CAPABILITY REVIEW

Department of Communications

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

Review Report: **February 2015**

CAPABILITY REVIEW

Department of Communications

Foreword

The Australian Public Service Commission (APSC) has undertaken 23 capability reviews of Australian Public Service (APS) agencies. The reviews identify organisational strengths and areas for improvement, helping to lift the productivity of individual agencies and the APS as a whole.

I thank the Department of Communications for its professional and enthusiastic engagement at all stages of the review process. Staff who participated in interviews and workshops displayed great passion for their work and provided valuable insights into the department's capability.

I would also like to thank Dr Michael Vertigan AC, the chair of the review team, other senior members of the team, Ms Kathleen Conlon and Ms Elizabeth Cosson AM CSC and the staff from the APSC who supported them.
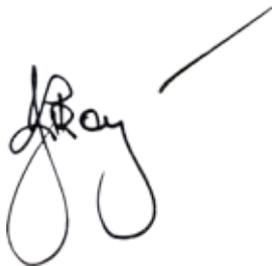
John Lloyd PSM
Australian Public Service Commissioner

Context

The Department of Communications has recently undergone a major restructure to align its internal operations with the evolving communications sector. The aim of the restructure is to meet efficiency targets and align people to new priorities whilst investing in capabilities, including people management.

The new structure has three policy divisions—Infrastructure, Digital Productivity, and Consumer and Content. These divisions cut across traditional industry boundaries to account for changing market structures. The department was previously organised around the telecommunications and broadcasting industry groups, which was less conducive to the development of integrated policy.

The three policy divisions are complemented by a new Bureau of Communications Research which aims to support the early identification of emerging market trends, a Strategy Group to provide cross-divisional oversight of departmental and portfolio activities, a Corporate Division and an Office of the General Counsel.

A key element of the restructure was a reduction in layers from seven to five. Spans of control have also increased to an average of 5.2 positions per manager (with a target band of between three and seven). The revised management layer structure is explained in this table.

Layer number	Comprises	Part of	Meeting name
1	Secretary	Executive Leadership Team (ELT)	Executive Committee (ExCom)
2	SES B3 & SES B2		
3	SES B1 & EL2*	Senior Leadership Group (SLG)	Senior Leadership Group Forum (SLGF)
4	EL2 and EL1**	N/A	N/A
5	EL1 and APS 1–6	N/A	N/A

* These EL2 officers report directly to an SES Band 2 officer, not through an SES Band 1

** These EL1 officers report directly to a SES Band 1 officer, not through an EL2

The restructure is very recent and, therefore, the capability assessments in this review are based on the plans the department has in place and how well it is tracking towards its intended outcomes. To facilitate this analysis, the review team arranged for a survey to be conducted to obtain staff feedback on the department's progress in implementing its plans.[1]

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1 The Department of Communications Reorganisation Survey was conducted between 20 and 24 October 2014. The survey was again undertaken between 8 and 12 December 2014, with a subset of the survey questions (a pulse survey) to assess progress made.

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1 About the review

A capability review is a forward-looking, organisational review that assesses an agency's ability to meet future objectives and challenges. It is conducted in accordance with the Australian Public Service Commissioner's statutory function to review any matter relating to the Australian Public Service under paragraph 41(2)(j) of the *Public Service Act 1999*.

This review focuses on leadership, strategy and delivery capabilities in the Department of Communications. It highlights the department's internal management strengths and improvement opportunities 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 covered by this review.

Capability reviews are designed to be relatively short and take a high-level view of the strategic operations of a department or agency. A review is primarily informed by interviews with Ministers, senior leaders and external stakeholders. It also considers the views of staff who attend a series of workshops and round-table discussions. External stakeholders interviewed include ministerial staff, private sector companies, peak bodies, interest groups and central agencies.

This review considered more than 330 documents, as well as the results of 13 internal workshops with more than 130 staff, 27 interviews conducted with individuals within the department and 56 interviews with external parties.

Figure 1—Model of capability

2 About the department

The Department of Communications was one of the original seven Australian Government departments established at Federation in 1901. Originally called the Postmaster-General's Department, it has undergone numerous changes over time, though its core purpose of supporting the communications sector in Australia has remained the same.

The department operates in a rapidly changing landscape where digital technologies and communications services are increasingly pervasive and driving transformation in many industries. Historically, the sector has been characterised by a small number of large, influential companies operating within technology-defined sectors (for example, telephony, broadcast television, postal services and print media). That paradigm is shifting dramatically. The rise of digital technology is now changing how people interact with each other, the way people engage as citizens, and the way business operates. For policy makers, 'digital' is redefining the landscape within which government operates, as well as the expectations of the people it serves.

Another key factor driving activity in the Communications portfolio is the current government's commitment to reducing the regulatory burden for business and the community. The Government's aim is to deliver real reform in the Communications portfolio through better regulation, which lowers the cost burden on business, while maintaining necessary consumer and other safeguards. Careful consideration by the department of a vast range of complex policy issues across the portfolio, in consultation with stakeholders, is required for this to be achieved.

The department's purpose is to 'promote an innovative and competitive communications sector, so all Australians can realise the full potential of digital technologies and communications services'. The department sees its role as being 'the Government's pre-eminent advisor on communications, in particular, digital technologies and communications services'.

The *Corporate Plan 2014–17* articulates the department's desired culture and values and identifies three strategic priorities:

1. enhance digital productivity—advising government on the opportunities arising from the innovative adoption and use of digital technologies, and supporting government, business and the community to maximise these opportunities

2. expand digital infrastructure—advising government on the necessary market settings to deliver competitive and efficient digital infrastructure to drive growth in the broader economy

3. promote efficient communications markets—advising government on the necessary market settings to promote competition, while ensuring access to basic services, making available socially valuable content, and safeguarding consumers from inappropriate content and unfair dealing.

In support of these priorities, the department has identified the need to strengthen its core capabilities in research, strategic policy and leadership. It has also identified the need to foster greater internal collaboration and to make more effective and innovative use of leading-edge Information and Communications Technology (ICT).

At present, the department serves the Minister for Communications, the Hon. Malcolm Turnbull MP and the Parliamentary Secretary to the Minister for Communications, the Hon. Paul Fletcher MP.

Budget

The department's annual revenue from government from 2012–13 to 2017–18 is illustrated in Figure 2 below.
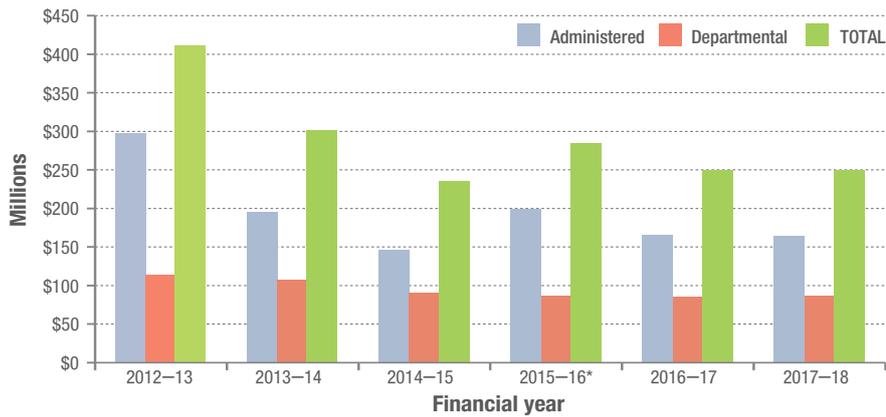
Figure 2. Departmental budget overview (revenue from government): 2012–13 to 2017–18†

* The functions of the Telecommunications Universal Service Management Agency (TUSMA) will be absorbed into the department from 1 July 2015. As a result, figures from 2015–16 include amounts previously attributed to the TUSMA.

† Figures are based on revenue from government and do not include capital funding or loans.

Workforce

The department's headcount has declined significantly since 2012 due to the completion of a number of programmes, the effects of the ongoing efficiency dividend, and as part of the reduction in the size of the APS (Figure 3).
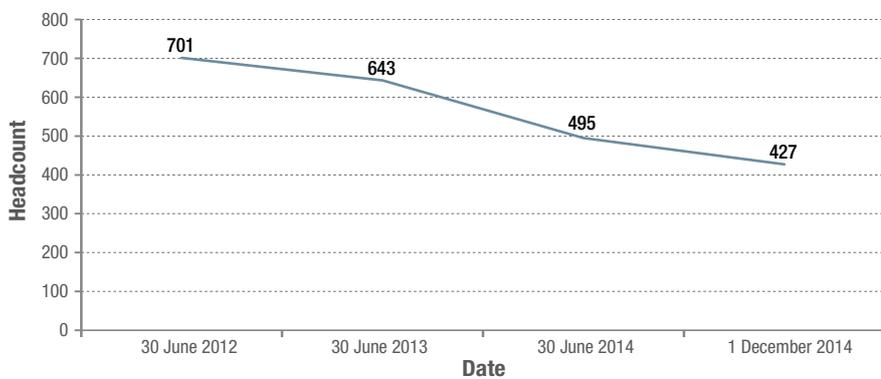
Figure 3. Total departmental staff (headcount)—June 2012 to December 2014

The average staffing level for the department from 2015–16 to 2017–18 is predicted to remain steady at 417.

