Capability
Review

Department of Health and Aged Care

Foreword from the APS Commissioner

The 2019 report *Our public service our future – Independent Review of the Australian Public Service* (the Thodey review) recommended regular capability reviews for all departments and major agencies across the service. As part of its plan for APS reform, the Australian Government has committed to a pilot Capability Review Program.

Capability reviews are independent, forward-looking activity that assesses an agency's ability to meet future objectives and challenges. The aim is to facilitate discussions around an organisation's desired future state, highlight organisational capability gaps and identify opportunities to address them.

I would to thank the Department of Health and Aged Care for participating in the capability review. The willingness of all staff and executive has made for an open and collaborative review process. From Secretary Professor Brendan Murphy AC to the individual officers who participated, everyone regarded the Review as an opportunity to look at the department's strengths, specifically after the impacts of the pandemic, and to talk frankly about areas for improvement. This will support the incoming Secretary Mr Blair Comley PSM following Secretary Murphy's retirement.

I would also like to thank Andrew Tongue PSM, Larry Kamener and David Hallinan, who have led the Review, as well as the teams that supported them from the Australian Public Service Commission and the Department of Health and Aged Care.

Dr Gordon de Brouwer PSM
APS Commissioner

Foreword from the senior reviewers

We were asked to assess the Department of Health and Aged Care as part of a pilot for the Australian Government's capability review program. We considered the department's capabilities against 5 key domains broken down into 24 individual elements in total.

For the department to achieve its vision of *better health and wellbeing for all Australians, now and for future generations*, we consider it will be important to refocus efforts towards longer-term national policy leadership and challenges of the health system over the coming years. As governments move out of exceptional international settings related to the COVID-19 pandemic, the department is well placed to do this.

We would like to acknowledge the extraordinary efforts of the department throughout the pandemic. While there is no process without lessons, the outcomes achieved for Australia were world leading. This environment also helped establish a very strong sense of identity and outcome focus within the department, and secure strong foundations for culture and leadership.

The department's role is broad and complex. It has direct and indirect contact with Australia's entire population, as well as supporting Australians abroad and many international visitors to Australia's shores. This includes tackling health and aged care challenges associated with Australia's First Nations communities and closing the gap, and engaging with the population's full socioeconomic span, culturally and linguistically diverse communities, and the LGBTI+ community.

The department's functions include regulation, funding and financing, program management and administration, direct citizen engagement and policy advice to government, with a policy remit accounting for 10% of the economy. The department engages with diverse stakeholders, from the smallest solo provider, charities and not-for-profits to large and complex private sector enterprises, as well as local, state and territory governments and international agencies and forums. Building and maintaining integrated policy development across these areas will be critical for the department to sustain an advanced and improving health care system.

The department is managing one of the best health systems in the world, achieving some of the top health outcomes globally and is, in many respects, a leader internationally for health. Looking forward, the review identified a range of areas the department should focus on over the next 4 years to build on this.

Importantly, the department has already begun making changes in the areas we identified for improvement. While recognising this, we consider a concerted and ongoing effort is required to fully embed these changes. Additionally, there are broader service-wide implications attached to the review findings. First, while we identify policy challenges facing the health portfolio, and requisite uplift in policy leadership, this should also be reflected in a deeper policy expertise of the health system in other Commonwealth agencies, in particular central agencies. Second, the department's large and growing investment in service delivery enabled through information and communications technology (ICT) in the aged care sector should be considered alongside the need for the same services through the Department of Veterans' Affairs and the National Disability Insurance Agency. There are opportunities for efficiencies of scale and to harmonise services across these agencies. Third, while we note that First Nations health outcomes are lagging, we consider this to be an area where much of what needs to be done relates to the socioeconomic determinants of health. There could be high value in the use of data and analytics to identify the areas that would most improve health outcomes.

We thank the department for its engagement and specifically the senior leadership team and support staff who generously provided their valuable time and information to inform this review.

Andrew Tongue PSM　　　　　　**Larry Kamener**　　　　　　**David Hallinan**

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Context

About the review

The Capability Review Program is an investment in long-term capability and an opportunity to focus on strengths and development areas in the context of the anticipated future operating environment.

