

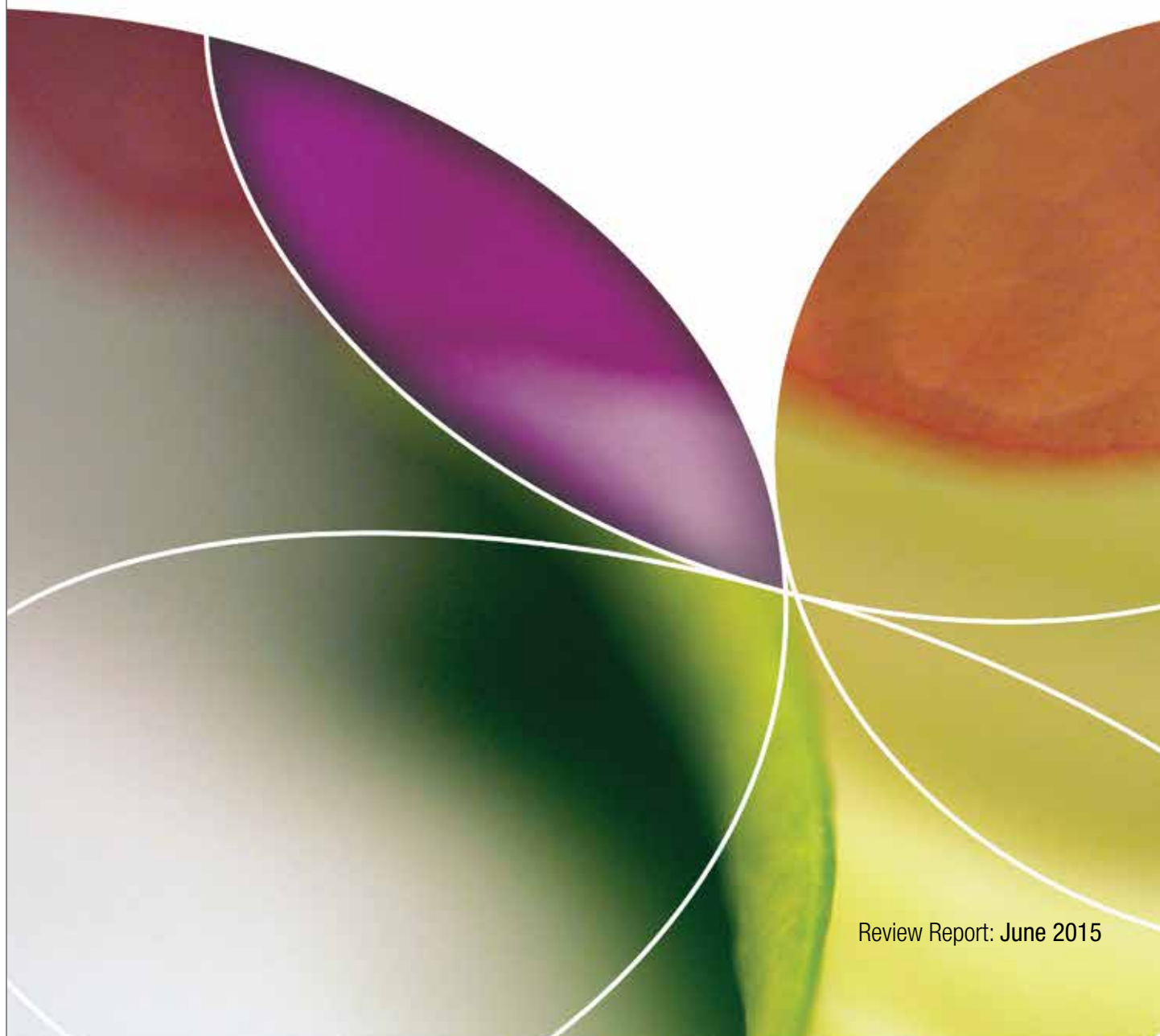


**Australian Government**  
**Australian Public Service**  
**Commission**

CAPABILITY REVIEW

# Department of Employment

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



Review Report: June 2015



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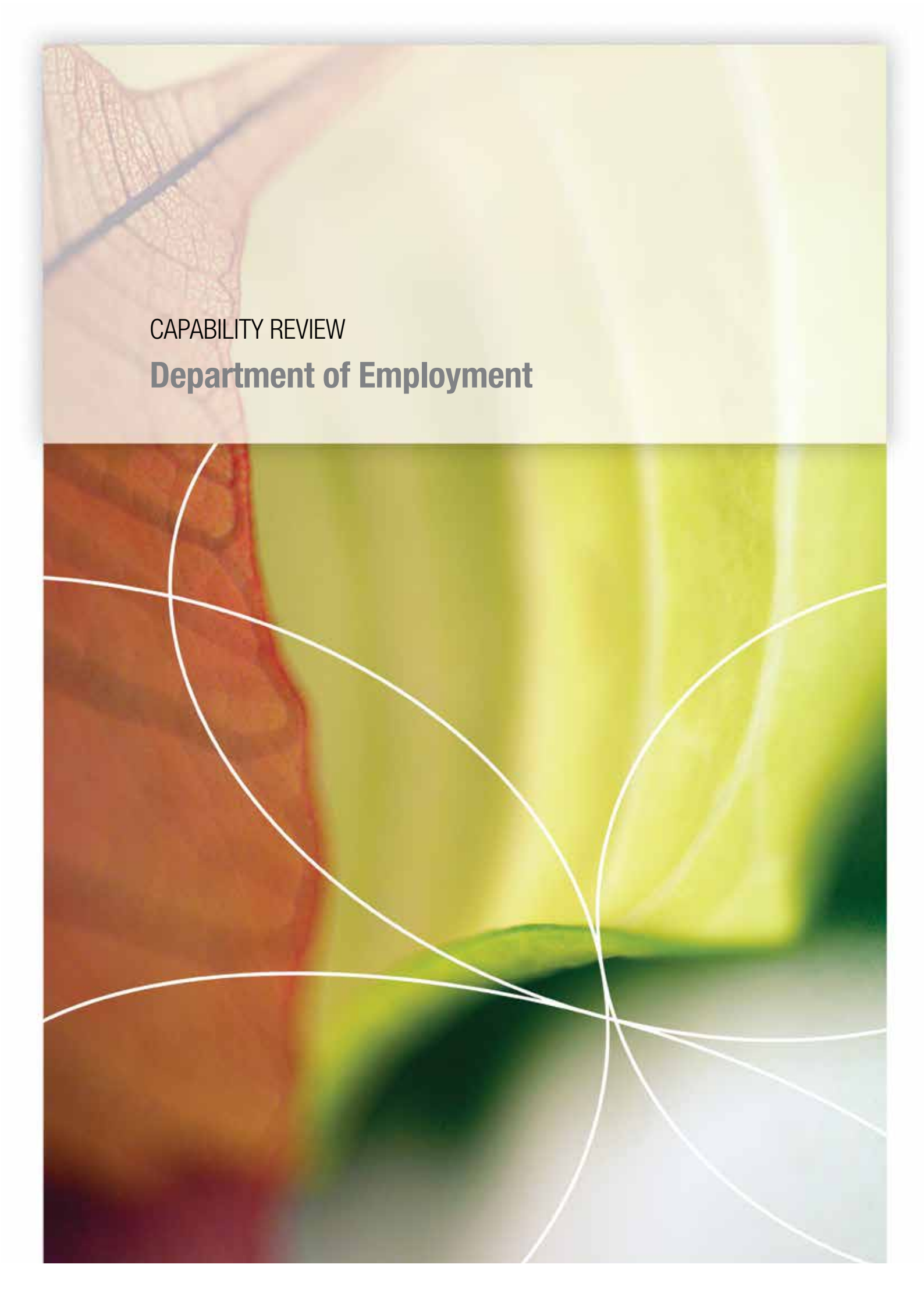
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CAPABILITY REVIEW

**Department of Employment**



## Foreword

The Australian Public Service Commission (APSC) has undertaken 24 capability reviews of Australian Public Service (APS) agencies. The reviews identify organisational strengths and areas for improvement and are designed to help lift the productivity of individual agencies and the APS as a whole.

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

I would also like to thank Ms Rachel Hunter, the chair of the review team, other senior members of the team, Ms Akiko Jackson and Mr Tony Sheehan, and the staff from the APSC who supported them.

A handwritten signature in black ink, appearing to read 'John Lloyd', with a long diagonal line extending upwards and to the right from the top of the signature.

John Lloyd PSM  
Australian Public Service Commissioner





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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.

This review focuses on leadership, strategy and delivery capabilities in the Department of Employment (Employment). It highlights the department’s 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.

Capability reviews are designed to be relatively short and take a high-level view of the strategic operations of a department or agency. This review is primarily informed by consultation with Ministers’ offices, senior leaders and external stakeholders. It also considers the views of staff who attended a series of workshops and round-table discussions. External stakeholders interviewed include other Australian Government departments, state and territory government departments, private sector companies, peak bodies and interest groups.

Functions undertaken by Employment were carried out before September 2013 by the Department of Education, Employment and Workplace Relations (DEEWR) which was part of the pilot programme of capability reviews in late 2011. In response to the pilot review, DEEWR concluded it needed to further develop its policy and organisational stewardship capabilities as well as improve its stakeholder engagement approaches.