The department's staff are predominantly located in Canberra, with a small office (18 staff) in Sydney. The functions of the Telecommunications Universal Service Management Agency (TUSMA) will transfer into the department from 1 July 2015 and its staff will continue to be located in Melbourne.

Portfolio agencies

The department is the primary Australian Government department responsible for policy in the communications sector. At the time of the review it had these six portfolio agencies[2]:

- NBN Co Limited (NBN Co)

- Australia Post

- Australian Broadcasting Corporation (ABC)

- Special Broadcasting Service Corporation (SBS)

- Australian Communications and Media Authority (ACMA)

- TUSMA.

The department supports the Minister as joint shareholder (with the Minister for Finance) of NBN Co and Australia Post and with the oversight of the two national broadcasters, the ABC and SBS.

The two statutory authorities residing within the portfolio are the ACMA, which regulates broadcasting, radio communications, telecommunications and online content, and the TUSMA, established in 2012, which manages contracts and grants with service providers to ensure all Australians have reasonable access to telecommunications services. The majority of portfolio agencies have larger budgets and more staff than the department and diverse operating remits. Figure 4 illustrates the size of the portfolio agencies as compared with the department.

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2   On 23 January 2015, the Prime Minister and Minister for Communications announced that a Digital Transformation Office (DTO) would be established in the Communications portfolio. The DTO will be headed by a Chief Executive Officer and report to the Minister for Communications.

	Australia Post	36944
	ABC	5444
	NBN Co	2932
	SBS	1301
	ACMA	517
	Department	495
	TUSMA	13
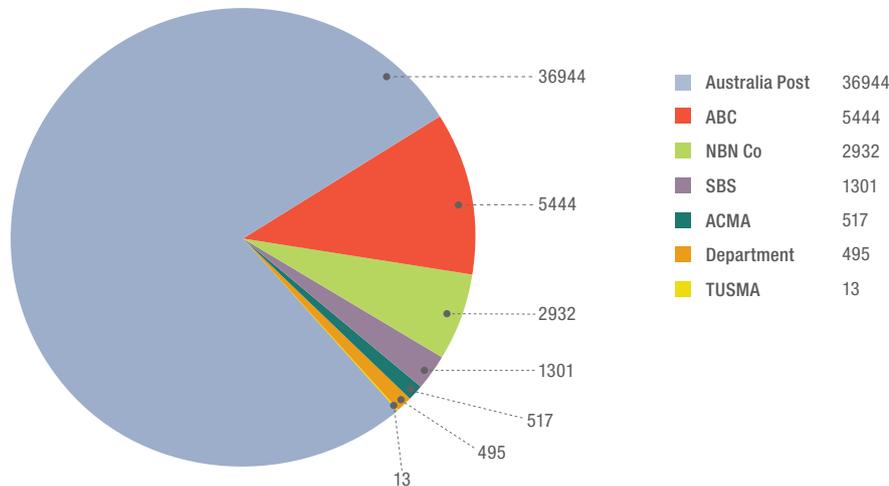
Figure 4. Communications portfolio—staff headcount by agency as at 30 June 2014*

*Total staff headcount figures for each agency are as at 30 June 2014 and sourced from annual reports and the corporate plan in relation to NBN Co.

Stakeholders

To achieve its objectives, the department interacts with a diverse range of stakeholders, including:

- APS agencies, such as the departments of the Prime Minister and Cabinet, Industry, Finance, Attorney-General's, the Treasury and the Australian Competition and Consumer Commission

- industry peak bodies and consumer groups

- communications and media companies ranging from telecommunications providers and broadcasters through to emerging digital and online enterprises.

Given the range of industries and government services impacted by digital trends, policy responsibility for communications sector issues remains diffuse. As a result, the department's activity intersects with other agencies including the:

- Department of the Prime Minister and Cabinet and the Department of Finance in relation to the Government's adoption of digital technologies

- Attorney-General's Department in relation to national security, cyber security, copyright and content regulation

- Department of Industry in relation to ICT industry issues

- Department of Finance, as the Minister for Finance is a joint shareholder of NBN Co and Australia Post, along with the Minister for Communications

- Australian Competition and Consumer Commission in relation to the economic regulation of the communications sector, including telecommunications and the National Broadband Network (NBN).

3 Summary assessment

The Department of Communications provides policy advice on communications issues, administers legislation and delivers a small number of programmes related to Australia's communications sector. Its work is relevant to some of Australia's most rapidly evolving industries, from broadband and broadcasting through to telecommunications and digital and online companies (such as Google and Facebook).

Given the rapid pace of change in its external environment, the department is keenly aware of the need to remain up-to-date with industry developments. To support this, the department has revised its strategy, implemented a major restructure and is implementing transformational change. Its change programme is designed to increase the department's policy capability, more closely align the department with current industry structures and streamline its work practices (including embracing leading-edge ICT solutions) to improve its agility, productivity and organisational performance.

Staff and stakeholders consistently commented about the potential for the department's change programme to modernise its operations and better respond to current government and industry needs. The restructure of the department's operations took effect on 1 September 2014 and, as a consequence, it is too early in the change process to identify the extent to which intended benefits are being realised. In this context, this review has identified the department's strengths and areas for improvement to support its current change efforts and longer-term capability needs. The capability assessments that form this review are based on the plans the department has in place and how well it is tracking towards intended outcomes at this early stage.

The department's strengths

Strategy development has been a clear strength. The department took a systematic and thorough approach to revising its strategy. It commissioned a market scan of the communications sector, undertook internal consultation, and assessed individual staff capabilities. Dedicated internal teams were formed to develop the corporate plan and implement the department's change programme, with extensive communication from the Secretary and change team throughout this period. Staff were placed in roles in the new organisational structure based on their assessed capabilities, personal preference and organisational requirements.

A key element of the new strategy was the introduction of a Bureau of Communications Research and three market analysis teams into the new organisational structure. The Bureau is headed by a newly appointed chief economist and will undertake horizon scanning and provide high-quality data, statistical compilations, and market intelligence and analysis to support the provision of evidence-based policy advice. This investment, particularly at a time of downsizing, further highlights the department's commitment to its new strategic direction and aligns with its corporate plan and broader government objectives.

The department has implemented regular surveys to help track change progress and identify areas where further change interventions or support are required. Survey feedback has shown that 90 per cent of staff understood that 'a reorganisation of the department was required' and 80 per cent strongly identified as 'being committed to the success of the department.' In parallel to the restructure, the department completed a downsizing process and is on track to meet its reduced budget.

The review team consistently heard positive comments from staff and stakeholders on the department's Secretary. Internally, the Secretary is seen as open, visible and highly committed to the department's success. Externally, the Secretary is highly regarded by central agencies, the broader APS and industry stakeholders. Staff and stakeholders consistently commented positively about the Secretary's strategic approach and strong leadership of the department.

In responding to questions about why they work in the department and what motivates them, staff cited a commitment to service, the department's strategic direction and their interest in its subject matter. The review team heard that most staff are friendly and cooperative and observed a collegiate and active networking culture. Collaboration across the department has increased following the restructure, with staff needing to interact with their colleagues to seek advice about their new roles and interact on policy issues across the structure. The department would benefit from further embedding and systematising these practices to ensure that this level of internal collaboration is maintained.

The department has a track record of delivering, especially on programme and regulatory work where there is clear task direction. Stakeholders regularly commented on the department's strong technical expertise and deep understanding of current regulatory frameworks, especially for its more traditional policy areas. The review team found potential for the department to similarly build these strengths into more contemporary policy areas, such as digital productivity.

The department is well regarded and seen as collegiate by central agencies and the broader APS. Most stakeholders commented to the review team about the positive relationships they maintain with staff across the department. The review team found that while the department maintains 'good' relationships with most stakeholders, it has the potential for these to become 'excellent' relationships if the department becomes more systematic in its approach and shifts from a model of consultation to more proactive engagement and partnering.

The department has an ambitious ICT objective to 'be a government leader in effective and innovative use of leading-edge information and communication technologies'. In pursuit of this objective, the department plans to move its ICT fully into the Cloud and redesign its intranet around a social media core. It has already implemented technologies to help streamline its external consultation processes. Staff regularly commented to the review team about the department's sound ICT base and its recent mobility initiative which enables them to work from anywhere directly connected to the department's network.