The aim of the program is to:

- embed a culture of continuous improvement across the APS
- ensure that APS agencies can deliver government priorities and outcomes for Australians.

Reviews are conducted in partnership with agencies, complement existing initiatives within agencies, and provide an independent evidence base for further targeted change.

The review methodology focuses on leadership and culture, collaboration, delivery, people, and resourcing and risk. It highlights the organisation's internal management strengths and weaknesses.

The capability review of the Department of Health and Aged Care was designed to be in-depth and cover all elements of the Capability Review Framework (see Appendix B).

The fieldwork component for the review was undertaken from February to May 2023. Evidence was compiled from desktop research, interviews and workshops. More than 60 interviews were conducted with senior staff and external stakeholders including ministers, private sector companies, state delivery organisations, peak bodies, clients and central agencies. The review team conducted 10 in-person and virtual staff workshops. The workshops covered all elements of the framework and sought staff views on the department's strengths, weakness and areas for improvement. Staff at the APS 4 level through to first assistant secretary level were invited to the workshops. There were also self-paced workshops with the same content as the virtual workshops, but without a facilitator or group conversation, so interested staff could contribute their views.

About the Department of Health and Aged Care

The Department of Health and Aged Care is a Department of State, with just under 20 portfolio entities and 10 statutory office holders.

The original Commonwealth Department of Health was established on 7 March 1921, in part as a response to the devastating effects of the Spanish influenza pandemic of 1919, and through the vision of Dr John Howard Cumpston, the first head of the department.

At first, the department looked after quarantine, reporting infectious diseases, public health research laboratories, and occupational health. However, constitutional and legislative reforms over the 1940s and 1950s allowed the department to engage more broadly. Section 51 of the constitution introduced powers for the Commonwealth to fund health services, while limiting the ability to establish forms of civil conscription for doctors and dentists. These reforms allowed the Australian Government to subsidise medications and led Medicare and the Pharmaceutical Benefits Scheme that still exist today.

The department has continued to evolve and undergo changes in name, function and structure through the years. On 1 July 2022, the Department of Health was renamed the Department of Health and Aged Care.

The department's vision is for better health and wellbeing for all Australians, now and for future generations.

Australia's world class health and aged care system is a complex landscape with interdependencies and many stakeholders.

In 2023–24, the department will administer 20 programs across 4 outcomes. Administered funding totals $103.3 billion, mainly payments for personal benefits of $65.1 billion (63% of the total), including those for medical services, pharmaceutical services, and private health insurance rebates. Subsidies, predominantly for aged care, amount to $20.9 billion (20% of the total). Grants expenditure is expected to be $14.0 billion (14% of the total), most paid to not-for-profit organisations. The department also provides shared services to 17 portfolio agencies.

More than 5,800 people work at the department in 8 different worksites around Australia. Roles span 17 job families including: policy; project and program management; regulation and compliance; science and engineering; data, research and analysis; administration and information and communication technology. The department has been increasing its representation across Australia – at the end of April 2023, 22% of the department's APS staff worked outside Canberra from offices in all capital cities and some regional locations.

Overview

Excellence horizon

Over the excellence horizon of the next 4 years there will be enormous strains across the health and aged care system. The research and interviews for this review canvassed the most important challenges the department is likely to face and the most critical capabilities it must develop over the next 4 years and beyond.

The most critical challenges were identified as the following:

- Meeting the challenge of growing demand for aged care with an ageing population, while making the improvements in quality recommended by the Aged Care Royal Commission. The challenge is further compounded by increasing workforce shortages, considering disability care and other social care workforces also face shortages, and the interface between the aged care system and the hospital system. An integrated policy solution that considers the broader system dynamics will be needed to deal with this challenge.

- Addressing the challenges across the health workforce – particularly primary care and in rural settings. This is unlikely to be resolved simply by increasing numbers, given the declining percentage of medical graduates wanting to work in primary care. It will require rethinking and changing the roles played by the different elements of the health workforce including allied health.