Figure 1—Model of capability

## 2 About the department

The Department of Employment assists the Australian Government to achieve its objectives of creating jobs and employment outcomes in safe and fair workplaces.

In doing so, the department works with other Australian Government agencies, state and territory governments and stakeholders to:

- commission job service providers to place job seekers into work
- develop policy and programmes to increase Australia’s workforce participation
- facilitate productivity and job growth through policies that promote fair, productive and safe workplaces.

The department supports the Government to deliver its social and economic priorities, now and in the future. It does so by collaborating with key economic and social policy agencies across the APS, with non-APS partners and with contracted providers.

Employment came into existence on 18 September 2013 as a result of machinery-of-government (MoG) changes following the election of the Coalition Government. It was created from DEEWR.

### Employee and geographic profile

At 28 February 2015, Employment had 1829 staff (Figure 2) comprising a:

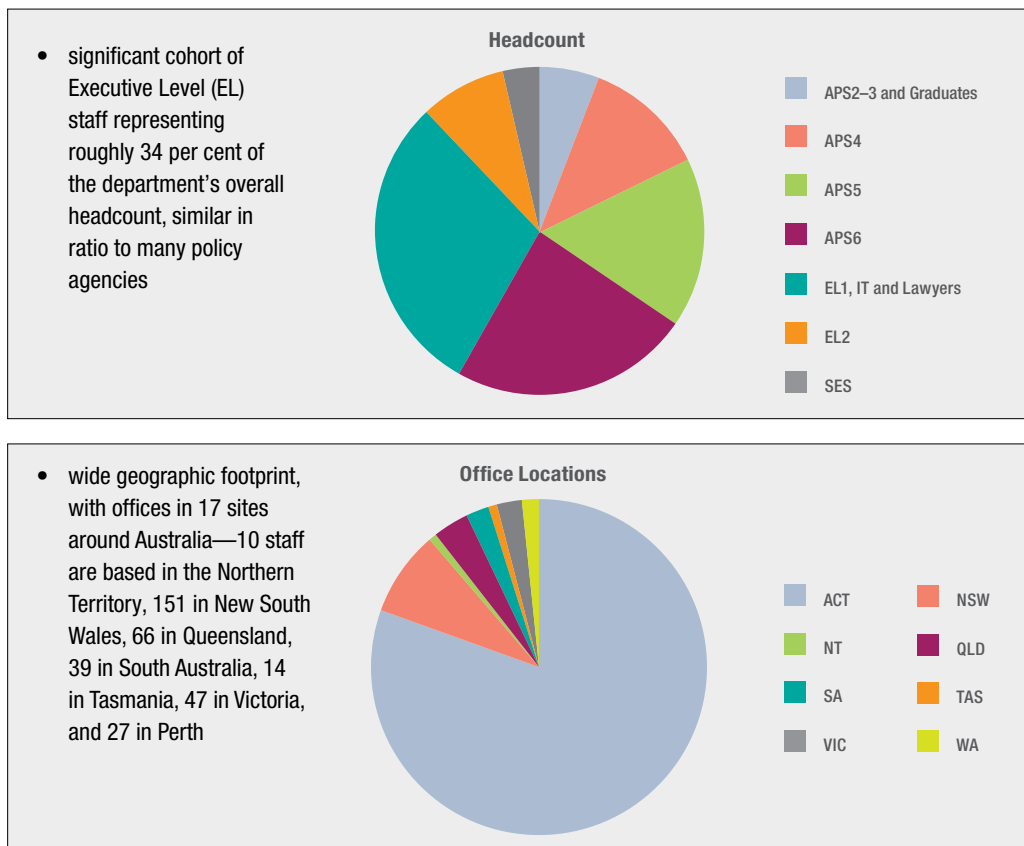
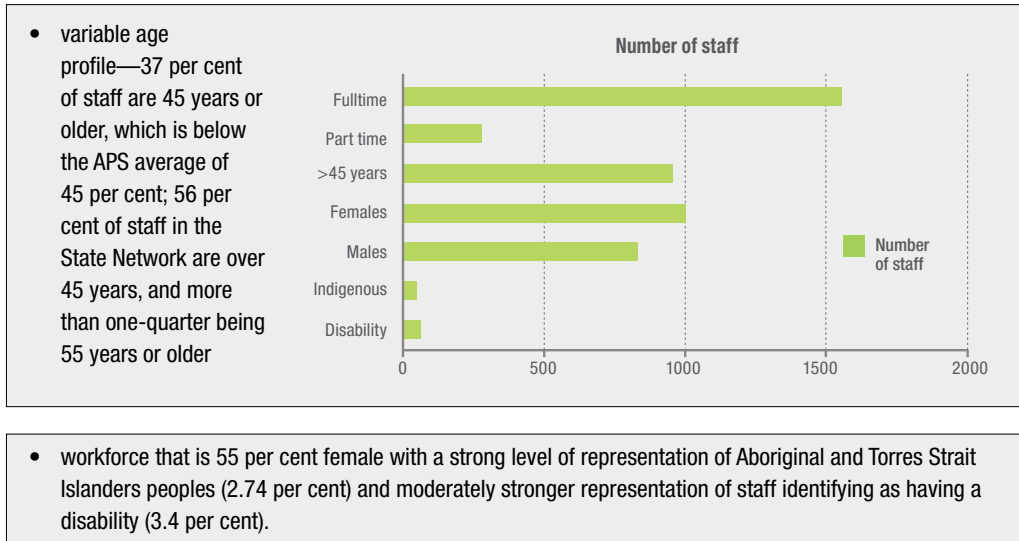


Figure 2—Department’s employment and geographic profile

Figure 2 continued—Department’s employment and geographic profile



### 2014 APS Employee Census results

The 2014 APS Employee Census provided positive insights into the department.

A high 89 per cent responded to the Census with results showing job, team and agency engagement levels well above the APS average. Results identified strengths around leadership visibility (17 per cent above the APS average), ability of leaders to communicate (15 per cent above the APS average), ability of staff to respond to change (15 per cent above the APS average), and staff feeling their contribution is valued (11 per cent above the APS average).

The areas for concern for the department identified through the Census revolved around access to effective learning and development (3 per cent below) and time spent in formal education and training during the 12 months before the Census (22 per cent below).

### Departmental structure

The department is divided into two work clusters: Workplace Relation and Economic Strategy; and Employment. It also has a Corporate Services section and a Shared Services Centre. The role of each area is described after Figure 3.

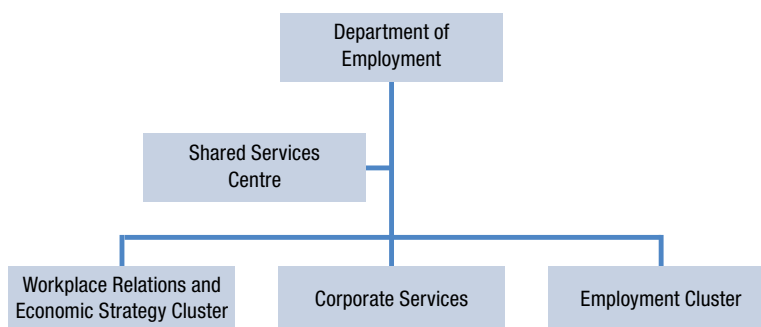


Figure 3—Departmental structure

**Workplace Relations and Economic Strategy Cluster** brings together workplace relations policy areas to deliver policy advice in support of the department’s outcomes and the Government’s desire to improve labour productivity and remove red tape for employers.

**Employment Cluster** delivers the department’s employment services programs, including through *jobactive* (launched in July 2015 to replace Job Services Australia) and through State Network offices across Australia.

**Corporate Services** comprises internal service areas providing professional services in support of the department’s business and operations.

**Shared Services Centre**, established in December 2013 jointly by the Department of Employment and the Department of Education, delivers corporate and enabling services to both departments following MoG changes. It supports the two departments as well as some portfolio and other agencies in corporate and information technology (IT) functions.

**Departmental outcomes and portfolio structure**

The department’s two outcomes, identified in the 2015–16 Portfolio Budget Statements, are:

**Outcome 1:** To foster a productive and competitive labour market through employment policies and programmes that assist job seekers into work, meet employer needs and increase Australia’s workforce participation.

**Outcome 2:** To facilitate jobs growth through policies that promote fair, productive and safe workplaces.

The Employment Portfolio includes seven agencies and statutory authorities (Figure 4).

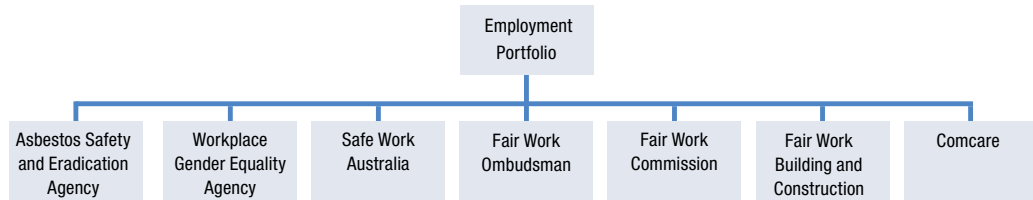


Figure 4—Departmental portfolio

In 2014–15, the department had \$1,994 million in operating expenses, of which \$1,694 million was administered (Figure 5).