Areas for capability improvement

In addition to findings on the department's strengths, the review team identified these five areas that, if addressed, will most significantly improve its capability:

1. 'Success' needs to be more clearly be defined, measured and communicated

2. Work needs to better align to the department's strategy and be clearly prioritised and well planned

3. Reporting and management corrective action need to be focused on newly defined areas of success

4. The leadership team needs to be clearly visible and its behaviours aligned with the strategy

5. The department's talent pool and skill base needs to be enhanced as a priority if it is to deliver on its strategy.

The following sub-sections provide further explanation of these five areas.

'Success' needs to be more clearly defined, measured and communicated

The department has communicated its strategic direction to staff. It has implemented a business planning framework that includes activities and key performance indicators (KPIs) and intends to provide a line-of-sight from individual performance agreements through to the high-level corporate plan.

However, when asked about what success looks like, a majority of staff were unsure how to gauge success for their own work area or the broader department. Across the department, business plan KPIs are of variable quality and most leaders are unsure how they will track and report the progress of their areas in terms of outcomes.

The review team found that further work is required to ensure that success is defined, measured and communicated post-restructure. This is especially important to support the department as it shifts from traditional, more defined, programme-style work, to a focus on policy that, by its nature, has greater ambiguity.

Work needs to better align to the department's strategy and be clearly prioritised and well planned

The department's downsizing and restructure reduced staff numbers by more than 30 per cent and resulted in 49 per cent of staff in new roles. The department's leadership team recognised the practical need for staff to work differently due to the reduction in resources and temporary reduction in work-area capability. Staff were asked to take time to plan, innovate and engineer their work practices to increase productivity, efficiency and effectiveness.

Staff in areas with ongoing work noted to the review team that they have the same or increased pressures to deliver with insufficient time for planning and prioritisation. In contrast, staff in newly created roles advised that they are embracing these strategic planning activities. The department needs to ensure that planning and prioritisation are given sufficient time and attention in all work areas so benefits can be realised.

Staff commented to the review team that they were seeking direction from senior leaders regarding prioritisation, including what to stop, start, prioritise and deprioritise. Without this direction, and with reduced expertise and resources, decisions about prioritisation have been ad hoc. The department's senior leaders need to ensure prioritisation of the department's work agenda aligns with, and is sufficient to, achieve its strategy.

Reporting and management corrective action need to be focused on newly defined areas of success

While the department has solid compliance frameworks in place, it needs to develop more robust systems to track outcomes and manage strategic risks. This is especially important given that the department's change of strategy and associated transformational change programme has increased its exposure to strategic risks.

The department's KPIs are of variable quality which limits its ability to monitor progress towards strategic outcomes. Further work is required to translate its strategy into meaningful outcomes, learning milestones and associated metrics. This is critical for the department to address if it is to reach its stated goals.

The leadership team needs to be clearly visible and its behaviours aligned with the new strategy

Staff regularly commented to the review team about the visibility of the Secretary and the effectiveness of the Secretary and change team in communicating through the lead-up to the restructure. When asked about other leaders in the department, staff regularly commented positively about the support they have received from, and the visibility of, the Senior Leadership Group (SLG).

In contrast, staff reported that the Executive Leadership Team (ELT) lacked visibility and, with some cynicism, expressed concerns about the effectiveness and unity of this team. The APS Census results also highlight these staff perceptions, with only 44 per cent (8 per cent below the APS average) agreeing that 'the senior leadership is of a high quality'. While staff are optimistic that the reduction in management layers will help increase staff interactions with the ELT, this will require ongoing monitoring to ensure interactions are embedded.

On talking to the ELT, the review team found this team to be open to, and supportive of, the department's new direction. However, individual leaders' understanding of the changes required by the new strategic direction and of their role in supporting staff and the broader organisation through the transition was highly variable.

ELT members commented that the leadership behaviours within their Executive Committee (ExCom) meetings have improved over recent months. However, further work is required to increase their visibility and alignment of leadership behaviours. The department had previously acknowledged this issue and taken some action to begin addressing team collaboration, behaviour and performance. The department recognises that further action is required.

The department's talent pool and skill base needs to be enhanced as a priority if it is to deliver on its strategy

The department's gap in skills is due to a change in requirements based on the new strategy and the talent it lost during the restructure. Post-restructure, the department's efforts have been largely directed at operational human resources (HR) activities to address the immediate needs of staff and managers. While this prioritisation is understandable, the department must address strategic HR matters at this time since this is a crucial element to ensuring the success of its change programme. The review team found that the department needs to urgently and proactively strengthen the capability of its workforce profile to support its strategic direction. To do this, the department needs to accelerate its strategic HR work programme to assess current and future workforce requirements and more proactively identify and address workforce and leadership skills and capability gaps.

In the lead-up to the restructure, the department commissioned capability assessments of its staff and undertook initial analysis to identify skills gaps. It used these capability assessments as an input into staff placement decisions during the restructure. Three months have passed since the restructure, and staff and managers have had time to adapt to their roles and start to build individual and team capability. Further analysis is now needed to identify where staff have flourished, those who need more support, and where there is a lack of job fit.

The department has implemented internal training programmes to help address some identified skills gaps, such as the digital literacy of staff and knowledge of commercial markets. Additional up-skilling work is underway with further plans in place. While these programmes are a good start, the department's increased focus on research and policy requires an apprenticeship approach to up-skilling staff which is currently underdeveloped in

learning and development plans.

The department recently revised its staff performance management process, which has been received positively by staff and managers. While it is too early to gauge success, the review team found that the department needs further planning and work to sharpen its focus on identifying and managing staff underperformance.

A number of staff chose to leave the department throughout the change process, which resulted in some loss of important capability and corporate knowledge. The department needs to ensure it identifies, retains and supports its highest performing staff to help maintain and build the strength of its workforce profile. For this reason, the review team found that the department has an urgent need to develop a talent management and retention programme to send a strong message that it values and supports its highest-performing staff.

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 assessment criteria set out in Figure 5.

	Strong	• 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	• 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	• 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	• 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 5—Rating descriptions

The review team's assessment of the Department of Communication's capability is outlined in the tables below.

Leadership

Set direction	🟨	Well placed
Motivate People	🟨	Well placed
Develop People	🟧	Development area

Strategy

Outcome-focused strategy	🟨	Well placed
Evidence-based choices	🟨	Well placed
Collaborate and build common purpose	🟩	Strong

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

- Staff at all levels consistently agree that the department's purpose is clear.

- The Secretary is very highly regarded by staff and stakeholders and throughout the review was regularly praised for strong leadership.

- Staff do not believe the ELT operates effectively. Views were expressed to the review team that some members of the ELT have demonstrated lack of leadership.

- ELT communication cascade is inconsistent and messaging is, at times, incomplete.

- The department has recognised the need for further investment in supporting the change process and has since acted quickly to address issues arising from its organisational redesign.

Motivate people

- The department has a friendly, cooperative and collegiate culture. Staff and external stakeholders commented on the continued professionalism and resilience of staff through what has been viewed as a difficult period.

- While desired culture and behaviours are articulated, new behaviours are not fully understood or embedded in the structure. There is a gap between intent and behaviour.

- Increased informal and formal recognition is required to reinforce positive behaviours and good performance by staff.

Develop people

- The shift in strategy has changed the skillset required. Additionally, staff suggest that the department's overall capability has diminished since the restructure. The department has insufficient strategies in place to address this major issue and the review team consider this to be one of the most significant risks within the department.

- While the secondment programme is seen as positive for staff professional development and a good mechanism to increase industry understanding and business acumen, clear understanding of the programme's mechanics is needed.

- Despite a revised performance management process, staff still require improved capability to adequately manage underperformance. The department also requires greater focus on talent management and retention.

- Attention on immediate workforce needs appears to have overtaken investment in long-term strategic HR work.

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

Set direction

Guidance Questions		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?
		2. Does the leadership work effectively in a culture of teamwork, including working across internal boundaries, seeking out internal expertise, skills and experience?
		3. Does the leadership take tough decisions, see these through and show commitment to continuous improvement of delivery outcomes?
		4. Does the leadership lead and manage change effectively, addressing and overcoming resistance when it occurs?
Rating		Well placed

The review team found that the department's purpose—'promote an innovative and competitive communications sector so all Australians can realise the full potential of digital technologies and communications services'—is clear to staff and well communicated to staff and stakeholders.

The Secretary, and some members of the ELT, are highly regarded by staff and stakeholders. Communication from the Secretary was consistent throughout the restructure, however since then, communication by the leadership group has been less effective and is an area needing attention.

