance Questions		<p>1 Does the organisation work with others in government and beyond to develop strategy and policy collectively to address cross-cutting issues?</p> <p>2 Does the organisation involve partners and stakeholders from the earliest stages of policy development and learn from their experience?</p> <p>3 Does the organisation ensure the agency's strategies and policies are consistent with those of other agencies?</p> <p>4 Does the organisation develop and generate common ownership of the strategy with political leadership, delivery partners and citizens?</p>
Rating		Development area

Identifying clients and stakeholders

The department distinguishes between clients (those who are directly involved in, or impacted by, programs, service delivery or regulation) and stakeholders (those who have an interest in policy and its impact but are not directly affected by it).

The department's Client Service Charter identifies its clients as producers, processors and consumers of agriculture, fisheries, forestry and food processing products; natural resource managers; agriculture, fisheries, forestry and food industries; importers and exporters; non-government interest groups, research and development organisations and rural communities; travellers; and Australian Government as well as state, territory and local government organisations.

A number of non-traditional stakeholder groups are often nebulous in their composition and governance and may emerge quickly in response to contentious issues, often related to matters of social licence. Engaging effectively with these groups is an increasingly important challenge for DAFF and affected industries.

At present the department does not have a comprehensive understanding of the needs of its clients and stakeholders, or even the number of entities that fall into these groups. For each client/stakeholder group, there should be a clear articulation of all the activities the department undertakes, to form an integrated service offer.

There is no clear accountability for managing relationships at the departmental level, with engagement based primarily on interpersonal relationships developed over the years. Industry often expects issues to be dealt with more rapidly than DAFF finds possible. Consequently, external parties describe the need to bypass the department to the Minister on specific issues when matters are not dealt with expeditiously. When there are good reasons for delay, it is important to have open, high-quality engagement with clients and stakeholders.

Clients interact with DAFF on multiple issues, often simultaneously, and staff recognise that their response is not well coordinated. High level of turnover of staff without a 'warm handover' (that is, the proper introduction of the staff member taking over responsibility) was also identified as impacting on clients' business. The number of complaints directed to the Minister indicates room for a more strategic approach to client and stakeholder management.

Despite these challenges, the senior review team found that external parties view the department as friendly and responsive, and this is supported by survey data collected by DAFF. In moving towards a more modern service delivery model, however, the department should segment properly its client base and clearly articulate its service offer to clients and stakeholders. Genuine engagement requires each party to be clear about the purpose of meetings and the outcomes to be defined and recorded.

Working across government

The Prime Minister of Australia signed the Intergovernmental Agreement on Biosecurity in January 2012, along with all jurisdictions except for Tasmania. This agreement has delivered a marked improvement in DAFF's relationship with state and territory governments. A tightening fiscal environment makes these relationships even more important, and the department should take a leadership role in prioritising spending, managing the risk of unfunded activities and finding efficiency gains in cooperation with states and territories. There are also many opportunities to look at specialist expertise in the states and territories and to make better use of individual strengths and facilities.

The department has a strong working relationship with the Australian Customs and Border Protection Service. Together, they have developed more efficient delivery models that have resulted in time and cost savings for Australian importers and travellers. For example, now either DAFF or Australian Customs and Border Protection Service officers operate x-ray machines at airports and mail centres where previously this was done by both agencies. Items detected are referred to the relevant agency.

Trade and market access

DAFF also has a role in making it easier for clients and stakeholders to understand the department's role in trade and market access. A visitor, especially an exporter, to DAFF's web site will not find a description of the department's international trade responsibilities, nor how its activities connect with the work of Department of Foreign Affairs and Trade or Austrade. DAFF is responsible for ensuring its role in opening new markets and maintaining Australia's biosecurity advantages is clear to its portfolio industries.

DAFF should lead a whole-of-government approach to clearly define and articulate the roles of the various players in trade and market access for food and fibre, including transparent priority setting. The department is taking first steps in this direction by developing country strategies that will identify and articulate its trade priorities internally. Extensive stakeholder engagement will no doubt be a critical part of this process.

4.3 Delivery summary

Innovative delivery

- There is a great deal of innovation within DAFF that could be better harnessed to add value for the whole department.
- There should be a higher profiling of the worth and returns from the risk-return approach, a clear example of innovation focused towards efficiency and effectiveness. This strategy needs to be subject to continuing, rigorous evaluation.
- The I-Gen (innovation generated) framework that has been established for pursuing and supporting innovative ideas has value and is being improved.