- Addressing the growing cost of hospital care, which is a large and growing share of state budgets. Addressing this will require collaboration between the Australian, state and territory governments to optimise the use of hospitals and primary care.

- Increasing the focus on preventive health care. It is possible to prevent many chronic conditions from developing, or to reduce their impact, by creating systems and environments that support people to live a healthy lifestyle. This is important given the growing cost of acute care, the need to address inequities between different population groups and the need to improve the sustainability of the health system.

- Being on the front foot in terms of opportunities in the rise of personalised medicine, mRNA technology, digital technologies, the promise of artificial intelligence and the revolution in genomics, while being mindful of the significant cost implications.

- Preparing for global mega-trends, such as those outlined by the CSIRO report, *Our Future World*, including adapting to climate change and the expectation of increased unprecedented weather events; supply chain disruptions; geopolitical shifts characterised by disrupted patterns of global trade, geopolitical tensions and growing investment in defence; and a strong consumer and citizen push for decision makers to consider trust, transparency, fairness and environmental and social governance.

- Managing the continued shift in the mix from acute care to chronic disease management, particularly as the population ages.

- Being prepared for the next pandemic, which may be worse than COVID-19, and ensuring the department is 'battle ready'.

These challenges require strengthened and integrated whole-of-system policy development capabilities, as solutions will involve interactions between various parts of the health and aged care system. They cannot be addressed effectively in isolation. Enhanced collaboration with the states and territories will also be essential because, in most cases, resolving these issues will require significant collective action involving the Australian, state and territory governments.

Agency strengths

The department's capability was last reviewed in 2014. Since then the department has evolved considerably. While the last review followed a substantial reduction in the department's size, this review comes after a unique period of complexity and pressures associated with the COVID-19 pandemic.

Department staff have good reason to be proud of their agency and feel a sense of great accomplishment. The department's actions were instrumental in guiding Australia through the pandemic, with outcomes that continue to be world leading in many respects. And while there are lessons from elements of managing the pandemic, the department is open to them. With the planned establishment of an Australian Centre for Disease Control (CDC) it is timely to review the role of the department through the pandemic, drawing lessons on decision-making during uncertainty, cooperation across jurisdictions, and models to support innovation in pressured environments. This is important to understand how Australia achieved positive outcomes and to assist future departmental and CDC leaders to respond to similar crises.

The review team considers there is more to the story than a department lifting at a time of national crisis – all departments lift at a time of crisis – and we have seen evidence of leadership at all levels in the organisation beyond the pandemic. The department would do well to capture the essence of 'can do' and 'no blame' exhibited over 3 turbulent years.

> *'They've always been helpful and inclusive and acted quickly.' External stakeholder*

The department has developed a strong sense of self, with clear values and professional and supportive culture and behaviours. Survey results show staff are highly engaged, and that the workplace is supportive and promotes high integrity among its people. Staff, managers and leaders frequently spoke to the review team about how, despite the many challenges of the last few years, the culture of the department is progressive, supportive and positive. The APS Employee Census supports this conclusion. While there is always more to be done, our view is that staff at all levels across the department are to be congratulated for their commitment to making it a 'good place to work'.

> *'The staff that I've worked with within the department have been exceptional. I can pick up the phone ... We have regular meetings. They have been really, really great.' External stakeholder*

Stakeholders interviewed for this review largely praised the department, its people and the purposes they apply themselves to.

> *'They tackled COVID and adapted, staff were agile. They have Aged Care reform, and I can see they're not deaf to government priorities. They deliver the best international health care system. I have a lot of respect for them.' External stakeholder*

There is broad recognition of health expertise, including subject matter and technical expertise, and usually an openness to consultation and collaboration. The review team heard particular reference to the work of the Therapeutic Goods Administration (TGA), efforts in the corporate area of the department to modernise the workplace and support remote working arrangements across Australia throughout the pandemic, and the ongoing work of staff supporting Medicare and pharmaceutical benefits for all Australians.

This adds up to a department with solid foundations and the capability to address the issues that will be of most importance for the future. Importantly, the department is self-aware. It knows the areas that require additional focus over the coming years and is already working to address the key areas identified in this review.