The department has now recognised the importance of increasing investment in the continuing change process and, since this review began, it has taken positive steps to improve its change process.

A clear and well-communicated purpose

The Secretary has regularly spoken about the direction and culture of the department at all staff and divisional meetings. Communication has also been supported through Owlnet, (the department's intranet) including in bulletins and newsletters, blogs, seminars, and presentations such as Talking Heads.

Staff at all levels agree that the department's purpose is clear and suggest that this clarity guides their daily work. External stakeholders also understand and support the revised direction. There has been a strong focus on formal and informal communication of the purpose and strategy in the lead-up to the restructure which is viewed as a significant and positive shift for the department.

A collegiate senior leadership team

The Secretary is very highly regarded by staff and stakeholders and throughout this review was regularly praised for his strong leadership. The review team heard that the Secretary was highly visible throughout the organisational redesign and continues to be engaged. Some people within the ELT have also been recognised for their individual contribution to the department, the APS and the communications industry.

In 2013, the Secretary, assisted by the ELT, initiated a review of the strategic priorities and a departmental organisational restructure to manage budget reductions. As part of the restructure, senior staff collaborated to successfully negotiate staffing for their branches and teams. However, despite some positive examples, staff still do not believe the ELT is operating effectively.

Views were expressed to the review team that some within the ELT have demonstrated conflict-avoidance behaviours. Individuals have at times shied away from difficult discussions, including the inconsistent application of performance ratings and failing to 'call out' behaviours that are inconsistent with departmental direction.

The ELT has already taken some steps to begin addressing team collaboration, behaviour and performance. This needs to continue and be built upon. Recent changes, including a greater focus on high-level strategy at ExCom meetings, are seen as positive steps towards breaking down siloes and building collaboration. As a result of these changes, some SES suggest that the ELT is more engaged and collegiate, with decisions being consensus-based and not driven by the Secretary alone.

SES Band 1s have initiated informal meetings to talk about how they can work better as a group. The ELT may benefit from systems and tools to enhance and support its communication and engagement styles within the group and with other staff.

Consistent and complete communication

While staff suggest the Secretary is sufficiently visible, the ELT is perceived as less visible. The review team found that the communication cascade is inconsistent and, at times, messaging is incomplete with concerns specifically raised about the flow of information from and through the ELT.

Some staff are optimistic that the flatter structure will improve communication between layers, with suggestions that this is already occurring in some areas. The review team also heard positive reports that many members of the SLG and some of the ELT are already highly visible and communicative and considering how they can further improve their communication with staff. A more coordinated approach may assist with this.

A significant change process

Survey results indicate that 90 per cent of respondents understood that the department's reorganisation was required. Seventy-two per cent of respondents agreed that the desired outcomes of the reorganisation were sufficiently defined.

The review team found that the implementation of the new structure required more attention in the planning phase, with some staff suggesting there was too much focus on why the restructure was occurring rather than how it would operate in practice.

Due to a desire to meet the initially agreed implementation timeframe, EL1 team leaders were unable to participate in the design stage. This led to a feeling of disempowerment by some EL1s who were less engaged by their managers in the process. Additionally, staff at EL1 and APS levels were only advised of their placements the week before the new structure started, providing limited time to prepare for their new roles.

While a change team was visible throughout the redesign, on 1 September 2014—the date the new structure officially came into effect—responsibility for coordinating the change function was absorbed by the Corporate Division.

Some staff suggested that they struggled with the additional workload, given the significant number of new staff also learning unfamiliar roles and the considerable business-as-usual work to be managed as a result of implementing the new structure.

The review team found that despite good effort and intent by the Corporate Division, in particular the HR Branch, they have been unable to pay sufficient attention to the change function. The review team noted that the department did not appear to fully understand the extent of further change and capability building required after the initial implementation date.

The department has recognised the need for further investment and acted quickly to engage an experienced change manager to establish a 'change office' function. The change office monitors and reports on progress against an implementation plan, works with line managers to ensure delivery, identifies issues and proposes remediation as required. Its initial focus is to help teams prioritise work and the review team strongly supports this encouraging step in the change process.

Motivate people

Guidance Questions		
	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

Despite the significant change process, the review team found a highly motivated, collegiate and professional workforce. Staff are committed to the work of the department, however greater focus by senior leaders on modelling behaviour consistent with the new strategy will help build a culture to support the department's work.

A collegiate workforce

Staff agree that the department has a friendly, cooperative and collegiate culture and this has increased throughout the restructure. Internal and external stakeholders commented on the continued professionalism and resilience of staff through what was seen as a difficult period. Many staff had to take on new roles or revised responsibilities, and often within newly established teams.

Positively, survey results show that 80 per cent of staff are strongly committed to the success of the department and the review team heard examples of staff providing support and assistance to colleagues across the department as they learn unfamiliar roles.

Staff at all levels are feeling overworked as they settle into roles and take on additional workloads to support their colleagues. This is viewed as temporary and many note positive and active management support for flexible work arrangements and work – life balance for staff.

The department also has an active social club which aims to provide colleagues with a collaborative and fun social environment within the workplace. The social club takes a lead in organising the Christmas party, raffles, competitions, trivia nights, happy hours as well as supporting charities and community events. The social club is highly valued by staff and has been a positive forum for staff throughout recent changes.

New departmental culture and behaviours

In late 2013, each branch conducted a workshop to feed into developing the values statement articulated in the department's corporate plan. The values statement reads:

> We value and reward excellence. We encourage innovation and continually look for opportunities to improve processes, including using new technologies. We contribute to our full potential and are supported to develop new skills. We take personal responsibility for our actions. We display courteous and collegiate workplace behaviours and speak up constructively if our high standards are not met.

While desired culture and behaviours have been articulated, some staff suggest behaviours are not fully understood or embedded in the new structure. Some senior leaders are encouraging innovative approaches, looking for opportunities to improve processes, including the use of new technologies in line with the articulated strategy, however more commonly there is a tendency to revert to past approaches or known strategies. The review team heard expectations from leaders and stakeholders of immediate delivery for some staff in new roles and found that staff within teams that had previously established priorities or commitments and legacy practices had experienced less success in changing behaviours.

There are mixed views within the department on the commitment of all senior leaders to a new culture, with a gap between stated values and actual behaviour. This is supported by reorganisation survey data which indicates that only 43 per cent of staff agree that senior management is role modelling the desired behaviours with 36 per cent of staff undecided.

It is essential for leadership to set a strong example in this space to encourage staff to embrace new behaviour and for the department to become an exemplar recognised by industry and the APS. An increased commitment to behaviours may require supported capability building in this area.

A motivated workforce

The department's staff are motivated by the dynamic subject matter and the complex and changing external environment. Staff who provide enabling services are also highly motivated by their work in supporting colleagues and the department to achieve objectives. Many staff also enjoy the benefits of the department's small size as it provides greater access to senior leaders and supports a sense of community.

The department holds the annual Australia Day Awards to recognise individual and staff achievements, however this is the only visible formal, department-wide awards mechanism in place. Divisional awards are ad hoc. There are also reports of informal recognition such as at

team meetings, or at the conclusion of significant projects, however this is highly dependent on individual managers.

The department's reward and recognition programme is being reviewed. This review should recommend improving options for informal recognition, given there are currently few opportunities for promotion and limited access to performance pay (EL staff only).

The department has a strong APS cohort. However, the reduced number of EL positions following the restructure, and considerable movement over the last year, mean there are likely to be limited opportunities for APS staff to be promoted. It is, however, an opportunity for the department to tap into the talents of this group to support the EL leaders. It is important for the department to recognise the contribution of this group and develop the potential of the staff within it to support motivation and retention. The review team suggests increased informal and formal recognition is required to reinforce positive behaviours and good performance by staff.

Develop people

Guidance Questions		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

The *People Strategy 2014–17* sets out the department's plan to 'have the organisational capacity, capability and culture to support a high-performing workforce and deliver outcomes for Government'. The new strategic direction for the department has changed the requirements for effective people management. It is unclear if the department's people strategies are aligned sufficiently to support this. The department needs to consider the plan it has outlined to ensure it will enhance people capability.

New skills, particularly in policy development and writing effectiveness, are only effectively transferred through an apprenticeship model. This is reflected in the department's learning framework of 70:20:10. However, in the transition period when skill levels are lower and managers are stretched, it is critical for the department to trial innovative ways of achieving scale in apprenticeship and potentially accessing experienced coaches to support managers.

The HR Branch is developing classroom training model programmes including training in key areas such as policy and economics. Staff also have access to Harvard ManageMentor, a learning and performance support resource designed to assist staff to manage themselves, the business and others.