Plan, resource and prioritise

- Reform of cost-recovery arrangements is a major piece of work involving legislation and will require industry support.
- There are many opportunities for productivity improvement that require bold thinking and realignment of resources—channel management, especially e-business; process redesign; clarification of the policy and implementation chain; and extension services by way of modern media.
- Business planning at divisional level is well established as is biannual reporting on progress with priorities, challenges and risks. However, plans and priorities are not well connected.
- The withdrawal of state and territory government resources from primary industry represents a challenge and an opportunity to which DAFF will need to continue to respond.

Shared commitment and sound delivery models

- The Risk Return and National Service Delivery models are impressive and increasingly being imbedded in the department's work.
- Greater emphasis must be given to improving DAFF's service delivery operations, which are many years behind APS best practice. All parts of the department should recognise their impact on service delivery roles and work together for their clients.
- ICT systems are inadequate to meet departmental needs, but the new enterprise strategy will guide the future.

Manage performance

- The present key performance indicators reported in DAFF's latest annual report are predominantly a mix of outputs, processes and inputs, rather than a preferred measure of outcomes.
- Where evaluation is done, it is done well but not across the whole department.
- DAFF's key performance indicators should be defined with measurements for outcomes that provide enough intelligence to effectively run its business.

Comments and ratings against the components of the 'delivery' dimension follow.

Innovative delivery



Guidance Questions		<ol style="list-style-type: none"> 1 Does the organisation have the structures, people capacity and enabling systems required to support appropriate innovation and manage it effectively? 2 Does the leadership empower and incentivise the organisation and its partners to innovate and learn from each other, and the front line, to improve delivery? 3 Is innovation explicitly linked to core business, underpinned by a coherent innovation strategy and an effective approach towards risk management? 4 Does the organisation evaluate the success and added value of innovation, using the results to make resource prioritisation decisions and inform future innovation?
Rating		Well placed

Acknowledging an innovative spirit

Within the constraints of ‘clunky’ and outdated systems, there is good evidence of innovation across the department and a culture of continuous improvement, although this is not always recognised as innovation but rather seen as business as usual.

Innovation in this context is particularly evident in DAFF’s operational areas, where staff feel empowered to identify and establish changes and improvements. These improvements should be better harnessed and shared to add value to the whole department. Other areas where innovation has been linked to business outcomes include profiling for the risk of Asian Gypsy Moth, the creation of the Foot and Mouth Disease modelling tool and the development of new Post Entry Quarantine facilities.

Australia’s biosecurity system in itself is highly innovative and widely renowned as one of the best in the world, such that many of Australia’s trading partners have enhanced their own biosecurity systems using the Australian model. For example, Taiwan established a quarantine dog program following a technical-level visit to Australia.

The risk-return model

The risk-return model is an innovation that has improved the way DAFF undertakes its import clearance arrangements. While it remains a work in progress, the model is underpinned by science and evidence that focuses valuable resources on areas of risk. A key supporting principle to risk-return is working across the biosecurity continuum—that is, pre-border, border and post-border. This concept, which accords with best international practice in a world where goods and services flow around the globe with ever greater speed, was strongly advocated in the Beale Review and is reflected in the design of Australia’s new biosecurity legislation. Pre-emptive work with trading partners presents the best form of defence, supported by sound and solid management at the border and strategies to deal with rare occurrences when a pest or disease gets into the country.

The risk-return model is a successful concept enhancing efficiency and effectiveness, but is not widely understood outside the sector at present. Departmental leadership should raise the profile of the model in public forums.

The risk-return model also needs to be continuously and rigorously evaluated.


Innovation through I-Gen

The department has formalised an approach to innovation through I-Gen. Through this framework, staff are encouraged to think about why their innovative ideas are important, how they fit with DAFF's mission and goals, how they will progress and how risks will be managed.

Since it started in 2009, 50 I-Gen projects have been proposed, including those trialled in advance of the framework's official launch in May 2010. Although not all have been progressed, some have provided innovative new ways of doing business. For example, an intranet site has been developed as a 'super store' for plant and animal biosecurity-related technical resources. It links to approximately 2000 biosecurity resources in one spot, including relevant, trustworthy websites, databases, documents and journals.

In summary, staff are generally aware of I-Gen but the formal structure around developing and submitting proposals and assessing them can be seen as bureaucratic. This has the potential to stifle innovation. Action is in hand to both refresh I-Gen so it does not stifle innovation and so it links more effectively existing change and project management systems within the department.