Areas for capability improvement

The review team identified 9 priority areas for capability improvement.

Integrated strategic policy development capabilities

A core challenge for Australian society over the next 4 years is providing effective and affordable health and aged care. An ageing population, more chronic rather than acute diseases and growing mental health challenges are set against increasing workforce shortages across the health, aged and disability sectors. This is creating significant challenges for access to quality affordable care. Meanwhile great strides in medical technology are creating significant opportunities for improved health outcomes.

Continuous improvement is not going to provide sufficient solutions for these challenges. Over the next 4-plus years, significant reform is needed across the health and aged care sectors, taking account of interactions between the sectors. For example, there is a clear need to move more patients from higher-cost acute and hospital settings into primary and community care or aged care settings. But that requires policy development to address the interactions across the whole health and aged care system. Such reforms will not be possible without collaboration between the Australian, state and territory governments.

Nearly everyone this review spoke to expect the department to take a lead in providing a 'direction of travel' on major system reform of the health and aged care sectors, and to lead discussions about the detail of that reform. However, stakeholders from across the Australian Government and from outside the government told the review that the department has not been consistently playing a leading role here for many years. There have been notable exceptions, such as the department's leadership of the National Medical Workforce Strategy, the Primary Care Reform Strategy and the reforms coming out of the Aged Care Royal Commission, but broad whole-of-system reform initiatives have been limited. In part this is because, despite strong policy capabilities in particular areas, there is lack of capability in integrated policy development addressing the interactions between the various parts of the health and aged care systems. The department is not seen to have put forward systemic reform options to government or lead this discussion with the states, territories and other stakeholders.

This may be because previous ministers have not asked the department for this advice, and capability in this area may have declined. However, the department should maintain system reform policy capabilities regardless of the needs of the minister of the day.

The department is implementing major reforms, including the response to the Aged Care Royal Commission and Strengthening Medicare Taskforce. But with Australian Government costs of more than $100 billion per year in the health system, more work is needed to integrate policy and on-the-ground delivery of these important commitments.

This is an area that will require sustained focus and investment over the coming years.

To embed such a capability, the department could commit to producing a periodic report on the current state of the health sector and future direction of travel, along the lines of Treasury's intergenerational report.

Using data to inform policy

The review heard a range of views on the department's data capabilities. While the department was broadly viewed as having highly capable data scientists and analysts, many stakeholders said this capability was not being fully used, in some cases through a lack of willingness to engage in risk.

The department has used a mixed model for data analysis, relying on both in-house capability and specialist firms to complement its abilities in areas such as Medicare and pharmaceutical regulation and compliance. Through the pandemic, the department relied heavily on data consultants to assist in modelling pandemic outcomes, successfully supplementing its own capabilities.

The review heard of close collaboration with both the Australian Bureau of Statistics and the Australian Institute of Health and Welfare on data tools and modelling to support long-term health and aged care policy analysis. We also heard that the department had invested in tools to allow policy analysts throughout the organisation to perform independent analysis of linked data sets.

However, the use of data is not yet embedded throughout the department, and key program and delivery areas, such as the Primary Health Networks (PHN), do not yet have data-driven metrics to support performance monitoring, or to assist in future policy development and design.

Looking forward, the department needs to empower policy makers at various levels to improve their understanding of the availability, flaws and possibilities of data sources plus an ability to pose answerable questions, and then to use the answers to frame policy proposals and options. This will enable staff to appropriately explain clearly and succinctly to ministers, advisors and other stakeholders.

Systemic consideration of the health and aged care workforce

A range of stakeholders told the review team that the department needs to take a greater national leadership role in coming years in health and aged care workforce policy, as this is one of the most pressing challenges across the sector and will remain so for many years to come.

The health workforce is perhaps the largest input to the health and aged care system. It is used at all levels and in all settings of health and aged care service delivery. It can be put to uses with greater or lesser degrees of efficiency, quality and safety in health service delivery, depending on policy structures established at all levels of government and through private providers. The health workforce is trained, regulated and governed at clinical levels via all levels of government, the education sector and professional colleges.