A need to enhance the workforce

In addition to the expected voluntary redundancies and retirements, a higher-than-anticipated number of staff left the department under Section 26 transfers to other APS agencies throughout the restructure. Staff believe that this movement, in conjunction with the department's greater policy focus, means the existing workforce requires significant skills development. The number of staff learning unfamiliar roles has diminished the department's overall capability, evidenced by a loss of corporate knowledge and subject matter expertise.

Skill deficiencies are compounded by vacancies and the time required to fill them. Senior leaders are encouraging staff undertaking recruitment activities to ensure they recruit high-performing staff to boost the overall capability of the department and each recruitment panel must also include a 'recruitment professional' to support high-quality processes.

To meet the significant workforce needs, however, the department must be far more proactive and fast paced in its recruitment and development activities. The review team found that the department has insufficient strategies in place to address these major issues and considers this to be one of its most significant risks.

Skill gaps

Some staff and stakeholders have noted a need for the department to improve its commercial and business acumen to more effectively engage with the communications sector. The selected use of external experts may assist to increase this capability, alongside the external secondment programme announced by the Secretary which supports placements in the communications industry and the portfolio.

The secondment programme is seen as a positive for staff professional development and a good mechanism to increase industry understanding and business acumen. The secondment process is encouraged by staff and external stakeholders, although further development is required to demonstrate it will be effective. A clear understanding of the programme's expected outcomes, aligned with priority development areas within the department and a transparent process for staff selection are required to ensure the programme achieves maximum benefit.

Staff need to improve their future-looking analytical capability to anticipate changes and trends within the fast-paced communications industry. Within the department, the Bureau of Communications Research intends to offer internal secondments to increase research and analytical capability. This is a positive initiative, although staff suggest a need to ensure secondment and internal transfer opportunities are transparent.

Increasing digital literacy of staff has been identified by the department as an important factor to become a government leader in effective and innovative use of ICT. Work has already started on a strategy to address this. The department has already initiated an innovative approach to increasing digital literacy in social media through the reverse

mentoring programme, where graduates are teaching less digitally literate staff. The department also provides online training through Lynda.com which provides bite-sized tutorials to support staff to keep pace with technology.

To keep pace with evolving business needs and provide greater flexibility for staff, the department has recently implemented its ICT mobility solution. This allows staff to replicate their desktop environment at anytime, anywhere and on a device that suits them (including access to emails, communication through instant messaging and video conferencing).

The introduction of mobility is a positive step in supporting flexible working arrangements to increase workforce agility. However, the department needs to focus beyond technology deployment on building capability of staff on a practical level to building capability to work and effectively manage in a teleworking environment. This requires a further shift in the mindset and work practices of management and staff.

Improving performance management

A new Outcomes and Capability Development Agreement (OCDA) was developed and recently released to staff. As part of the agreement, individuals must identify accountabilities, what success looks like, key collaborators, leadership behaviours and prepare a development plan. Staff are positive about this process and report greater focus by leaders on monitoring performance across the department since the restructure.

The department's senior leaders, supported by its HR Branch, should collectively consider how they will manage staff not effectively developing in roles following placement in the restructure. Working with a continually evolving communications sector, with developing capability and a significantly reduced number of staff, the department does not have the capacity to support individuals who are not adapting to its new direction. The department requires a clear strategy and plan to address this.

Before the restructure, performance management arrangements were not perceived to be functioning well, with staff reporting examples including inconsistencies between performance discussions and official ratings. Despite a revised process, staff will require improved capability to adequately manage underperformance. The review team found limited evidence to suggest that staff are any better equipped to have difficult conversations and there is some cynicism among staff that underperformance is adequately addressed.

Similarly, the department requires a greater focus on talent management and retention. Before and throughout the restructure, the review team found that the department did not adequately identify and work to retain high-performing staff. As a result, some talented individuals left the department.

The review team also heard that some high-performing staff were allocated roles outside of their placement preferences to enhance the capability of teams or branches. However, this was not communicated to these staff and the review team found this has been demotivating for some who felt that their expertise, or work ethic, has not been recognised or valued.

Failure to recognise and reward high-performing staff throughout the restructure was attributed to the need to maintain an open and transparent capability assessment process, but there is a possibility that staff will continue to leave if talent management is not addressed. Ensuring staff with key skills and attributes are valued and provided with further opportunities to develop is essential for ongoing retention.

Despite the recognition of a need for greater focus on performance management generally, a cultural shift is required to ensure that performance (good and bad) is managed consistently, every day. It is important for all managers to ensure that the OCDA process does not revert to a compliance exercise, particularly given the number of staff learning new and unfamiliar roles.

Balancing workforce needs

Many staff commend the HR Branch for its support and assistance throughout the restructure. Staff at all levels highlight and value their work, including the additional attention given to staff struggling to settle into placements, assistance to those working through their individual capability assessment results and the proactive work undertaken to assist managers build teams.

However, attention on immediate workforce needs appears to have overtaken a focus by the department on long-term strategic HR work. Reorganisation survey results from October 2014 indicated that only 56 per cent of staff felt prepared for their role in the new structure, even though significant capability gaps could reasonably have been anticipated given the scale of the redesign.

Due to a combination of capability, implementation timing and capacity constraints, the review team found insufficient attention has been given to future workforce needs. Several months on from the restructure, some staff are not yet fully effective in their roles.

The department is in the fortunate position of having an incredibly rich dataset as a result of the staff capability assessment process undertaken as part of the restructure. It has a profile for each staff member (as at August 2014), including strengths and areas for development, and this should form the basis for future development plans.

To ensure the department is prepared for its future capability needs, further workforce capability development is required. The department should consider a continuous process of identifying ongoing workforce requirements, assessing workforce capability and developing effective strategies that are employed to address gaps. A considered effort in developing, attracting and retaining necessary skills and attributes is essential if the department is to achieve its strategic objectives into the future.

4.2 Strategy summary

Outcome-focused strategy

- The corporate plan is well socialised. It is viewed positively and supported by staff.

- There is a strong internal and external view that the new strategy, and subsequent organisation redesign, will place the department in a better position to respond to current and future changes in the communications sector.

- Stakeholders have noted the alignment in purpose between the department and the Minister.

Evidence-based choices

- The Bureau of Communications Research has been established to support the provision of evidence-based policy advice. This significant and positive investment demonstrates the department's commitment to its new strategic direction.

- There is evidence that the department engages in an open and timely manner and is willing to listen to and learn from industry.

- Further harnessing industry expertise, particularly in relation to emerging policy developments, is important if the department is to deliver on its strategy.

- A strong focus on internal collaboration is required to deliver integrated policy advice (especially between the Bureau of Communications Research, market analysis teams and policy line areas).

Collaborate and build common purpose

- Strong relationships with industry stakeholders are in place and have the potential to become excellent.

- Relationships across government, including central agencies, are positive.

- The new strategic direction should be harnessed to increase the department's level of influence.

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

Outcome-focused strategy

Guidance Questions		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		Well placed

The department operates in an increasingly complex, rapidly changing environment. At the time of the review, the department was implementing a large transformational change programme to better align itself with the modern-day communications sector. Staff and stakeholders recognise that to position it for future changes, the department had to change its strategy to adopt and respond to industry needs.

Internal and external stakeholders believe the strategy is well conceived and robust.

The strategy process

In 2013, the department commissioned a market analysis of the communications sector. This highlighted a need for transformational change and was the genesis for the recent organisational redesign that included a new strategy and a subsequent organisational restructure.

The *Corporate Plan 2014–17* outlines the department's vision and its focus on three strategic priorities: enhancing digital productivity; expanding digital infrastructure; and promoting efficient communications markets. The corporate plan also highlights expectations for the department, including an increased focus on forward-looking policy development. The plan is supported by business planning, governance structure and performance reporting processes, as well as underpinning strategies for people, ICT and communications.

The strategy is designed to fundamentally change the way the department operates, moving away from an operating style that is reactive and responds to its environment, to one with an increased focus on forward looking, evidence-based policy. The department has just completed a large-scale restructure that allocated new, and aligned existing, resources to support the change in strategy.

The review team found this strategy to be well socialised and supported by staff. There are strong internal and external views that the redesign places the department in a better position to respond to current and future sector changes.

Embedding the strategy

The strategy requires the department to work differently, with a greater focus on policy development. To achieve this, staff need to be supported to embed the new direction and ensure they do not revert to traditional, more reactive work practices. Staff raised concerns over what success looks like for the department and for themselves in their roles and are looking to their senior leaders for guidance. There are examples where this is working well, and where individual leaders have been proactive in finding innovative ways to engage and assist their staff during the transition. However, this is not systematic, and while the Secretary has been clear about high-level expectations, staff noted a need for the broader leadership cohort to adopt and communicate the expectations and work practices required to realise the strategy's benefits.