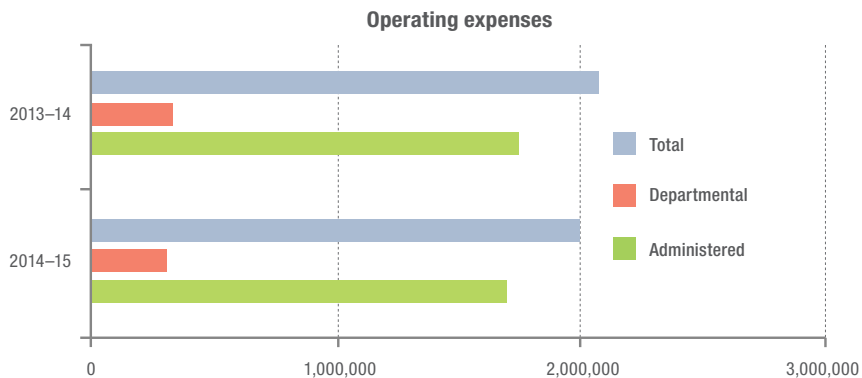


Figure 5—Operating expenses over two financial years

## Key achievements

The department has advanced a number of key achievements, including:

**New employment services model, *jobactive*.** This was a redesign of the employment programme to meet the needs of employers and ensure job seekers get real jobs. The Government is investing \$5 billion over three years in *jobactive*, which is delivered by 66 organisations across Australia.

**Work for the Dole.** This national scheme supports job seekers to remain active and engaged, and continue to build their skills while looking for work.

**G20 Taskforce on Employment.** This included supporting the Labour and Employment Ministerial Meeting held in September 2014.

**Bill to re-establish the Australian Building and Construction Commission and Registered Organisation Commission.** This took place in the first 100 days of the Coalition Government's new Parliament.

**Amendments to the Building and Construction Workplace Health and Safety Scheme.** These broaden the scheme's safety benefits, reduce red tape and the compliance burden for accredited companies, and encourage more companies to become accredited.

**Shared Services Centre.** This was established as a joint venture with the Department of Education, to drive efficiencies and savings in delivering corporate and enabling services by maximising economies of scale.

## Operating environment

A priority for the Australian Government is to develop policies that boost productivity and jobs growth. This includes making the Productivity Commission responsible for reviewing:

... the performance of the workplace relations framework, including the *Fair Work Act 2009*, focussing on key social and economic indicators important to the wellbeing, productivity and competitiveness of Australia and its people.

The Commission aims to hand down a draft report in July and conclude its review by the end of 2015. It is expected that Employment will be a key advisor to the Australian Government in responding to the review's findings.

Since 2009, more than 2.1 million job placements have been recorded under the programs administered by the department and at any point around 800 000 job seekers are serviced by job providers managed under contract by the department. New employment services contracts struck under *jobactive* started on 1 July 2015, continuing the practice adopted in 1998 of outsourcing responsibility for job placement programs. The new contracts help better meet the needs of employers by enabling job service providers to tailor offerings to the needs of employers and reduce administrative and compliance burden placed on providers.

## 3 Summary assessment

### A rapidly changing landscape

Work, the workplace and the labour market are changing.

The nature of jobs performed, the places in which they are located, and the ways by which employers and staff connect to exchange labour are increasingly fluid. These changes in the labour market reflect the dynamic and sometimes unpredictable economic forces at play in domestic and global markets. Disruptive technologies and automation are also transforming traditional models of employment and the existence of some jobs.

Jobs growth and productivity remain key to the economic prosperity of Australia. Work provides financial security while enhancing self-confidence, self-esteem and social and economic participation.

The Australian labour market at present is subdued, with unemployment at relatively high levels.<sup>1</sup> The country is facing significant regional variations and major shifts in job types, with employment levels declining in sectors such as mining and manufacturing and demand in professional services, education and health sectors either growing or not being met.<sup>2</sup> The trend over recent decades toward casual and part-time work continues.

Outcomes for young people, the long-term unemployed and other disadvantaged groups particularly vulnerable during periods of economic downturn have deteriorated since the onset of the Global Financial Crisis in September 2008. Between April 2014 and April 2015, the number of Newstart Allowance and Youth Allowance recipients increased by 3.1 per cent.<sup>3</sup> Lack of opportunity to engage through an active and fulfilling working life continues to risk alienating some young Australians.

Participation rates also fell below 65 per cent.<sup>4</sup> The G20 Taskforce on Employment led by Australia saw a commitment in 2014 to lifting female workforce participation by 25 per cent over the next 15 years. This is important because female labour force participation remains a key labour market objective in Australia. Moreover, the impact of Australia's ageing population—with as few as 2.7 people of working age for every person over 65 years predicted by 2055, as compared to an estimated 4.5 today—is having an impact on the structure of the labour market.<sup>5</sup>

The challenge of ensuring that the work environment is safe and healthy remains, particularly as workplaces continue to transform and the profile of occupational risks continues to shift with increased concern around psychological injury as much as with physical injury.

These challenges require policy responses that cut across relevant portfolios. Addressing these challenges is critical to Australia's success and the future wellbeing of its citizens. This is important context for the department's work.

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1 Australian Bureau of Statistics, *Labour Force Australia*, April 2015, 2202.0.

2 *Jobs Australia 2015*, Department of Employment, 2015.

3 Department of Social Services, *Labour Market and Related Payments*, April 2015.

4 Australian Bureau of Statistics, *Labour Force Australia*, April 2015, 2202.0.

5 Department of Treasury, *Intergenerational Report Overview*, p. 9. 2015



### Key strengths of the department

The Department of Employment states, in its Portfolio Budget Statements, that its purpose is: to foster a productive and competitive labour market through programmes and policies that assist job seekers needing additional support into work, increase workforce participation, and facilitate jobs growth through policies that encourage fair, productive and safe workplaces.

Employment, established in September 2013, has achieved significant progress in its first 20 months. It has built strong foundations for the future and has the potential to assert significant policy influencing credentials as it continues to deliver valued programmes and services to Government and the community.

Senior leadership understand there is more change to come and are articulating this at the strategic level, most obviously through the Strategic Plan 2014–17 and the establishment of a high-level Strategy Committee.

Notable key strengths include, but are not limited to:

- strong visible and authentic leadership
- committed staff with deep technical and subject knowledge
- a comparatively stable workforce
- a determined focus on delivery and the capability to get the job done
- a reputation as a strong procurement and contract manager
- strong information and communications technology (ICT), including a sound capital investment process and highly developed project management capabilities
- a solid approach to governance and risk management when compared to many other public sector agencies
- a commitment to evidence-based policy and comparatively strong analytical and policy capabilities in its traditional areas of operation.

### Key opportunities and challenges for the department

As strong as the department is in many areas, it needs to establish or embed certain capabilities.

Broadly, these include the ability to:

- engage stakeholders in strategic discussions
- demonstrate agility in leading thinking in highly sensitive and at times contested policy arenas
- develop greater understanding and appreciation of customer needs whether they be job seeker or employer
- innovate and develop creative solutions in an increasingly complex and challenging labour market
- create a workforce that combines its well-recognised delivery capability with a strategic, integrated and long-term outcomes focus.

More specifically, the department needs to consider these areas for action as matters of priority:

**Formulating and pursuing long-term strategies.** Communication from the Secretary and Deputies reinforces the need to think longer term, provide sound evidence-based policy advice and transform ways of working. Capable as they may be at their roles, it is challenging for some staff to move beyond a silo delivery approach. The department's deep technical knowledge and expertise is a strength but, as articulated in its Strategic Plan 2014–17, new approaches to work are needed, including greater collaboration, forward thinking and an increased focus on innovation and creativity.

It is clear that the Secretary and senior leadership group are committed to providing quality advice to Government. Feedback from Ministers' offices commends the department's responsiveness and ongoing innovative thinking on employment, noting that sometimes responsiveness needed to be tempered by quality assurance before documents are forwarded. Stakeholders are keen to engage with Employment on policy with some believing the department can play a more active role at times in cross-cutting policy thinking.

Stakeholders assess Employment as having policy capability needed to advise on the reform of the structure and operation of Australia's labour market which will foster economic growth and productivity. Some stakeholders believe Employment could be more proactive in contributing to whole-of-government policy work on such matters.

Employment has been instrumental in the design of the Government's youth employment initiative announced in the 2015–16 Budget. More recently, the department has sought to boost its economic and analytical capability through the establishment of a dedicated Economic Strategy stream. This can support it to capitalise on opportunities to improve workplace safety laws and be a key advisor to government on the release of the Productivity Commission's draft report into its Review of the Australian Workplace System.

**Becoming a thought leader.** Employment has been agile and responsive in developing and progressively refining its employment services. With workplace relations it has proven to have deep technical expertise that is valued by Ministers and stakeholders.

The department has an opportunity to build on this solid base to better influence policy development earlier and outside of its traditional and sometimes limiting view of its policy and programme boundaries.

Stakeholders are almost universally consistent that Employment needs to take a broader role in policy development. However, they felt the department needs to be more proactive in how it engages and influences critical policy.