Health Workforce Australia previously provided national leadership in this area and, following its closure, the department has attempted, with variable success, to provide the comprehensive data collection, analysis and planning that Health Workforce Australia provided. Despite successes with the National Medical Workforce strategy, medical workforce data collection and early initiatives in the nursing workforce area, the review team has heard stakeholders seeking much greater leadership from the department to support:

- changed models of care, with greater reliance on team-based care
- better models to prioritise where and how the clinical workforce is trained

- models of care that account for a potential gap between supply and demand for health workers with greater use of lower skilled workers, greater use of technologies, or both.

Parts of the workforce can move between the primary, hospital, aged care and National Disability Insurance Scheme sectors, so it is difficult to develop policy for one sector without considering the implications for the other sectors. Current health and aged care workforce capabilities are scattered across the department, and it should consider how capabilities can best be organised to give integrated policy advice.

Increased knowledge about the providers the department funds and regulates

A common theme from many external stakeholders is that the department needs to develop a deeper commercial understanding of the providers it funds and regulates.

These providers include hospitals, aged care homes, general practitioners, medical specialists and allied health practitioners. The knowledge required includes the economics of the businesses, the distribution curve of providers in terms of performance, and the impact of funding or regulatory changes on the sector. Without that knowledge, the department is seen by many to be susceptible to place too much weight on the loudest voices in discussions and negotiations, when they often represent the views of less sophisticated providers or practitioners rather than the average or more sophisticated providers.

The department has access to much data and expertise about the economics of providers but many stakeholder discussions suggest it does not seem to be making full use of this data and expertise.

Through effective use of data and access to expertise, the department should know the economics of the entities it funds or regulates at least as well as the entities themselves.

Readiness for future healthcare delivery

The rapid pace of technological change, including in areas such as personalised medicine, and the use of artificial intelligence in diagnosis and treatment for patients, will present a challenge for health system funders and regulators globally in coming years.

The review team heard that it can be difficult to work across some divisional and group structures within the department, and that sometimes inflexible internal resourcing models don't support meeting internal priorities.

For example, the TGA's cost recovery is more than 90% from industry. Having limited flexibility for non-cost recovery activities, including forward-looking work, means it is more constrained than most international peers. This is seen in in its ability for technical experts to scan the horizon for therapeutics regulation issues and support joined-up policy efforts that consider future health care delivery models that incorporate technological change.

There are also opportunities to leverage existing and growing capabilities to better tackle future technology changes.

We observe that the department has received significant funding to reform the way information in the aged care sector is collected and provided. The platform being developed for this purpose also has possible wider

application in a range of other care markets funded and supported by the Commonwealth, such as veterans' affairs and the National Disability Insurance Agency.

Ensuring readiness for future models of health care service delivery and treatment requires concerted and ongoing effort to yield best results for the health system and, through it, improved health outcomes for the public.

Learning the lessons from COVID-19

The COVID-19 response has been a major focus of the department over the last 3 years. The department has been in the front line of both developing policy to respond to the pandemic and delivering many aspects of that response. The speed with which the department had to work has led to many innovations and taken the department into new areas of activity such as vaccine delivery.

The department had to innovate in:

- the way it works with front line organisations such as Aboriginal Community Controlled Health Organisations with more flexible funding and less detailed accountability requirements
- how it communicates with diverse communities to ensure messages about COVID-19 are getting through
- the way areas work across the department and with other Commonwealth, state and territory agencies, as this had changed substantially to deal with the response.

There are important lessons from this experience about what has worked well, what hasn't worked so well, and what should be done differently to be ready for the next pandemic.

However, there does not yet appear to have been any comprehensive review of lessons learned. The department is keen and prepared to undertake such a review. There is clearly the question of when the time is right for such a review, as COVID-19 is not totally gone, but if left too long, organisational memory will start to dissipate as people move to different roles and other priorities take over.

To ensure the department fully extracts the lessons from the COVID-19 response, we think it is important that a thorough and significant review occurs ideally sometime in the next 12 months.