To be confident of delivering on its objectives, the department needs to invest considerable effort in defining success and how to measure it.

Working with government

The department's strategy is well aligned to government priorities. Post-restructure, some external parties have observed improved quality of advice from some areas. While satisfied with the level of advice received, the Minister and Parliamentary Secretary have encouraged the department to work to improve policy development, including more creativity and more comprehensive development of options. The current Minister and Parliamentary Secretary are well connected to, and have an in-depth knowledge of the communications sector. The review team observed that this generated energy within the department to meet the expectations of the Minister, the Parliamentary Secretary and their advisors.

Evidence-based choices

Guidance Questions		1. Are policies and programmes 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	🟡	Well placed

The corporate plan highlights an increased focus on policy development, research and economic capabilities as priorities for the department. As part of the organisational redesign, the Bureau of Communications Research and three market analysis teams are to undertake horizon scanning and provide high-quality data and market intelligence and analysis to support provision of policy advice. This investment, particularly at a time of downsizing, further highlights the department's commitment to the new strategic direction.

Policy development capability

Internal and external stakeholders acknowledge the department has pockets of strong subject matter expertise and technical expertise. This is particularly evident within its traditional areas of regulatory policy, such as telecommunications and broadcasting. The review team found the department to be less connected with, and have less expertise in, more contemporary policy areas such as digital productivity.

To support better policy development, some managers are actively assisting their staff to develop a broader understanding of the industry. There are examples of local-level forums, where external and internal speakers are invited to communicate details of important internal initiatives and developments. Others are assisting staff to develop policy capability and desired work practices, for example through mentoring initiatives and buddy arrangements.

However, there is no systematic approach from the department's leaders, and therefore some staff are making this shift better than others. Internal and external stakeholders noted that some areas of the department are yet to make this shift, and that areas of the department have a tendency to default to the traditional role of providing regulatory policy solutions.

Increasing the evidence base

The review team found that the department engages effectively with its stakeholders, many of whom commented on its openness and willingness to engage with industry to listen and gain knowledge and expertise. In addition, the department has been increasing effort at collaborating within its portfolio organisations through, for example, secondment arrangements with NBN Co and assistance with corporate-planning activities. The department is extending its secondment programme to industry which will provide further opportunity for it to harness external knowledge and build internal expertise.

The Bureau of Communications Research, headed by a newly appointed chief economist, aims to provide quality, evidenced-based advice. It plans to provide a valuable service to industry generally, through the development of statistical compilations related to the ICT industry and digital economy and the collection and dissemination of market intelligence.

At the time of the review, the Bureau of Communications Research had only just been established. The success of this investment is a key element of the department's strategy and without sufficient skills in research and statistics there is a risk that it will under-deliver. The Bureau of Communications Research will need to focus on building an appropriately skilled team and develop and maintain strong linkages across the department, especially with the market analysis teams and with comparable areas and research units in other agencies.

Strengthening of policy areas including the consumer access, consumer protection and market analysis sections should bring more consumer insight into policy development. It is important for these areas to collaborate, and the broader department to develop integrated, evidence-based policy solutions.

Knowledge management

Following the recent restructure, a majority of departmental staff are working in changed roles with many on new subject matter.

Throughout the review, staff and some stakeholders highlighted a concern with the department's knowledge management practices with some noting that corporate knowledge

was lost through the restructure and downsizing. Furthermore, the current information management system is not agile enough to deal with such a significant restructure, resulting in staff finding it difficult to access the information required for their new roles. The review team found a lack of systematised strategies to mitigate these risks and noted that the department requires stronger internal knowledge management practices.

That said, staff spoke positively of a significant increase in internal collaboration during the restructure, with many relying on the assistance of others to deliver in their new roles.

Collaborate and build common purpose

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

The communications sector involves a diverse range of stakeholders including government, industry bodies, telecommunications providers, Internet Service Providers, broadcasters and digital companies. A number of the department's stakeholders are large-scale businesses (significantly larger than the department itself) who operate in complex commercial and/or political environments.

Strong relationships with stakeholders

The review team found the department to have strong relationships with external stakeholders. This is consistent with the findings of earlier independent stakeholder research undertaken in 2013, which highlighted that the majority (71 per cent) of stakeholders rated the overall quality of the relationship with the department to be very good, particularly in relation to their traditional role in regulatory work.

Stakeholders spoke of positive and respectful relationships with individuals in the department. Many commented that the department engages effectively, in a timely manner, listens, seeks to learn from and respects the expertise of stakeholders. The review team found that internal staff demonstrated good awareness of their relationships with stakeholders within their operating environment. Staff speak positively about their relationships with stakeholders, particularly with industry, and believe the restructure will assist them to further improve external collaboration.

During the organisational transformation, staff in changed roles need to continue to focus on developing and strengthening relationships within their new areas to ensure the quality of stakeholder relationships are maintained.

The review team found the department's positive dealings with external parties to be cultural and, at times, based on key individual relationships. By adopting a more systematic approach to engagement, the department could mitigate the risk that external relationships are person-dependent. Further effort could strengthen engagement and partnering and assist the department to transition stakeholder relationships from strong to excellent.

Working across government

In the communications sector, responsibility for some policies sits with or crosses over with other government departments including the Department of the Prime Minister and Cabinet, the Attorney-General's Department and Australian Government Information Management Office. The review team found that the department is well regarded across the APS, including by central agencies. APS stakeholders note that the department has strong technical skills, shares information and is open to considering views and advice from stakeholders. External agencies reported that the department undertook its engagement with them in an efficient manner.

While positive about their relationships, some external agencies expressed a desire to see the department take more of a lead role with emerging policy developments. For example, the digital productivity agenda and e-Government are opportunities for the department to lead and influence the Government's agenda, and beyond. To proceed with this leadership role, the department requires the imprimatur of government.

Increasing influence

Stakeholders from within and outside of government reported that while they appreciated the quality of their engagement with the department, they did not believe it was as influential as the industry and subject matter warranted.

The new strategic direction espoused by the department was seen as an important element in increasing its influence in issues related to the digital economy.

Harnessing expertise

The department's core business for a long time has been regulations related to the media, broadcasting and telecommunications industries. Feedback to the review team was that the department has delivered and performed well in its traditional role. Stakeholders also speak of the department's willingness to engage with, listen to and learn from industry. This is positive since how the department engages with stakeholders to harness expertise is particularly important for the department as it downsized at a time when industry is developing at an increasingly rapid pace.

The review team found the department to be less connected to stakeholders in more contemporary policy areas. It has been noted that the department's former structure lacked agility. There is internal optimism that the new structure will address this.

Given the department's size and the rate of change in the industry sector, it is critical that the department creates and embeds clear strategies to leverage external capabilities and partnerships, both domestically and internationally.

4.3 Delivery summary

Innovative delivery

- The department has established an innovation network and appointed innovation co-ordinators and an SES Band 2 champion.

- The department needs to create a systemic approach to increase its level of innovation.

- The application of difference-making insight (driven by data and leading-edge digital technology) and 'agile' ways of working are needed to support stronger innovation.

- Innovative delivery will help. The department can realise its aspiration of further building credibility with citizens, government, the broader APS and industry.

Plan, resource and prioritise

- The department has shifted resources significantly from support and programme delivery to policy delivery. This shift has resulted in a large reduction in resources performing legacy work and an increased level of resources in policy areas.

- The shift in staff to new positions has added additional stress and reduced capacity in the short-term.

- The supporting plans which define expectations and priorities have not yet been appropriately defined or aligned to the new resource reality and legacy work is still consuming more resources then ever envisioned or provided.

- The department faces an urgent need to address the planning and prioritisation task to make it fully effective.

Shared commitment and sound delivery models

- The department has a culture that is committed to delivery and achieving outcomes.

- Internal collaboration has increased with the restructure with staff seeking support to deliver in their new roles. There is now opportunity to implement more structured systems and processes to make this sustainable.

- The department is well supported in its delivery capability by its ICT systems. There are instances of leading-edge ICT, however more must be done to support the department in its goal of being an APS leader in implementing digital practices.

- Governance frameworks are generally strong but the department could enhance its accountability frameworks, particularly with the co-shareholder relationships with NBN Co and Australia Post.

Manage performance

- The department has solid frameworks in place to manage compliance risks and monitor corporate financial performance.

- More robust systems to track progress towards policy outcomes are needed.

- A greater focus on strategic risks is needed.

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

Innovative delivery

Guidance Questions		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

The department is committed to further develop its innovation capability. However, work is still needed to systematise and embed innovation within the department.

An expectation to innovate and examples of innovation

The Secretary has communicated the importance of staff engagement in innovation to achieve strategic priorities and make the department a government leader in the use of cutting-edge ICT.