For its part, senior leadership understands that Employment needs to more strategically influence stakeholders and be confident in its intelligence and ability to influence thinking through its engagement.

**Making greater use of data and intelligence.** The 2013 MoG change has allowed Employment to operate with a clear, focused mandate and to better engage across government and with stakeholders on cross-cutting social and economic policy matters.

Employment generates considerable data and intelligence that is of potential value in a range of policy debates and discussions. The department already releases a substantial volume of data that is self-generated or garnered from other parties. Nevertheless, some stakeholders believe that Employment could use this data more strategically. An appropriate release of





data and analysis would help the department engage more broadly with its stakeholders on important social and economic policy matters.

Employment also has the opportunity to build a 'community of influence' by sharing data more proactively.

**Creating a workforce for the future.** Staff are cooperative, collegiate and professional. It is important that staff be motivated and engaged through challenging work and opportunities to develop professionally through formal learning and development.

The department's vision, as communicated by the Secretary and senior leadership group, calls for all leaders to have a sharp focus on people development.

The long-tenured workforce of Employment provides strength and stability. The workforce takes pride in its reputation for delivering and 'getting the job done'. This depends on staff having deep subject knowledge and skills.

Employment needs to quickly finalise and put in place a comprehensive enterprise workforce plan. This plan needs to outline explicit opportunities for increased mobility, including transfers within the department and secondments to and from outside the department. Employment should be explicit in managing its high potential performers and identify the soft and hard skills it needs to recruit. It should also build staff understanding and experience across its clusters and work streams and provide for vertical and horizontal succession, future-focused performance and talent management. This includes upskilling through learning-on-the-job and providing opportunities to deal with complex policy and delivery challenges.

Exemplars of new approaches and ways of working are also needed such as the example set by the establishment of the 2015 Employment Services Taskforce.

Considerable effort has been made by corporate areas to build a sophisticated suite of frameworks, programmes and processes to create a workforce fit for the future. However, responsibility for implementation should be owned not only by the leaders, but by every manager. This includes communicating a change imperative and ensuring staff performance is managed effectively.

As one example, the department has recognised that it needs to implement cultural change within the State Network to support the delivery of *jobactive*. Staff need to transition from a prescriptive compliance-driven approach to a risk and intelligence-driven approach that builds broader and stronger relationships with employers, providers and job seekers to improve customer outcomes.

## 4 More detailed assessment of departmental capability

This section provides an assessment framed by the leadership–strategy–delivery structure of the capability review model. Assessments were made according to the rating assessment set out in Figure 6.





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

Figure 6—Rating descriptions

The review team’s assessment of the department’s capability is outlined in the tables below.


## Leadership

Set direction		Strong
Motivate People		Strong
Develop People		Development area

## Strategy

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

## Delivery

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

## 4.1 Leadership summary

### Set direction

- The Secretary is visible, active and highly regarded by staff and stakeholders.
- Staff at all levels generally agree that the department's direction is clear, well-articulated through the Strategic Plan 2014–17 and supported by senior leadership efforts to engage management in strategic discussions.
- Formal and informal communication is a strong focus. Regular and effective communication from the senior leadership group is well received.
- Some Senior Executive Service (SES) and middle managers need to more actively communicate strategic priorities and model collaborative leadership.

### Motivate people


- Leadership at senior levels is inspiring. Staff view the Secretary and deputy secretaries as role models.
- Many staff are motivated by the department's purpose and subject matter, and are enjoying the new focus and clearer mandate of Employment implemented after the September 2013 MoG change.
- Staff describe a cooperative, collegiate and delivery-focused culture with support and assistance readily available from colleagues.

### Develop people

- Staff have deep technical and corporate knowledge and training investment is being ramped up to meet future needs.
- Corporate Human Resources has developed frameworks and strategies to guide leadership accountability for the development of people capability.
- Mobilisation of people from all parts of the department for the 2015 Employment Services Taskforce was effective.
- Gaps exist in strategic workforce planning and it is unclear if strategies have sufficient penetration among managers to translate into effective or sufficient capability.
- The department requires a greater focus on talent management and retention. Some 'key person' risks should be addressed through succession planning, particularly given the variable age profile of the workforce.
- Management requires improved capability to manage staff performance, including underperformance. The shifting role of the State Network is recognised but needs ongoing capability building.

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

Set direction

Guidance Questions		<ol style="list-style-type: none"> <li>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?</li> <li>2. Does the leadership work effectively in a culture of teamwork, including working across internal boundaries, seeking out internal expertise, skills and experience?</li> <li>3. Does the leadership take tough decisions, see these through and show commitment to continuous improvement of delivery outcomes?</li> <li>4. Does the leadership lead and manage change effectively, addressing and overcoming resistance when it occurs?</li> </ol>
Rating		Strong

Vision and direction

The Secretary is the lynchpin for the development of the department’s vision and direction. The direction has been set and communicated by the senior leadership group (comprising the Secretary, two deputy secretaries and the group managers of People & Communication and Finance, Legal & Governance).

The development of the Strategic Plan 2014–2017 was one of the Secretary’s primary objectives following the creation of the department in late 2013. Based on four pillars—delivery, people, collaboration and forward looking—the plan is easily accessible and resonates with staff, particularly its vision of ‘more jobs, great workplaces’.

A strength of the Strategic Plan is the clear expectations for change led by collaborative and outcomes-focused leadership. The senior leadership group is committed to capability development and to working collaboratively across the two principal organisational clusters, in accordance with the plan. The senior leadership group demonstrates evidence of a strong culture of teamwork and disseminates clear messages to staff about ways of working and professional conduct.

Communication is strong but more is required

Stakeholders overwhelmingly believe that a key departmental strength is the Secretary’s stewardship and clarity of purpose. Messaging from the Secretary is consistent and well received by staff, who see her as an exemplar leader in modelling collaborative and inclusive practices in decision making, communication and relationship management.

The Secretary’s communication and engagement throughout the department is seen as authentic and her all-staff emails and communications through the monthly departmental newsletter, Employment Wrap, are viewed by staff as a ‘must-read’. The brown bag lunch sessions the Secretary holds and her visits to State Network offices are valued by staff because they provide opportunity for them to speak with her directly in informal settings.

The 2014 APS Employee Census results show that 57 per cent of departmental staff agreed that communication by senior leadership is effective, which is 15 per cent above the APS average.

Feedback to the senior review team suggested opportunities for some leaders (Band 2 SES leaders in particular) to strengthen their commitment to effective communication by cascading information about strategy and direction down and across their streams of influence.


### Internal change management

The September 2013 MoG changes provided a new focus of and mandate for Employment. This has provided the Secretary with the opportunity to progress a change agenda which redefines the nature and structure of work and to position the department for future challenges and opportunities.

The effective design of *jobactive* and the prioritisation of resources to support the 2014 G20 Taskforce on Employment highlighted the department's flexibility and agility to resource and focus on outcomes during times of intense change. The evolution of the State Network into a more cohesive group under the banner of 'One Network' is also evidence of the department's effective change management capability.

These examples illustrate that Employment has significant capability to manage internal change, yet there are ongoing opportunities to better engage middle management in change processes to develop improved departmental collaboration and agility. The challenge for the department is to maintain enthusiasm and momentum to manage change through the times ahead, as Employment seeks to engage more proactively in APS-wide social and economic policy thinking.

### Motivate people

Guidance Questions		<ol style="list-style-type: none"> <li>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?</li> <li>2 Are the leadership visible, outward-looking role models communicating effectively and inspiring the respect, trust, loyalty and confidence of staff and stakeholders?</li> <li>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?</li> <li>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?</li> </ol>
Rating		Strong

#### A 'we deliver' culture

Staff are intrinsically motivated by the nature of the department's subject matter and a 'we deliver' culture is consistently referred to as a feature of their work. They also report satisfaction with the new mandate and focus of Employment. Staff feel that their leaders and colleagues are cooperative and collegiate and that the department has a team-based culture in which many provide support and assistance to others.

The 'we deliver' culture is also widely seen as a strength by stakeholders who commonly describe aspects of the department as best practice, particularly with procurement and contract management.

As valuable as this culture and approach may be, the department has set a goal to be more forward looking and for staff to advance capability as thought leaders through the design of transformational and innovative policy and programmes. A culture emphasising delivery and creativity is required to establish this capability. The approach taken with the 2015 Employment Services Taskforce, which saw staff from across the department come together, is an example of a new and creative way of working. Equally the influence and constructive negotiating skills demonstrated in securing the commitment to lift female labour force participation at the 2015 G20 Employment Ministers' meeting indicates future-focused policy development and stakeholder engagement capability.

#### *Collaboration by all*

In fostering new ways of working, collaboration has been at the forefront of the senior leadership group's messaging and is a widely understood expectation of the Secretary.

Portfolio bodies reported highly positive relationships with the department, both with their experience of shared services and collaborative policy processes.

However, it was equally evident during the review that some levels of leadership need to model new ways of working.

Some staff observed that, when faced with challenging work demands and timeframes, levels of engagement and collaboration by SES default to 'business as usual' and established work patterns.