Collaborative and enduring relationships with the states and territories

Effective delivery of health and aged care to the community relies on the Commonwealth, states and territories, and the private and community sectors working together. Many stakeholders, not just the jurisdictions, raised the need for the department to work more closely and collaboratively and in a less 'transactional' way with state and territory counterparts.

Jurisdictions and other stakeholders appear to be looking for a high-level, medium- and long-term policy discussion about the future of the health and aged care systems. Health care consumes around 40% of state budgets and current trajectories suggest it is rising over time. It is no surprise that the jurisdictions want a continuing, in-depth discussion with the department about the future of health and aged care.

The review team notes the challenge for senior staff to find time, space and resources for content-rich, evidence-based engagement with jurisdictions. The authorising environment for such forward thinking waxes and wanes. However, as the level of government responsible for most health care financing and for health settings that require close integration with jurisdiction-based services, the department should lead a more open and less transactional engagement with the jurisdictions on health and hospital system design, and an enduring architecture to facilitate this.

We note that the department has a team allocated to addressing these issues. We also recognise that reform discussions are often intertwined with requests for more funding, and that there are constraints on the department's ability to fund reform. However, we do not think that this negates the need to create more collaborative relationships with the states and territories.

Improved communication and engagement with the community

During COVID-19, Australians relied on heath messages provided by senior department staff. Those senior staff were supported by an extensive communications and engagement effort across the department and into Australia's multi-faceted community. Much was learnt and staff are proud of their efforts at a time of national and personal challenge.

Improving communication and engagement with the community is an important area for departmental capability development. In the past, mass media campaigns were a key tool for the department to spread health messages. The experience with COVID-19 has highlighted shortcomings with this approach and pointed to the need for new thinking and new skills in the department. Many of those with complex (and potentially expensive) health and care needs do not receive information through traditional media.

Indeed, the department needs to reach some people who distrust government and are wary of government messages urging them to participate in programs or use services. Communicating with such communities requires long-term engagement, detailed data and analytics, and a willingness to use influential community members backed by social media to provide information and receive feedback.

Creating the capability to reach all parts of the Australian community will require a lift in the department's approach to engagement with communities and their representative organisations, as well a more contemporary approach to communications.

Building and empowering the mid-level of the department

The review team often heard praise for the knowledge, commitment and ability of the department's most senior staff (the executive and division heads). However, feedback on mid-level leaders (branch heads, directors and team leaders) was more mixed – with many stakeholders arguing that turnover in these levels created challenges for organisational engagement and potential for decisions to be escalated to higher levels when they could be managed more appropriately at lower levels.

All Commonwealth departments face workforce challenges and we were not surprised to receive such feedback. The department has taken steps to address turnover and, through enhanced workforce planning, is supporting a

leading work from home policy, improving working conditions in offices, and raising the profile and approachability of senior managers. However, there is still a lot of movement at the mid-level of the department, partly driven by many of the most talented staff moving frequently between roles.

The department should invest in both the business systems and learning and development to support greater delegation to these levels. We heard there is latent capacity in these levels that will leave if left untapped. There is a wide palette of strategies to build the mid-level of the organisation while improving succession planning, particularly at the local level, and creating more stability and/or better handovers when mid-level managers move.

Detailed assessment of agency capability

This section outlines the rating scale used to assess the department, summarises the department's ratings against each element of the 5 domains assessed, and provides an assessment of the department's capability based on the Capability Review Framework summarised at Appendix B.

Rating scale and summary of department's ratings

Maturity rating scale	High-level maturity rating description
Emerging	Agency mostly demonstrates: • Critical weakness in current capability • Critical weakness in its ability to deliver the capability in the short or medium term • No or minimal awareness of capability gaps • No or minimal action underway to address the capability gaps • No or minimal evidence of learning or a focus on continuous improvement
Developing	Agency mostly demonstrates: • Weakness or gaps in current capability • Concerns in its ability to deliver future capability • Some current and future capability gaps not clearly identified and forecasting of future capability challenges needs to be improved • Identified weaknesses not systematically addressed • Greater focus on learning and continuous improvement is needed
Embedded	Agency mostly demonstrates: • Good current capability • Majority of future capability gaps identified • Activities to improve in areas of current and future capability gaps, and is well placed to continue improving • Majority of business areas have some focus on learning and continuous improvement
Leading	Agency mostly demonstrates: • Excellent current capability • Strategic and systematic approach to forecasting future capability challenges and responding accordingly • Plans and undertakes development to meet future and changing needs and conditions • Actively participates in learning and focuses on continuous improvement