Plan, resource and prioritise

Guidance Questions		<ol style="list-style-type: none"> 1 Do business planning processes effectively prioritise and sequence deliverables to focus on delivery of strategic outcomes? Are tough decisions made on trade-offs between priority outcomes when appropriate? 2 Are delivery plans robust, consistent and aligned with the strategy? Taken together will they effectively deliver all of the strategic outcomes? 3 Is effective control of the organisation's resources maintained? Do delivery plans include key drivers of cost, with financial implications clearly considered and suitable levels of financial flexibility within the organisation? 4 Are delivery plans and programs effectively managed and regularly reviewed?
Rating		Development area

A sustainable funding model and the challenges of cost recovery

A total of 60% of DAFF's budget comes from cost-recovery operations. As part of these operations the department manages more than 550 fees, charges and levies and consults with more than 120 industry bodies on cost-recovery arrangements. Moreover, up to 14 areas of the department consult industry stakeholders and clients on cost-recovery arrangements and sometimes up to six areas consult with the same stakeholder or client on cost-recovery issues.

The use of these funds is often prescribed in legislation or regulation and there are multiple bespoke, disconnected and antiquated systems for managing these funds within DAFF.

Cost-recovered funds are program specific and there seems limited scope in how they can be expended currently, including across programs. For example, there is common acknowledgement that a Unique Client Number is a sensible customer-oriented improvement, but agreement on who pays has delayed progress.

This level of inefficiency would not be accepted in the industries that are effectively imposing it on the department and it represents a major threat to the long-term capability of DAFF. It is something that needs to be tackled urgently if DAFF is to continue on the reform path. Appropriate choices of business system arrangements are for the department to determine, rather than for industry.

There needs to be an organisational focus on reform of the cost-recovery arrangements and the proper internal allocation of resources. Such reform presents an opportunity to move from an old-fashioned system to a new approach that will ultimately benefit the portfolio industries as much as the department. These benefits include speedier processes, more streamlined and tailored systems, the benefits of a single point of contact and greater access to electronic and on-time decision making.

Equally in ABARES only 50% of its funding is from direct appropriation. If ABARES becomes overly dependent upon cost-recovery targets it will compromise its ability to support the policy needs of the department and the government more broadly.

It should be acknowledged however that there has already been progress in improving the efficiency of financial management within the department, which reduces financial risks. This includes, for example, moving from three internal budget systems to one, and streamlining departmental accounting processes.

There are nonetheless potentially much larger efficiency gains to be harvested with integrated organisational systems and processes.

Other opportunities for productivity

The department is now considering opportunities for different ways to deliver its services. There are many instances where an online channel would provide speed and easier access (for example in the import/export area). Multi-tasking of staff in call centres and in conducting inspections would save time and reduce client frustration. Many parts of the organisation are ripe for process redesign and extension services could be enhanced using modern media.

Business planning

The department has well-established biannual reporting to the Executive Management Team on divisional level performance. However, there should be stronger evidence of enterprise level prioritisation, particularly in terms of what is no longer going to be done or could be done smarter. In order for DAFF to meet the future demands on its resources, new priorities and budget pressures, for example, it needs to be better at making decisions around priorities rather than simply distributing equal responsibility across the department without any reduction in workloads or regard for the relative importance of different activities.

The senior review team believes there are significant efficiency dividends to be harvested by business planning at the branch level. Branch business plans are an opportunity to operationalise priority setting, incorporate innovative ideas and identify redundancies.

The senior review team welcomes the renewed emphasis on business planning coming from the Secretary. On a number of occasions in messages to staff, the Secretary has clearly articulated the importance placed on such planning and the line of sight between the departmental plan through to and including individual work plans.


The department has a strong planning culture; some would say there is a 'proliferation of plans'. However, there is no evidence of an overarching strategy that brings plans together so they align with the department's strategic direction. The senior review team believes DAFF would benefit from a stocktake of plans to ensure they hang together under a strategic framework.

Responding to the reduction in state/territory funding

A key challenge for DAFF is the continuing reduction of state and territory resources in areas that impact on its ability to deliver on priorities. For example, some export certification activities are contingent on surveys conducted by state and territory government agronomists, but some jurisdictions have had cutbacks in this area. This particular issue is being addressed nationally through the Plant Health Committee, but there does not appear to be a whole-of-department strategic approach to addressing the impact of reducing state and territory resources. The danger is that DAFF will be increasingly drawn in to fill the vacuum.

It is time that the department took a national leadership role to resolve these issues. Equally the shift in state and territory funding presents an opportunity for DAFF and jurisdictions to work with industry on alternative delivery options.