The commitment to support collaborative behaviours and seek opportunities to further embed necessary cultural change across and within streams throughout the agency is a recognised responsibility of the leadership cohort and well-articulated in the leadership statement 'Leading at all levels'. The establishment of the economic policy stream and the Strategy Committee are examples of leadership action taken to enhance policy capability through an 'enterprise' focus.


#### *Reward and recognition*

The department has strong formal recognition of individual effort, including through the Secretary's annual awards for delivery, innovation and collaboration. There is also emphasis on: recognising people and diversity; placing people at the core of the department's business; improving outcomes for people with a disability in employment; and making Indigenous business the department's business.

The recognition and awards framework is underpinned by informal emphasis on encouragement and acknowledgement by leadership throughout clusters, groups and branches. The 2014 APS Employee Census results that show staff feel valued are testament to this positive culture.

Maintaining this strong people focus is important across a range of issues, including the current enterprise bargaining round, implementation of *jobactive* and the department's significant policy leadership responsibilities.

## Develop people

Guidance Questions		<ol style="list-style-type: none"> <li>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?</li> <li>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?</li> <li>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?</li> <li>4. How do you plan to fill key capability gaps in the organisation and in the delivery system?</li> </ol>
Rating		Development area

### *Learning and development*

The 2014 APS Employee Census indicated that a large number of staff felt the learning and development provided by the department was not effective in assisting them to develop skills and better perform their jobs. In response, Employment promulgated the People Capability Framework and the corporate area has invested significant effort and resources to implement improvements in the design and delivery of learning and development programmes.

An example is the IT Career Development Framework, a tool designed for ICT staff to identify the knowledge, skills and behaviours they need to perform their work. An ICT intern programme dovetails with the IT graduate intake to fast-track participants into the graduate programme.

A comprehensive learning and development plan and calendar have been introduced. Activities include the: implementation of a 360-degree feedback process for some EL1 and all EL2 and SES staff, introduction of the Learning From Leaders, Learning From Each Other programme; and a new programme of development courses called SHOTS (Short Hits of Training), designed to help those who are time-poor when it comes to accessing training.

As positive as this investment is, the learning and development strategy would benefit from an enterprise-wide approach informed by a strategic workforce plan to ensure a more systematic approach to staff development and targeted return on capability investment.

Interviews and workshops conducted during the review highlighted that learning and development issues are less about types of training and access, and more about lack of career development and opportunities.

Leadership has spent considerable time reflecting on the 2014 APS Employee Census results, concluding that investing in formal programs and improving opportunity for on-the-job-learning are both required. Staff rotations are one way to provide such learning and career development, particularly given that the current APS environment offers fewer opportunities for advancement, given recent limitations on APS-wide recruitment and efforts to increase



spans of control within the public service. Managers and staff therefore need to discuss opportunities for sideways movement as a way to build experience and a career.

#### *A whole-of-department workforce plan*

DEEWR had identified the need for a whole-of-department approach to workforce planning. Feedback from participants during this review was that workforce planning has been discussed at length but not progressed at enterprise level.

The department has highly skilled and professional staff and a stable workforce with a rich depth of knowledge and experience. Many stakeholders commented, however, that the department has a strong dependency on key staff, and that this is a potential risk. These are critical person risks which more readily arise from an ageing, highly stable workforce and the smaller department post the 2013 MoG changes.

Key-person risk requires succession planning and knowledge transfer mechanisms, particularly (although not exclusively) in State Network offices which have many staff eligible for retirement within the next five years.

The department has made attempts to deal with these risks by networking across the APS and promoting Employment as a career option. The department has also invested in technical networks internally (such as the economic policy network) and is broadening its diversity and promoting a breadth of skills and experience, including through its graduate programme.

A systematic workforce strategy closely linked to the department's vision and encompassing a more strategic approach to succession planning, staff movement and strategic recruitments and retention, is crucial. While this needs to be coordinated and driven from the centre, it is ultimately the responsibility of all leaders. The department has an opportunity to develop key performance metrics for leaders on people development capability and embed these in Individual Performance and Development Plans.

#### *Embedding a performance culture*

All staff, as a part of their performance management plan, have an annual Individual Performance and Development Plan developed in conjunction with the business planning cycle. The Secretary has established performance expectations. However, some feedback indicated that the process for the Individual Performance and Development Plan is not consistently applied as a tool for individual capability development, or used strategically or systematically to identify talent or prioritise capability.

As with most APS agencies, management of staff performance is an area needing development. This includes managing high performers and under performers. A commonly expressed view was that some managers, while generally well supported by corporate areas, were daunted by managing underperformance. Some staff reported they want more frequent and spontaneous informal feedback, in addition to formal feedback. They believed this would help individual staff to continuously improve performance and encourage personal responsibility for career management. Leadership needs to establish clear performance expectations, actively manage performance in their work teams, and work together to build an enterprise-wide performance culture.

## 4.2 Strategy summary

### Outcome-focused strategy

- The Strategic Plan 2014–17 is clear and well embedded throughout the department with the Strategy Committee created to support and guide strategic policy development. The committee has a strong relationship with the Minister and Assistant Minister.
- The department has proven it can focus on strategic issues of immediate importance. There is room to develop this capability further and adopt a longer-term strategic view.
- The department is delivery-focused, which is a strength. It could lead and influence a stronger nexus between social and economic policy internally and externally.

### Evidence-based choices


- Employment uses evidence well to influence its choices in programme design and delivery.
- The department is data-rich, and future research activity will be structured according to a new data, research and evaluation framework. However, external stakeholders want Employment to create more opportunities to build and share evidence-based insights, to better inform the development of collaborative long-term strategies.
- Employment's traditional areas of operation demonstrate strong economic analytical ability and policy capability, however the local knowledge of the State Network could be sooner sought and better used in early policy development.
- *jobactive* was developed in consultation with job seekers to incorporate their needs. The department's plan to conduct a contemporary evaluation of the programme will provide an opportunity to better engage with employers to enhance policy and programme delivery and complement the historical focus on employment service providers.

### Collaborate and build common purpose

- The department has a good reputation with external stakeholder bodies and agencies, who see it as inherently capable with strong expertise and experience.
- The influence of the department was demonstrated in the 2014 G20 Taskforce on Employment outcomes to lift female participation in the labour force and in the youth employment package in the 2015–16 Budget.
- A stakeholder engagement strategy would allow more targeted, strategic engagement.
- Stakeholders report that the department is an open and willing collaborator when approached, but that it does not proactively offer data and insights or consistently exercise its influence as a thought leader.

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

Outcome-focused strategy

Guidance Questions		<ol style="list-style-type: none"> <li>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?</li> <li>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?</li> <li>3. Is the strategy kept up to date, seizing opportunities when circumstances change?</li> <li>4. Does the organisation work with political leadership to develop strategy and ensure appropriate trade-offs between priority outcomes?</li> </ol>
Rating		Well placed

*Communicating strategy*

The Strategic Plan 2014–17 is a clear document that has been well-communicated to staff and its continuity of vision, message and brand flows through to other high-level corporate documents. These include the People and Capability Strategy, ICT Strategic Plan, and Evaluation, Research and Evidence Framework.

These related corporate documents incorporate or are supplemented by strategic initiatives articulating enabling actions and key performance indicators. As an example, the ICT Strategic Plan provides clear actions on how to increase productivity, reduce red tape and improve data analytical capability.

Elements of the Strategic Plan 2014–17 cascade through to business plans. Some staff see an opportunity to refine the next iteration of the plan by adding more precise initiatives and better articulating the steps needed to achieve the department’s priorities.

Similarly, the draft change documentation outlining the transition and cultural change required to move from Job Services to *jobactive* (1 July) would benefit from more practical guidance. This concern was expressed by State Network staff during the review with some unsure on what they needed to do differently, and in a practical sense, following *jobactive*’s rollout. Although there was pre-rollout training, the uncertainty reflected the absence of well-articulated action plans establishing expectations for staff.

*Strategy for now and the future*

The department is well recognised for its long history of being highly responsive to government priorities. Its success in establishing its identity following the 2013 MoG changes is testament to this responsiveness.

Notably, the Strategic Plan 2014–17 emphasises the need for a ‘forward looking’ view. The department takes ‘deep dives’ with Ministers on particular policy issues from time to time. Feedback suggests, however, that Ministers want more innovative thinking, particularly around employment solutions.

Responding well to immediate and often urgent priorities has an impact on the department's capacity to take a longer-term strategic view. It is therefore understandable but potentially problematic that many within the department have not been able to articulate what Employment sees itself doing in five to 10 years, what relevant issues are on the horizon, and how these will affect the department's work.

The senior leadership group has acknowledged the need for a long-term, over-the-horizon strategy. The creation of the Strategy Committee in late 2014 recognises the benefit of this to the department and Government of forming a longer-term strategy for the department in the context of the environment in which it operates. The committee appears to be well-conceived but has met only three times to date, so its effectiveness is yet to be determined.

Greater attention to sharing the conclusions of the Strategy Committee through effective staff messaging would encourage staff at all levels to share thinking that extends beyond the immediacy of their work. Engaging staff in the work of the Strategy Committee, either directly through input, or indirectly through communication of its work, would build receptiveness to new ways of thinking and working.