Leadership and culture

Element	Department's high-level maturity rating	
Purpose, vision and strategy	✓ ✓	*Developing/Embedded*
Values, culture and behaviour	✓	*Embedded*
Leadership and governance	✓	*Embedded (Developing in some areas)*
Review and evaluation	✓	*Developing*
Embodies integrity	✓	*Embedded*

Collaboration

Element	Department's high-level maturity rating	
Engagement with ministers	✓	*Developing*
Contribution to the public sector (federal, state/territory, local and international)	✓	*Developing*
Partnerships and engagement outside the public sector	✓	*Developing (Embedded in some areas)*
Putting people and business at the centre of policy and services	✓	*Developing*

Delivery

Element	Department's high-level maturity rating	
User focus and experience	✓	*Developing*
Strategic policy	✓	*Developing*
Service delivery and improvement	✓	*Developing*
Managing for performance and outcomes	✓	*Developing*
Capability to do the job	✓	*Developing*

People

Element	Department's high-level maturity rating	
Strategic workforce planning and development	✓	*Developing*
Staff performance and capability	✓	*Developing*
Staff engagement and experience	✓	*Embedded*
Model employer	✓	*Embedded*

Resourcing and risk

Element	Department's high-level maturity rating	
Asset (physical and ICT) management	✓	*Developing*
Information and data management	✓	*Developing*
Cyber security	✓	*Developing*
Financial management	✓	*Developing*
Procurement, contract and project/program management	✓	*Developing*
Risk management	✓	*Developing (Embedded in some areas)*

Leadership and culture

Element	Description	Department's high-level maturity rating	
Purpose, vision and strategy	The capability to develop an appropriate purpose, vision and strategy based upon government priorities and legislative functions and successfully communicate these to staff, stakeholders and users.	✅🟡 ✅🟢	*Developing/Embedded*
Values, culture and behaviour	The capability to foster a culture of continuous improvement and innovation and measure the benefit of these activities to policy, programs and service delivery.	✅🟢	*Embedded*
Leadership and governance	The capability to deliver effective leadership, including good decision-making, to identify and develop leaders, and establish organisational structures that are efficient and effective.	✅🟢	*Embedded (Developing in some areas)*
Review and evaluation	The capability to use review and evaluation activities to maintain performance and drive improvement.	🟡	*Developing*
Embodies integrity	The capability to promote and embed integrity and APS values across all business areas of an agency in a way that informs and influences business practices across the agency.	✅🟢	*Embedded*

Leadership and culture overview

Overall, the department has a healthy and effective leadership and culture. Within the department, understanding of its purpose, vision and strategy is evident. However, the review team heard that the department should prioritise external communication about strategic policy and leadership. There is also a clear need to consider how to better embed review and evaluation functions into core practices across the department. The department is working to promote and embed integrity and the APS values across all business areas, and this remains a work in progress.

Staff have a good understanding of the department's purpose and vision

The *Corporate Plan 2022–23* outlines the department's vision, purpose, values and behaviours, and outcomes. This flows into division and branch business plans and then into performance agreements.

The department's Executive Committee meets weekly. Its role is to provide strategic direction and leadership to ensure the department achieves the outcomes in the corporate plan and portfolio budget statements.

The department recently restructured to improve alignment with government priorities and balance workloads across groups.

The senior executive communicates effectively with staff. There are well-established communication channels, including:

- weekly video messages from the senior executive team
- intranet news shared via a weekly email from the Chief Operating Officer
- regular all-staff events.