Shared commitment and sound delivery models

Guidance Questions		<p>1 Does the organisation have clear and well understood delivery models which will deliver the agency's strategic outcomes across boundaries?</p> <p>2 Does the organisation identify and agree roles, responsibilities and accountabilities for delivery within those models including with third parties? Are they well understood and supported by appropriate rewards, incentives and governance arrangements?</p> <p>3 Does the organisation engage, align and enthuse partners in other agencies and across the delivery model to work together to deliver? Is there shared commitment among them to remove obstacles to effective joint working?</p> <p>4 Does the organisation ensure the effectiveness of delivery agents?</p>
Rating		Well placed

Service delivery in biosecurity

DAFF's biosecurity service delivery responsibilities are the largest component of the department's resources, making up approximately 70% of business. The senior review team found that there is solid and reliable service delivered by biosecurity. This provides a good platform for modernising

delivery systems, something that had also been identified by DAFF. Improvements are underway, making the department well placed to achieve a contemporary service delivery model. DAFF is looking to 'build once and use many', to manage service channels better and to have a greater web presence for clients.

The risk-return model is effective and efficient as an underpinning approach to the department's service delivery. The move to a national service delivery approach for biosecurity is also a positive step. It is contemporary and forward thinking and supported by the senior review team. There are clearly advantages to be gained from such an approach including consistent application of policy and cost savings.

Service delivery in the rest of the department

Other areas of the department also have service delivery roles. For example, DAFF is responsible for service activities such as community and individual grants management, trade and market access, the publication of information by ABARES, the promotion of agricultural productivity, and coordination of the National Landcare Program.

The cost-recovery methodology led to a siloed approach and the building of many systems not shared across the department. At the same time, other parts of the APS were building a different model of service based on integrated corporate systems that could be used by their whole organisations. They also carefully identified their clients and created customised channels for service delivery.

Whilst individual parts of DAFF relate well to their clients, a modern department requires a holistic approach to client service. The elements of such a holistic approach have been articulated in DAFF's national service delivery principles but have yet to be embraced or embedded throughout the department.

A consequence of the independent review into the equine influenza outbreak was that program areas have tended to take control of their operations. There is a recognised model of public administration that assigns responsibilities along a continuum from policy to implementation. Within DAFF, roles and responsibilities along this continuum need better definition.

The important role of ICT

The department's ICT Strategic Plan (2012–16) is moving DAFF away from its legacy of developing local systems and small databases towards the capacity to store, share and link information across the department. Within resource constraints, this also provides an opportunity for policy areas to build information management systems within an enterprise governance framework.


DAFF's vision for ICT is 'to provide an environment that enables the provision of innovative, practical and reliable technology based enterprise business solutions within the department'.

Already there has been a reduction in system outages, which have the potential to be costly to Australian business due to clearance delays. Additionally, a key priority under the plan is the development of a data warehouse to enable access to a consistent set of information, a crucial part of moving the department to a modern service delivery agency. Investment and decision making have been centralised with the formation of the Information Services Division.

DAFF's ICT has suffered from years of under investment, poor investment decisions and the lack of a department-wide strategy. This has resulted in multiple systems on different platforms, unconnected and without links. Fundamentally they cannot meet the current or future information and decision making needs of the department and therefore represent a major capability issue.

In developing the plan, the Information Services Division senior management team consulted widely across DAFF. They also invested in communicating the plan to staff, including through the inaugural EL2 conference (2012).

Manage performance

Guidance Questions		<ol style="list-style-type: none"> 1 Is the organisation delivering against performance targets to ensure achievement of outcomes set out in the strategy and business plans? 2 Does the organisation drive performance and strive for excellence across the organisation and delivery system in pursuit of strategic outcomes? 3 Does the organisation have high-quality, timely and well-understood performance information, supported by analytical capability, which allows you to track and manage performance and risk across the delivery system? 4 Does the organisation take action when not meeting (or not on target to meet) all of its key delivery objectives?
Rating		Development area

Aligning performance indicators with strategy

The department's key performance indicators, as reported in the Portfolio Budget Statement and annual report, are predominantly a mix of outputs, processes and inputs. They are unsatisfactory for a contemporary government agency. For example, for many funding-related programs, the indicator is that all funds have been allocated. This says little about performance quality or outcomes.

The review team understands that new key performance indicators are being developed to support the RPM Framework and that some business units have established or are developing more substantial indicators linked to strategic objectives.

This work should be both driven and coordinated by DAFF's leadership.

Building evaluative capability

The department has a good track record in post-crises management, and disease or pest outbreaks. Well established plans and processes are in place and there is solid capability within DAFF to effectively manage outbreaks. These plans and processes are subject to regular evaluation. DAFF was, for example, the first agricultural department in the world to conduct a national disease simulation exercise to test its emergency response capabilities, and simulation exercises continue to be an important element in its programs.

Evaluation is built into the department's Program and Project Management Framework.