#### *Delivery focus*

The 'can-do' attitude of staff and traditional focus on delivery was apparent from the outset of the review. Staff are justifiably proud of their record of programme delivery and are intrinsically motivated by the nature and impact of their work. The department's employment services programmes are the face of the support it gives to job seekers. It follows that staff are highly focused on delivering these programmes.


The focus on delivery extends into both of the department's clusters and stakeholders recognise the strong delivery track record. However, with this strong delivery focus is a tendency to operate in established patterns and paradigms. This can manifest in opting for iterative policy rather than a fundamental re-examination of issues. Even *jobactive*—which represents an enormous cultural shift for the department and its contracted providers, and promises material improvements—builds on established modes of delivery. This poses some risk of 'default' behaviour, which is a 'live' issue for the leadership group.

More generally, the department needs to be able to ask if continuing to do what it has always done will work in future.

Getting the job done and delivering effective programmes does not ensure the department takes an integrated view. Employment has crosscutting links to health, education, industry and immigration policy. Focus on delivery of 'our part' of the system should occur in the context of assessing impacts on other parts of the broader social and economic policy environment.

Employment has strong economic and policy review expertise and a number of groups produce economic policy across the department. Evidence exists of attempts to establish policy streams of expertise across units. This work in progress is important in developing strategic thought leadership.

Evidence-based choices

Guidance Questions		<ol style="list-style-type: none"> <li>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?</li> <li>2. Does the organisation ensure that vision and strategy are informed by sound use of timely evidence and analysis?</li> <li>3. Does the organisation identify future trends, plan for them and choose among the range of options available?</li> <li>4. Does the organisation evaluate and measure outcomes and ensure that lessons learned are fed back through the strategy process?</li> </ol>
Rating		Well placed

*Insights from data*

The department is well respected for its data analysis capability, however external and government stakeholders report it is reactive and needs to be asked precisely the right question before it provides needed information. Stakeholders welcome a more proactive approach.

The department routinely shares some data. The Labour Market Research and Analysis Branch provides presentations to interested parties, including industry groups, business councils, schools, training providers, career advisors and government stakeholders. A range of data and reports are also freely available through the Labour Market Portal on the department's website. Regular reports and publications are also produced, such as Jobs Australia's 'Trends in Federal Enterprise Bargaining and Labour Economics Office' reports (print run of 100 000 copies).

The department also gathers and uses data from other sources, including the Australian Bureau of Statistics, Australian Taxation Office and Department of Social Services. Regular surveys are undertaken of job seekers and employers and some reports on results shared on the department's website.

The wealth of data and the department's expertise in economic data analytics are well recognised by external stakeholders. Data underpins programme design and delivery as well as policy design and development. Areas, such as employment services, continue to refine their data analytics expertise with the expectation that risk modelling and predictive capability will be required, for example in the administration of *jobactive*.

A number of stakeholders providing input to this review saw value in having greater access to the department's data holdings. It is recognised that there are inherent complexities in managing and releasing data collections which the department needs to navigate with care. In many cases, however, this capability has already been demonstrated. To progress opportunity for data sharing, the department is considering the creation of a data dictionary.

The department can also strengthen its influencing capacity through the use of data to provide insights for stakeholders, collaborators and government. Sharing data sets and accompanying analysis could deliver relevant and targeted insights to those designing complementary or relevant policy, including government stakeholders and agencies.

### *Policy design*

External and government stakeholders were quick to praise the department for its intelligent and capable workforce. They commonly understood that the department has deep technical and operational expertise. The State Network was recognised for the insights it gives to the National Office based on its experience and local knowledge as the operational and delivery arm for employment services. State Network staff members recognised strengthened engagement with the National Office and hold a strong view that this should continue to develop.

Opportunity also exists to engage with appropriate stakeholders earlier in strategy discussions to enhance future policy design.

### *Customer focus*

The department consulted stakeholder groups, including job seekers, during the development of *jobactive*. As a result, Employment's IT systems incorporated the needs of these stakeholders, where possible. Delivery of *jobactive* rests in large part with contracted providers and the department's challenge, in an outsourced environment, is to maintain good intelligence on these providers but not become distanced from end users, in this case job seekers.

The review team heard much of the relationship with providers in the context of employment services. Fewer references were made to job seekers or employers. It is apparent that this has historically been driven by the necessary focus on contracted providers as key agents in the delivery of job services. However, senior leadership acknowledged that the department needs to better understand the needs of employers and focus more on this relationship.


### *Evaluation*

Consensus from inside the department was that one of its strength is its evaluation capability. The evaluation of the Work for the Dole Pilot is an excellent example of this. At the same time there was a clear perception that evaluations were sometimes delivered too late to be of use. In response, the department has developed an iterative model of evaluation that aims to address the need for timely intelligence to inform new programme or policy design and implementation.

The Evaluation, Research and Evidence Framework 2015–2020 includes the development of a store of evaluation data and lessons learned. This will provide capability for programmes to build on their immediate predecessor and previous programmes as well as offer insights into other programmes.

Use of this approach is already planned for ongoing and end-point evaluations of *jobactive*, and will be a good test of the new framework.

**Collaborate and build common purpose**

Guidance Questions		<ol style="list-style-type: none"> <li>1. Does the organisation work with others in government and beyond to develop strategy and policy collectively to address cross-cutting issues?</li> <li>2. Does the organisation involve partners and stakeholders from the earliest stages of policy development and learn from their experience?</li> <li>3. Does the organisation ensure the agency’s strategies and policies are consistent with those of other agencies?</li> <li>4. Does the organisation develop and generate common ownership of the strategy with political leadership, delivery partners and citizens?</li> </ol>
Rating		Well placed

*Stakeholder relationships*

Positive reports came from stakeholders on the department being a capable, open and willing collaborator. The expertise of the department’s staff was highlighted many times. Some common themes emerged about timing of consultation. Stakeholders felt they were not engaged early enough or with enough time to be able to add full value to policy development. Another common internal and external theme was that stakeholder relationships with Employment are strongly personality-based. This exposes the department and stakeholders to the risk of loss of corporate knowledge and context when key people move on. A more systematic approach to relationship management would help reduce this risk.

Collectively, stakeholders believed the department was more likely to respond (indeed, was very responsive) to requests to engage and collaborate than it was to initiate collaboration. Stakeholders welcome a more proactive approach.

*Asserting influence and thought leadership*

Employment is perceived by stakeholders to be a strong operator, with committed and deeply knowledgeable staff, exemplary senior leadership and good policy and analytics expertise. It is perceived to have a strong relationship with its Ministers and a positive reputation across other government agencies for its delivery and policy expertise. Some stakeholders believe the department could bring these capabilities to bear by more proactively asserting policy influence across government and with stakeholders.

Some stakeholders, internal and external, feel the department is good at turning Government ideas into reality. It is less apparent whether Employment is geared to provide the Government with all the innovative policy thinking it might want.

Stakeholders acknowledge the complex environment in which Employment operates, but believe the department could explore ways to better use its intelligence and expertise to advance longer-term strategic thinking on social and economic policy.

The department has the opportunity to assert its credentials as a thought leader in employment and workplace relations policy as well as in whole-of-government social and economic policy thinking more broadly.

The lead role Employment took as part of Australia's G20 presidency and in international discussions as well as in supporting the 2014 G20 Taskforce on Employment is an example of its policy leadership capability and its use of its intelligence and expertise. This work led to the commitment to lift female participation in the workforce in G20 countries by 25 per cent by 2025.

#### *Stakeholder engagement strategy*

The department identified multiple stakeholders for this capability review from stakeholder lists maintained in each cluster, each of which contains more than 200 entries.

While these lists included names of individuals, their organisations and jurisdictions there was no evidence that the objectives of the engagement had been analysed, details on the lead internal contacts or 'owners' of the relationship, historical notes or other relevant information.

While the department may have a good understanding of its stakeholders, this has not translated into an engagement strategy or framework to guide staff to take a targeted approach in deepening relationships and increasing collaboration with external stakeholders. The department needs to determine the strategic stakeholder relationships it wants to pursue and to what end. A stakeholder engagement strategy could also help address identified issues on the timing of consultation and the personality based nature of some key relationships.

The department has started work to scope and develop such a stakeholder engagement strategy. This is at the formative stage and completion is a priority. The strategy needs to consider the cross-cutting social and economic policy issues the department should engage on, and which other departments it should engage with, including those responsible for health, education, immigration and industry. The strategy should also seek to build constructive relations with business and major employers directly, as well as with peak bodies, so the department has a full appreciation of their interests and concerns and so they understand the department's strategic objectives. It should also be possible to gain a strong understanding of the concerns of small and medium-sized enterprises through their representative bodies or through insights from the Department of Industry which has well established contacts in this area.



## 4.3 Delivery summary

### Innovative delivery

- Innovative delivery is evident in the operation of the department, particularly in ICT and the Employment cluster where behavioural economics are being used to develop strategy, for example in influencing job seeker behaviours.
- The proposed innovation framework is expected to focus on how ideas can be generated and tested more widely across the department.
- Increased staff mobility, external recruitment and early engagement with stakeholders will help generate more innovation and creativity.

### Plan, resource and prioritise

- Employment takes business planning seriously and this helps to translate the department's strategy into operational goals for teams.
- Governance is well defined and maturing and the new Strategy Committee supports an environment that values over-the-horizon thinking.
- The department aligns its IT investment with strategic priorities and business requirements.
- While most feedback notes that the department manages its resourcing well, there are instances where resources have not been reprioritised sufficiently early.