There are pockets of innovation across the department. A number of examples provided to the review team are ICT-based solutions, providing exemplars for the APS. These include:

- development of a mobile application to present an incoming government brief

- digital release of the department's 2013–14 annual report

- implementation of a work-from-anywhere mobility solution to support flexible work practices

- Updates to Question Time Briefs using google.docs, which the Minister can download to a mobile device

- Redevelopment of the department's intranet with a social media interface to increase internal collaboration and digital literacy

- Live web streaming to support the Secretary's communications to staff on the restructure and support the Minister to deliver an online copyright infringement forum with attendees participating in a live question and answer session through social media.

The department demonstrated its commitment to innovation and working across the APS by organising a multi-agency 'design-jam', hosted by National ICT Australia. This initiative resulted in three prototypes for managing universal Australian Government address changes being shared with relevant government agencies for implementation.

Existing innovation support and structures

In April 2014, the department established formal structures to increase its innovation activity. This included setting up an Innovation Network with two co-ordinators and the appointment of an SES Band 2 to the role of Innovation Champion. The review team heard about the high level of support for the network, with approximately 40 people participating on a voluntary basis. Its major accomplishments are the collection through a blog of more than 150 repeal-day suggestions to cut internal red tape and organising events for Innovation Month. The Innovation Network is looking to reinvigorate itself and be in a stronger position to support innovation initiatives and work with line managers and HR staff to determine how to help people settle into their new roles.

Evidence presented to the review team suggests management support for innovation, however this could be further improved and the role of Innovation Champion more defined. The 2014 State of the Service Report noted that senior management encouragement for innovation and creativity was 43 per cent, similar to the APS average of 42 per cent. Immediate supervisor encouragement was more positive, with 67 per cent of respondents satisfied that their supervisor supports them to innovate, compared to the APS average of 63 per cent. Another positive sign for existing innovation capability taken from State of the Service Report results is that 55 per cent of survey respondents agreed that the department encourages innovation and looks for opportunities to use new technology and improve processes.

Formalising and investing in innovation

Whilst there are examples of emerging innovation, the review team found that the department could do more to boost innovation. The department needs to formalise a targeted strategy, create robust processes and develop formal feedback loops. These feedback loops need to provide staff with resolution on ideas raised and formally recognise innovation effort in individual performance management plans. By introducing a more structured approach, the department will be better positioned to deliver innovation that links directly to its priorities.

The review team heard that the department needs to explicitly consider its risk frameworks and ensure its risk culture is balanced with the need for innovation and has appropriate risk settings to support leading-edge digital implementation.

The potential for innovation and development of leading-edge technology is very high but requires significant investment. To achieve these desired outcomes, more dedicated resources focused on innovation may also be required, and the department needs to leverage and engage with industry and other government agencies. Its leadership in GovHack 2014 and its collaboration with public and private partners to increase functionality and datasets on www.data.gov.au are viewed by the review team as positive examples of what is possible.

Plan, resource and prioritise

Guidance Questions		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 programmes effectively managed and regularly reviewed?
Rating		Development area

The review team recognises the significant and positive investment the department has made in better aligning its resources with its strategic priorities and implementing a new integrated business planning framework to support its realignment process. The department's highly responsive and delivery focused culture, historically and then through and post reorganisation, has been identified to the review team as a strength.

The department is also strong in delivering major programmes of work, as demonstrated by Digital Switchover, Restack and Retune, and the Mobile Phone Blackspots programme. Evidence that delivery plans for programme management is robust, actively managed and reviewed regularly, and there is a focus on resource control as part of these plans.

The significant reduction of staff (from 643 at 30 June 2013 to 427 at 1 December 2014), along with the redeployment of staff into new investment areas, has reduced the capacity for legacy and support work. With the reduction in overall staffing and the high number of staff undertaking unfamiliar roles (with only approximately 51 per cent having some job continuity) the department needs to assess what can realistically be achieved with current resources.

The department will benefit from its efforts to address prioritisation and capacity issues that have emerged post restructure, especially in areas with legacy work. It needs to further embed its business planning framework and realign expectations once reprioritisation is complete. Initial prioritisation work has been completed and a number of frameworks and tools developed. The implementation of frameworks and the completion of prioritisation work should help the department improve this capability.

Agency business planning

The department reviewed its planning framework as part of its redesign and launched its new business planning framework in August 2014. The framework is designed to improve the integration of the corporate plan, work-unit business plans, individual outcome and capability agreements and outputs from key decision-making and governance bodies.

Monthly and quarterly review points provide an opportunity to take stock of progress and resource allocation and make adjustments.

The intent, objectives and structure of the business planning framework are sound. A robust and flexible framework, aligned with realistic expectations and clear measures, is key in supporting the department to direct activity and resources towards achieving its strategic priorities. This is critical to enable the department to better adapt and respond to the fast-paced industry environment it operates in.

However, the framework is only half way through its first cycle and is not yet fully implemented. The business plans do not have sufficient outcome metrics, clearly defined priorities and expectations to properly align work with resource levels whilst leaving capacity for required up-skilling and bedding down of the department. The leadership group needs to realign expectations internally, as well as with ministers and external stakeholders, to implement and refine the operation of the framework. Additionally, the plans observed by the review team have mixed quality in terms of the usage of learning milestones to ensure longer-term deliverables are achieved.

Work is underway to improve the business plans that are critical to support the department's long-term delivery capability.

Prioritisation and resourcing post-redesign

The department's redesign has helped to better align its resources with its strategies and better position the department to deliver on its agenda. However, prioritisation and capacity issues have emerged post-restructure, especially in areas with legacy work.

The focus on prioritisation and de-prioritisation of functions and processes immediately post-restructure was variable and the approaches taken not systematic. This, in part, contributed to increased workloads post-restructure, particularly in areas with majority legacy work. The reorganisation survey demonstrated this, with concerns raised that staff were under pressure to deliver the same output at reduced capacity and a perception that there was lack of progress in filling vacancies.

The review team found that staff needed 'cultural permission' to identify functions that could and should be stopped. Staff found it difficult to do this because of the department's task and delivery driven culture. The reorganisation survey also reflected this, with staff identifying the need to set clear functions, responsibilities and work requirements, including clarifying working arrangements between line areas and setting out what the department is no longer doing post-restructure. Some areas where new ways of working have been defined are getting traction, however not all systems, processes and feedback loops have yet been implemented.

In response to feedback from the reorganisation survey and the review team, the department moved to implement a formal 'Keep, Stop, Change' methodology to provide work units with a framework to undertake their prioritisation process. Once this has been finalised, internal and external expectations need to be explicitly re-aligned with staff and stakeholders to reflect the department's new operating model.

The current reprioritisation and realignment process, in conjunction with the enhanced business planning process, are critical to positioning the department to deliver on its strategic priorities. As a small department in a resource-constrained environment, a continuous focus (beyond the immediate post-restructure period) on developing new ways of working and improving systems and processes is needed if the department is to continue to thrive.

Shared commitment and sound delivery models

Guidance Questions		
		1. Does the organisation have clear and well understood delivery models which will deliver the agency's strategic outcomes across boundaries?
		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?
		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?
		4. Does the organisation ensure the effectiveness of delivery agents?
Rating		Well placed

The department has a good track record in delivery. Its aspiration to build and promote a culture of collaboration, innovation and high performance is articulated in its corporate plan and supporting strategies. The review team found that the department's culture is committed to delivery and achieving outcomes. Not surprisingly, internal collaboration has increased with the restructure with staff seeking support to deliver in their new roles. Opportunity now exists to implement more structured systems and processes to make this sustainable. The department is well supported in its delivery capability by its ICT systems. Governance frameworks are generally strong but the department could enhance its accountability frameworks, particularly with the co-shareholder relationships with NBN Co and Australia Post.

A strong delivery focus

The department has a history of successfully delivering programmes of work with defined outcomes. It reflects positively on the department that it continued to be highly responsive and delivery focused throughout the transformational change and downsizing it experienced throughout 2014.

The recent delivery of policy related to the NBN is an example of emerging policy delivery capability and internal collaboration. The Digital Switchover and Restack projects were cited as more recent, high-profile examples of effectively managed programmes of work, verified by positive audit findings in these areas. These projects were delivered through a clearly defined partnership model, involving commercial and national broadcasters and local communities and, in the case of switchover, also equipment suppliers, the retail sector and Department of Human Services.

Embedding collaboration

A number of elements introduced in the restructure are designed to promote increased collaboration. For example, flatter structure, increased spans of control, and the establishment of the Bureau of Communications Research and market analysis teams in line areas. The review team found strong evidence of increased informal collaboration as a result

of the restructure. However, the reorganisation survey recently conducted indicated that, at this stage, 48 per cent of respondents were largely undecided about whether the new structure will be more collaborative or innovative.