Where evaluation is done, it is done well. Some programs, such as the nationally awarded drought reform pilot program in Western Australia and 'Caring for our Country', have undertaken comprehensive effectiveness evaluations.

DAFF should build on such individual efforts and encourage and embed a performance management culture across the department.

Meeting business data needs

Business units currently have a variety of performance data but what is recorded is not linked with the Strategic Statement or reported to the senior management team to assist with strategic planning, resource allocation or priority-setting decision making.

There are clearly areas in the department that are building outcome-related performance measures. For example, the time taken to process air and sea cargo has been measured and publicly reported. This reporting demonstrates not only the increasing number of consignments that need to be cleared by biosecurity but also the significant improvement in clearance times. For example, there was a 74% increase in referred air cargo between 2008–09 and 2011–12 and an 84% improvement in clearance times. This highlights to industry that improvements are being made by the department on its behalf. Such efforts should be extended, celebrated and made public.



5. The department's response

I welcome and endorse the results of the capability review of the Department of Agriculture, Fisheries and Forestry. The report confirms the very positive impressions about the capability of the department and its people that I have formed in the early weeks of my own tenure as incoming Secretary. In this respect, I would like to acknowledge the stewardship of Dr O'Connell over the department through often challenging times. As the report indicates, my colleagues and myself are in a fortunate position of being able to build upon considerable strengths within the department that have been fostered in recent times.

I would also like to express my sincere appreciation to the review team Dr Sue Vardon AO, Dr John Stocker AO and Dr David Gruen as well as officers from the APSC and my own department who assisted with the review. The willingness of the review team to share their experience, expertise and observations with the department has resulted in a valuable outcome which will influence the direction of the department in the future. The timing of the review, which coincided with my own commencement as Secretary, provided me with the opportunity to take into account the observations of three highly experienced and capable executives in forming my own views on the department. Pleasingly, many of the areas identified for attention in the report are consistent with my own early observations.

The department elected to manage the review process in a collaborative way involving a wide range of staff. The entire senior leadership team participated in the review through the self assessment process, interviews with the review team and commenting on the proposed findings and observations. This contributed to a report which was fully informed and widely endorsed and accepted by the department's leadership group. It also resulted in a very positive experience for all involved.

The department accepts the key findings from the review that it needs to be:

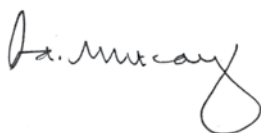
- **A policy leader**, responsive to the government of the day, and the foremost policy influence on sustainable production and the use of food and fibre
- **Client focused, with a modern service delivery approach**, proactive in programs that protect the animal, plant and human health status of Australia and improve the productivity of portfolio industries and offering the best possible service delivery options to its many and varied clients
- **Contemporary in its approach to business and ICT systems**, building systems that support a modern service delivery approach including cost recovery arrangements suitable to its operations
- **A source of easily accessible quality public information**, helping to inform public discussion around sometimes contentious issues through strong forecasting and scenario analysis and effective communication.

The department has commenced action to address findings in the review.

In order to further build the department's policy capability, I have made a decision to establish a Strategic Policy Branch. The roles, responsibilities and priorities of this branch have been agreed with a view to establishing the branch by the end of the 2012-13 financial year.

I have also commissioned and received a report on the appropriate arrangements for the provision of legal services within the department. Similarly, a review of internal governance has been conducted to ensure that there is full control over all aspects of the department including its operations, finances, people and supporting infrastructure. The department is taking clear action to address the relatively high levels of unscheduled absenteeism and has developed comprehensive plans to modernise service delivery arrangements.

The department will shortly prepare an action plan which will detail all of the activities which are currently underway or which need to be initiated in order to address the findings of the review. The action plan will be developed by the entire senior leadership team and will be a key input into departmental business planning for 2013-14. This will ensure that the findings of the review are given priority and that the entire executive team is held to account for addressing them.



Andrew Metcalfe AO

Secretary

Department of Agriculture, Fisheries and Forestry

6. Abbreviations and acronyms

Abbreviation or acronym	Description
ABARES	Australian Bureau of Agricultural and Resource Economics and Sciences
APS	Australian Public Service
APSC	Australian Public Service Commission
AQIS	Australian Quarantine and Inspection Service
DAFF	Department of Agriculture, Fisheries and Forestry
EL	Executive Level
Executive	Secretary and deputy secretaries
ICT	Information and Communications Technology
KPI	Key Performance Indicator
P30	Portfolio, Program and Project Management Office
RDC	Research and Development Corporation
RPM	Resources, Productivity and Markets
R&D	Research and Development
SES	Senior Executive Service