### Shared commitment and sound delivery models


- Employment shows exemplary procurement, contract management, project management and programme delivery.
- Enabling services, business areas and portfolio agencies have good relations. However, the future model and scope of the Shared Services Centre is causing some uncertainty about priority of services for business areas.
- A key challenge is to ensure that the new approach to delivery of employment services focuses on engaging with employers and reducing administrative burden for providers.

### Manage performance

- There is extensive reporting by clusters and business areas. However, there is no succinct enterprise view of the department's overall performance. A suite of critical measures for the whole department needs to be settled and communicated.
- Risk management systems are well used in corporate and ICT areas. Risk understanding and engagement by all staff is not yet consistent.

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

## Innovative delivery

Guidance Questions		<ol style="list-style-type: none"> <li>1. Does the organisation have the structures, people capacity and enabling systems required to support appropriate innovation and manage it effectively?</li> <li>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?</li> <li>3. Is innovation explicitly linked to core business, underpinned by a coherent innovation strategy and an effective approach towards risk management?</li> <li>4. Does the organisation evaluate the success and added value of innovation, using the results to make resource prioritisation decisions and inform future innovation?</li> </ol>
Rating		Well placed

### *Acknowledging current innovative efforts*

The department's Secretary and senior leadership group clearly believe in the value of innovation in improving policy and programme delivery. Innovative efforts are formally recognised in the Secretary's Awards each year and informally through the Secretary's weekly snapshot email. Pockets of evidence of innovation are found across the department, but there is also evidence of a business-as-usual approach in some areas that focuses on immediate and particular delivery needs rather than solutions to longer term and substantive challenges.

Internal and external stakeholders acknowledged that the department is a leader in innovative IT technologies that support its services and programmes. The IT investment process encourages new ideas from all parts of the business and there is a strong emphasis on designing innovative systems, led by the Chief Information Officer. With *jobactive*, the department has engaged with job seekers and providers and incorporated feedback into the design of technologies to support the programme. As a result, a new website and self-service mobile phone application have been developed to help job seekers explore and manage their career options. Other examples of ICT-based innovation include the release of the new Career Quiz, the ability to upload information on mobile phones and the incorporation of nudge-theory principles into new SMS (short message service) technology.

In the programme design area, the department started to prepare and design *jobactive* in September 2012, including harnessing expertise from an Advisory Panel to identify possible improvements. Service providers were engaged through a Reference Group in 2014 which brought elements of co-design into the framing of the new service. A collaborative approach in sharing knowledge around intelligence-driven compliance practices, including data matching techniques being undertaken in cooperation with agencies such as the Australian Taxation Office, Department of Human Services and Australian Customs and Border Protection Service, also reflects an innovative spirit.

Feedback to the senior reviewers indicates that the department has also made a significant contribution to the Government's agenda to reduce the administrative burden created by red tape. The redesigned *jobactive* illustrates this work with guidelines for the programme

significantly reduced and many processes streamlined. Successful innovative delivery is also demonstrated in an initiative with the New South Wales Government in co-designing a pre-employment training programme for the North West Rail Link Project, focusing on specific recruitment needs of employers working on the project.

Broader evidence of innovative thinking is seen in the department's engagement with the United Kingdom Government's Behavioural Insights Team, designed to gain better understanding of behavioural economics such as the 'nudge theory' and how it is applied to influence provider and job seeker behaviour. A cross-department working group has been established so members can socialise thinking with their own teams. Some of this work is already being piloted through SMS messaging to job seekers.

Despite innovation, some external stakeholders noted that the department needs to build its innovative capability in long-term policy and programme design. They feel that while innovation is evident in some areas, in other areas, particularly in policy, the department continues to deliver within an existing paradigm.

Possible opportunities for policy innovation include greater staff mobility, sourcing fresh ideas from new recruits, early engagement of the State Network, and collaboration with partners in co-design.

Broadening the department's influence on the relationship between the labour market and other social and economic policy objectives may pave the way for future reforms and, importantly, stimulate more expansive and innovative thinking.


#### *Building an innovation framework*

The department has recently focused on developing a framework to increase the visibility of innovation efforts and promote new and innovative design in policy and delivery. The framework is being developed in collaboration with all areas and with a good level of advocacy by the senior leadership group. An important component is support for innovative thinking, internally and externally.

The framework will build on good work achieved over 2014 to 2015 during which time the department resourced a team to drive its innovation agenda, created an intranet portal to encourage innovative ideas, participated in the APS-wide Innovation Month initiative, and appointed an Innovation Champion.

The intent behind these efforts is clear. Leaders and staff involved in developing the framework believe it will increase the volume of creative ideas if supported by resources and additional funding and implemented without imposing an overly structured and centralised approach.

## Plan, resource and prioritise

Guidance Questions		<ol style="list-style-type: none"> <li>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?</li> <li>2. Are delivery plans robust, consistent and aligned with the strategy? Taken together will they effectively deliver all of the strategic outcomes?</li> <li>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?</li> <li>4. Are delivery plans and programmes effectively managed and regularly reviewed?</li> </ol>
Rating		Well placed

### *Strategic business planning*

The department's well-established business planning processes link its Strategic Plan 2014–17 to branch business plans and translates strategy into individual work plans and operational goals. Emphasis on business planning from the Secretary and senior leadership group, since the 2013 MoG changes, appears to be having a positive effect. There is further emphasis on ensuring that staff at all levels participate in business planning activities and that business planning process, templates and associated performance measures continue to be refined.

Bi-annual reporting on business plans to the Secretary and senior leadership group on performance pinpoints risks and the likelihood of key initiatives being successfully delivered. This process is being improved by implementing new traffic light reporting and introducing face-to-face presentations on the mid-year position of business areas to the senior leadership group.

As the department strengthens its focus on long-term strategy and stronger policy influencing capability, it will need to prioritise the initiatives necessary to achieve these outcomes and drive them through the business planning process.

### *Transparent resource management*

Employment sees itself as flexible and responsive in managing its resources. It has in place the governance mechanisms needed to reprioritise activities and resources. This enables the department to respond to government priorities such as the design and implementation of *jobactive*, leading the delivery of the G20 Labour and Employment Ministerial Meeting, and re-establishment of the Australian Building and Construction Commission.

The department's IT prioritisation model links strategy and business. Expenditure in capital funding is managed through a well-established annual investment process which requires business areas to submit business case bids for capital funding to build or enhance IT technologies and infrastructure. This process is linked to the department's strategic priorities.

The IT Committee makes decisions in the context of these priorities and communicates these back to business areas.

Employment has also pulled together significant resources from across the department, including its State Network, to contribute to the 2015 Employment Services Taskforce.

While acknowledging the department's ability to manage its resources well, some resources are not pulled in when needed. For example, the significant backlog in processing claims under the Fair Entitlements Guarantee programme was the subject of a recent Australian National Audit Office report (April 2015) that suggested the department may not be as responsive and agile as it should be when faced with shifting workloads. The issues with the programme may also be attributed to underestimating the degree of risk involved.

Some evidence suggests that internal budgeting decisions may sit too high in the department and so are not communicated to middle management. Work is underway to improve transparency in the internal budgeting process, including rolling out a Financial Management Tool to increase visibility of section budgets and improve forecasting, and developing an agreed set of principles for the internal budget process.

#### *Broadening programme and project management*

The department has high-quality programme and project management capability which is recognised internally and externally by staff and stakeholders. Project management in the IT area is supported by a centralised Project Management Office and Enterprise Architecture Office. This high-level governance is the basis for consistency and quality in all areas of the project lifecycle and the basis for monitoring and evaluating success and feeding lessons learned into future work. Staff can be formally accredited in Project Management or Prince 2 Methodology.

Evidence demonstrates that the principles of programme and project management are adopted in policy and programme areas and that project management offices are created for significant initiatives. However, there is no centralised enterprise approach to this work and arguably an opportunity to leverage off capabilities in the IT area.

#### *Effective governance*

When the department was created, a governance structure was established with clear terms of reference and representation drawn from across the leadership cadre.


The department's senior leadership group—bringing together the Secretary, deputy secretaries and corporate leaders—meets weekly and focuses on high-level issues and decisions. Key issues are passed to Group Managers by way of this Senior Management Meeting, which convenes weekly the day after the Senior Leadership Group meeting. An internal review of governance, conducted in mid-2014, found that arrangements are operating effectively but need some enhancements, including through changes in membership and chairing of committees.

The Strategy Committee is a forum to discuss strategic issues and opportunities, further leverage available data and insights, and enhance department-wide strategic thinking.

While it is still early days for the committee, leaders share the view that it has the potential to become the 'think tank' for developing longer-term strategies and influencing longer-term direction and resourcing decisions.

Governance structures are maturing and operate well in progressing the department's operational and corporate needs. There is scope for committees to operate more effectively in driving strategic vision and building corporate ownership of and responsibility among leaders, particularly since some staff do not feel they have an opportunity to constructively input into the work of committees and broader and long-term strategic conversations. Despite efforts to disseminate the outcomes of governance meetings, a significant number of staff are unaware of the Strategy Committee or its role.