An encouraging signal that a culture of collaboration is emerging within the department was provided by the extensive cross-organisation activity during the development of a major initiative relating to the NBN.

The department has an opportunity to capitalise on the willingness of its staff to work across the structure and build on existing levels of collaboration by implementing mechanisms that will assist in systematising collaborative behaviours. For example, establishing cross departmental, multi-disciplinary project teams on an as-needs basis to address emerging issues (an initiative the Secretary previously indicated would be implemented post-restructure).

The review team found that the physical layout of the department's office inhibits collaboration and innovation—the large number of individual offices, enclosed work bays and formal meeting rooms instead of more informal, break-out spaces. The department indicated it is taking steps to progressively improve existing accommodation. However, it is important that the department takes a conscious approach to overcoming accommodation barriers in the interim and finds ways to collaborate and innovate.

There are staff attraction and retention benefits for the department to maintain a Sydney office, however it appears isolated from the main office in Canberra and would benefit from increased support (and possibly a more defined single function) to ensure it is better connected to the central office environment and operating more cohesively.

Leveraging the strong ICT platform

The review team found evidence that the department is taking steps towards the effective use of leading edge ICT by improving its level of investment in new technology and focusing on improving its ICT capability. Its goals in this respect are articulated in the department's corporate plan and in the ICT and communication strategies that underpin the plan.

The department's ICT systems are sound and are supported by a long term, award-winning strategic partnership with the ASG Group for the delivery of ICT Managed Services. The department is a leader in the APS in some aspects such as its ICT mobility solution, its incoming government brief mobile app and the implementation of a social media-based, interactive Internet site for its Minister. The department is developing a new intranet site to encourage greater levels of staff interaction and collaboration and is redeveloping its website so it is more engaging and interactive.

Despite instances of leading-edge ICT, the department needs to do more to support its goal of being an APS leader in implementing digital practices. Some staff indicated that the department's underlying operational processes and practices are not as efficient or digitally advanced as is needed to be a government leader in effective use of ICT. The department would benefit from continuing to develop a deeper understanding about what it means to operate as a leading-edge, digital organisation and being clearer on what success looks like in this respect.

Effective governance and accountability structures

The department's governance framework and committee structure, membership and responsibilities are clearly articulated and reinforced by finance and HR delegations and Accountable Authority Instructions. The framework was reviewed and realigned as part of the recent reorganisation.

Two key changes to governance arrangements relate to the operation of the ELT and the streamlining of committee structures. A structured schedule for ExCom meetings was introduced to drive a more strategic agenda, focusing sequentially on four topics: Policy, Strategic Priorities; People, Culture and Values; Governance and Risk; and Communications and Stakeholders. An Investment Committee (reporting to ExCom) was established to provide strategic advice on significant financial investments (predominantly ICT focused) across the department, including implementation and management. Two governance committees were disbanded as part of the realignment. Staff positively received these changes. They require further evaluation to measure impact.

As part of the redesign, the department reduced the number of management layers (from seven to five) and widened spans of control (from three to seven) to reduce duplication, increase empowerment and drive improvements in performance. The review team found that staff view this as positive. Early indications are that devolution of work and lowering of formal delegations is occurring and some EL staff are beginning to feel more empowered as a result. However, further effort is needed by senior and middle managers to fully realise the benefits of the structure and evaluation is needed over time to measure if it has increased empowerment and improved performance.

The department is also positively engaging with alternative delivery models to achieve efficiency gains, including:

- operating a shared services model to deliver corporate services for the TUSMA

- looking into opportunities to enter into shared services arrangements

- establishing a centralised programme administration unit as part of the restructure that manages the majority of the remaining administered funding programmes for which the department is responsible.

The department has a complex and challenging dual role in supporting its Minister in the joint shareholder role as well as acting as a policy advisor for its portfolio Government Business Enterprises (NBN Co and Australia Post). To maximise the value of both roles, there is merit in the department examining its operating arrangements and considering how to strengthen and improve its framework to deliver value for the Minister and agencies respectively.

Manage performance

Guidance Questions		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? Does the organisation take action when not meeting (or not on target to meet) all of its key delivery objectives?
Rating		Development area

The department has solid frameworks in place to manage compliance risks and monitor corporate financial performance. However, it needs to develop more robust systems to track progress towards policy outcomes and manage strategic risks. This is especially important given the department's programme of transformational change and revised strategic direction.

Solid compliance frameworks

Staff and stakeholders commented about the strength of the department's audit programme. Stakeholders commented on the Secretary's better-practice approach of presenting his perspective on enterprise risks at Audit Committee meetings. The Audit Committee's membership has an external chair and a mix of internal and external representatives.

As part of its internal audit activities, the department conducts in-flight programme reviews. In 2014, three in-flight audits were completed, covering the Mobile Black Spot Programme, NBN Continuity of Service Reporting Framework and Mobility Risks and Challenges. The Australian National Audit Office has also undertaken a limited number of performance audits, the most recent of which was completed in 2013. None of these audits identified significant adverse findings.

Staff and stakeholders also noted the department's solid approach to managing its broader compliance activities, such as *Public Governance, Performance and Accountability Act 2013* requirements and financial controls and reporting.

Identifying and addressing strategic risks

The department's risk management framework is being revised, with enterprise risks monitored by the ELT on a monthly basis with more detailed quarterly consideration. The business planning framework includes a requirement for a risk plan to accompany each branch business plan.

The department's early work in this space is promising, though the review team found that a number of significant risks had not been sufficiently scoped or addressed post-restructure. These included critical workforce capability, skills and capacity issues in corporate and policy areas, and a lack of resources to drive change implementation. The department has responded with a programme to address these risks.

The department's shifts in strategic direction, and ongoing change efforts, have increased its exposure to strategic risks. In this context, the department needs to further build its capability to identify, monitor and address strategic risks.

Tracking outcomes

The department has started to align its performance metrics with strategic priorities. It revised its programme structure and KPIs in the 2014–15 Portfolio Budget Statement and included KPIs in its business planning framework.

However, in the first drafts of its business plans, the quality of KPIs was variable. The department's top-level strategy has not been fully translated into meaningful outcomes, learning milestones and associated metrics. Therefore, it remains difficult for the department to have confidence in the management and delivery of it strategic outcomes. The department needs to address this critical area if it is to realise its aspirations.

5 The department's response

Over the last 18 months, the Department of Communications has undertaken a comprehensive review of its strategic priorities and a significant restructure to better align our capability to those priorities.

This capability review started soon after our new structure was put in place. The review was therefore timely and extremely valuable since it allowed us to test our progress and provided an independent view of our strengths and capability gaps. Early advice from the Senior Review Team has also allowed us to immediately address areas in which our change process was lagging or incomplete.

The department's development focus over the next 12 to 18 months will be on strengthening our culture, capability and performance. This capability review report provides invaluable insights and advice to inform that work.

In this regard, we fully agree with the key areas identified by the review team as having the potential to benefit from further development. The department's leadership team is committed to putting in place a comprehensive action plan that will build on the strong foundation we have established over the last 18 months.

I am pleased that this review recognises that we have a collegiate, dedicated workforce with a strong delivery focus and positive stakeholder relationships. It also acknowledges the role of the new Bureau of Communications Research as an important new investment that will strengthen our market analysis capability and the provision of evidence-based policy advice. We will continue to build on these strengths.

Finally, I would like to extend my sincere thanks to the members of the Senior Review Team, Mr Michael Vertigan AC, Ms Kathleen Conlon and Ms Elizabeth Cosson AM CSC, for their collaborative, professional and constructive approach to the review, and to the members of the APSC team who supported them. I am also very appreciative of the positive engagement and honest, considered input to the review by the many staff and stakeholders who participated.

Drew Clarke PSM
Secretary
Department of Communications

6 Abbreviations and acronyms

Abbreviation or acronym	Description
ABC	Australian Broadcasting Corporation
ACMA	Australian Communications and Media Authority
APS	Australian Public Service
APSC	Australian Public Service Commission
DTO	Digital Transformation Office
EL	Executive Level
ELT	Executive Leadership Team (comprising the Secretary, deputy secretaries and first assistant secretaries)
ExCom	Executive Committee
HR	Human Resources
ICT	Information and Communications Technology
KPI	Key Performance Indicator
NBN	National Broadband Network
NBN Co	NBN Co Limited
OCDA	Outcomes and Capability Development Agreement
SBS	Special Broadcasting Service
SES	Senior Executive Service
SLG	Senior Leadership Group (comprising assistant Secretaries and EL2 staff that report directly to the Executive Leadership Team)
SLGF	Senior Leadership Group Forum
TUSMA	Telecommunications Universal Service Management Agency