### Shared commitment and sound delivery models

Guidance Questions		<ol style="list-style-type: none"> <li>1. Does the organisation have clear and well understood delivery models which will deliver the agency's strategic outcomes across boundaries?</li> <li>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?</li> <li>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?</li> <li>4. Does the organisation ensure the effectiveness of delivery agents?</li> </ol>
Rating		Well placed

### Transformation of delivery to customer focus

Employment displays exemplary contract management, procurement and service delivery capabilities, particularly with its major contract for employment services. Strength has been built on years of delivering employment services and facilitating large tenders. External stakeholders are quick to recognise this and have expressed a desire to leverage this strength. As a result, the department has started to share its capabilities and knowledge with other agencies.

Notwithstanding these strengths, the department faces a key challenge in ensuring its delivery models reflect the transition from its current employment service model to *jobactive* and focus on better engaging employers, reducing excessive administrative burden for job service providers, and allowing providers to find creative solutions that better match the needs of employers and job seekers.

Staff within the State Network in particular will need to embrace cultural change to give effect to the new model. *jobactive's* design requires staff to change from a process-based compliance model to a combination of risk-based and intelligence-driven compliance and strong business relationships with providers. This may be challenging given the long-standing tenure of the 'account and contract managers' within the State Network, and established patterns and systems of work.

Employment recognises the significance of this challenge and has engaged expert external consultants to develop a cultural change plan to support *jobactive*. This was still in the process

of refinement, and required swift implementation as *jobactive* will have commenced by 1 July 2015. Embedding this change was all the more important given the department's efforts to adjust to this new way of working.

Another challenge for the department is to ensure that *jobactive* remains relevant and responsive to the needs of its clients while broadening its employer base and, in turn, increasing the job placement opportunities of job seekers. Forty per cent of employers recruiting for lower-skilled jobs used only informal methods to recruit, and awareness of *jobactive* or its predecessor programs is generally low among employers. Surveys show that a significant percentage of employers have had difficulty filling lower-skilled positions. This demonstrates the need to better connect the provider, employer and job seeker and ensure that delivery matches job seekers with employers.

#### *Improving collaboration in delivery*

The September 2013 MoG changes resulted in a department that was smaller in scope and more focused. This has encouraged collaboration internally and externally (with portfolio agencies) and a strong relationship with Ministers. Internal collaboration is also supported by formal mechanisms including Employment's governance structures, workgroups and taskforces, SES forums and all-staff events.

Despite positive collaboration, which is supported by formal mechanisms, there is evidence that there is room to promote organic discussions and collaborations across teams and clusters.

This could provide valuable insights on key issues, sharing of best practice, knowledge or potential conflicting perspectives that may not otherwise be identified. As previously noted, staff and SES are focused on delivering work programs in their area which has the potential to limit opportunities for internal collaboration. A structural change in 2014, centralising much of the department's evaluation, research, innovation, whole-of-government agenda and economic research functions, was a deliberate attempt to break down silos. The intent of the restructure is sound, although it has not yet been fully realised.

#### *Shared and enabling services*


The Shared Services Centre was created to achieve efficiencies in corporate and operational enabling functions. The Centre is funded equally by the two partner departments of Employment and Education and is seen to be delivering its services reasonably effectively.

It is still early days and the Centre continues to work on meeting its objective of operating in the most efficient way and achieving intended economies of scale. There is still work to do in identifying the customer servicing model and the Centre is addressing this through working groups.

While there is considerable work underway, the future model for and scope of the Shared Services Centre is causing uncertainty in some areas of the department relating to the priority of service delivery. An increase in providing services to external agencies will help the Centre achieve economies of scale, but it will also require careful attention from departments and the Centre's governance board.

Understanding the Shared Services Centre's future will help provide clarity to Employment on its enabling services going forward.

## Manage performance

Guidance Questions		<ol style="list-style-type: none"> <li>1. Is the organisation delivering against performance targets to ensure achievement of outcomes set out in the strategy and business plans?</li> <li>2. Does the organisation drive performance and strive for excellence across the organisation and delivery system in pursuit of strategic outcomes?</li> <li>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?</li> </ol>
Rating		Well placed

### *Organisational reporting and performance*

Monitoring and reporting of performance in Employment is largely driven by what is outlined in its Portfolio Budget Statement, annual report and business plans.

Traffic light reporting is used to report on the status of major initiatives. This is monitored through the Risk and Implementation Committee and results provided to the Minister's office quarterly.

Internally, a new Headline Indicator Report has been created, pulling together various metrics into a single document. This report provides the senior leadership group with summary, high-level performance information against a number of risk, people, business and financial metrics. In future it is expected to include trends and historical analysis. Feedback suggests that the senior leadership group is confident they are receiving sufficient information to assure them that Employment is delivering its programmes and services.

Whether this reporting effectively provides a holistic picture of the department's performance needs to be reassessed given the absence of some metrics which would typically be provided in such a headline report. These include, but are not limited to, the outcomes of the increased investment in learning and development and customer satisfaction measures for major programs like *jobactive* and the Fair Entitlement Guarantee. Employment would also benefit from selecting the top five to 10 key performance indicators that could be socialised with all staff to encourage a shared performance culture.

The department also needs to better disseminate performance reporting, particularly internal reports, to the SES and middle managers given that many SES and EL staff are not clear on how Employment monitors its performance or have no visibility on how the information they are providing upwards is used.



### *Measuring performance*

Employment has identified new key performance indicators for the *jobactive* contract that focus on client outcomes, particularly outcomes for job seekers.

The contract also includes the highly recognised STAR Ratings system to support the management of employment services programmes and incorporates additional quality assurance provisions, both of which will provide useful insights into programme performance.

The department has even more opportunity to build on its strength in delivering results by mapping its programmes and services to client outcomes rather than outputs, particularly important given the challenges that are having an impact on employment and the labour market.

Employment has acknowledged the need to enhance its performance indicators. It is refining these as part of its requirement to have a four-year corporate plan in place later in 2015.

### *Enhancing risk management*

The department's comparatively strong risk framework is supported by policies and guidelines on corporate responsibilities, approval processes and an internal audit function that considers risk plans in designing its three-year audit cycle. Leadership and staff are generally engaged with the risk management process and there is increasing focus on engaging sensibly and constructively with risk.

The enterprise risk management tool, RiskActive, is used by all business areas for managing departmental, programmes, project and enterprise risks plans. The tool works well in corporate and IT areas. However, in some policy areas it can be problematic and cumbersome and tend to promote passive compliance with process rather than engagement with risk. A more tailored approach may be beneficial for policy functions and it is hoped that, as part of the current IT project to enhance RiskActive, that the tool will be adapted accordingly.

Though the tool is established and the risk framework is in place, staff understanding of risk identification, assessment and engagement is not yet consistent. The culture of engaging risk in daily operations and management needs to be embedded so staff more consistently 'take and manage risk consciously' rather than 'avoid risks'. Employment has recently put in effort to increase awareness on managing risks and reassessing risk once controls and mitigations are taken into account. Through these efforts, the department has decreased its significant risks from more than 200 to 7. Further effort to linking strategic priorities to risk and creating a proactive risk management culture will enhance the department's risk management capability.

## 5 The department's response

The Department of Employment welcomes the report of the Capability Review and the opportunity this voluntary review provided to assess our capability to meet future objectives and challenges.

The report provides a positive view of the Department's capability across the capability elements and affirms the progress the Department has made since its establishment in September 2013. This is largely a testament to the professional and positive culture in the organisation, and ultimately the quality and capability of our people and their commitment to achieving the objectives of the Department. The findings of the report provide a useful assessment of the Department's strengths as well as areas to focus on to take our capability to the next level in the years to come.

The report highlights the following priorities for the Department, which align with the four pillars of the 2014–17 strategic plan, as indicated in italics:

- formulating and pursuing long term strategies, including moving beyond a siloed delivery approach and being more proactive in contributing to cross-cutting and whole-of-government policy development. (*Forward looking.*)
- becoming a thought leader, including better influencing policy development earlier and outside an existing traditional view of the Department's policy and programme boundaries. (*Collaboration.*)
- making greater use of data and intelligence to engage more broadly on social and economic policy matters. (*Delivery.*)
- creating a workforce for the future. (*People.*)

The Department will distil specific actions to give effect to the suggestions for capability improvements, which will be taken forward within the Department's existing organisational capability framework. Together with other reforms already underway, such as the development of a formal Innovation framework and the redevelopment of the risk management framework, and feedback from the 2015 Staff Census, we will have a blueprint for the future operating state of the Department.

I appreciate the professionalism and expertise of the independent Senior Review Team and the valuable insights they provided during the review process. I look forward to working with the APSC as we progress implementation and pursue capability improvement across the Department.

Yours sincerely



Renée Leon PSM  
Secretary, Department of Employment.

## 6 Abbreviations and acronyms

<b>Abbreviation or acronym</b>	<b>Description</b>
APS	Australian Public Service
APSC	Australian Public Service Commission
DEEWR	Department of Education, Employment and Workplace Relations
Employment	Department of Employment
EL	executive level
HR	human resources
ICT	information and communications technology
IT	information technology
MoG	machinery-of-government
SES	senior executive service