The review team attended two all-staff events. The senior executive provided updates on priorities, discussed Budget measures, recognised achievements and responded to questions from staff. The Minister for Health and the Minister for Aged Care and Sport joined the May Budget briefing. Both events had approximately 3,000 staff listening live and were recorded and made available to all staff.

In the 2022 APS Employee Census, 75% of staff agreed that the Senior Executive Service (SES) clearly articulate the direction and priorities for the department. This is considerably higher than the APS average (63%) and an improvement on results from the previous year. Staff generally understand how their role contributes to achieving an outcome for the Australian public (94% agreed in the staff survey).

During COVID-19, the senior executive was highly visible not only to staff, but also to the public. Responding to a crisis can create a shared sense of purpose. As the department returns to business-as-usual, it will be important to continue to make a concerted effort to communicate with staff and build a common understanding of the department's priorities. The department does this well, but more can always be done.

External stakeholders are less clear on the department's strategic role

The review team heard external stakeholders are less clear than staff about the department's purpose, vision and strategy. As outlined earlier (see *Integrated strategic policy development capabilities*) multiple stakeholders suggested the department should be providing a 'direction of travel' for the health and aged care sectors. The quote below captures this sentiment.

> *'The role of government is to lead future facing policy development and define a broad direction of travel for the sector, and to be ahead of changes that everyone sees coming. The Commonwealth has been missing in action on this. The department needs to rebuild policy expertise.' External stakeholder*

Some external stakeholders expressed a concern that the department tends to be influenced by high-profile lobby groups at the expense of less high-profile, but equally important, interests. Other stakeholders suggested they would like to be involved in more collaborative high-level strategic policy discussions.

A broad agenda with many priorities

We heard from internal and external stakeholders that the department has a significant agenda. For example, in the recent Federal Budget the government authorised 48 new measures for the department, totalling $27.9 billion. A key challenge is to balance implementing new measures with running business-as-usual key elements of the national health system. There is a need to better articulate to staff and stakeholders how new measures fit into the medium-term direction for health system management.

During staff workshops, we heard that additional priorities are created, but the department could be better at identifying what is no longer a priority and stopping work.

> *'We respond to criticism and issues by doing new things. Some committee discusses and we need to start … adding more non-core pieces on the agenda – 100 priorities means you have no priorities.' Staff member*

In the absence of an integrated strategic policy approach, it is hard for both internal and external stakeholders to gain a sense of relative priority for both implementation and engagement across the breadth of the health system agenda.

A positive culture

The review team conducted more than 20 staff interviews and 10 staff workshops. While there were a range of views, overall staff were positive about the department's culture. There was a consistent message that culture has improved and is better than it has been in the past.

> *'The culture here is really great. I'm really glad I work here. I can talk to the secretary and ministers and be listened to.' Staff member*

> *'The culture is fantastic.' Staff member*

The review team acknowledges the extraordinary efforts of staff at all levels during the pandemic. The circumstances were exceptional, and the dedication and hard work of those in the department was remarkable. However, in speaking to staff, we heard that while staff are highly engaged, some are exhausted.

> *'The whole department is exhausted … we've gone through three years of people working 24/7.' Staff member*

> *'People are tired. We've been operating at a fast pace for [a] long time. How do we sustain that pace and not burn people out?' Staff member*

During workshops, some staff said that working excessive hours was seen as 'a badge of honour' and rewarded. However, the 2022 APS Employee Census results showed only 19% of staff indicated that there was too much work to do.

As the department shifts away from period of rapid implementation and emergency response, it will be important for the reward structure and messaging from the department's leadership to shift to a focus on collaboration and strategic policy with a return to more sustained pace.

Building a culture of continuous improvement and innovation

The department's self-assessment said the pandemic had a positive disruptive influence on its culture and operating model, and it has had a real focus on innovation and change.

The review team was provided with examples of innovation, including:

- the department's approach to flexible work, which has improved staff retention and satisfaction, enabled greater representation of the Australian community, and created a more accessible and inclusive work environment for people with diverse needs/caring responsibilities (more details are in the *People* section)
- the Australian Immunisation Register – Multi-Agency Data Integration Project (AIR-MADIP) project team's analytical capability and reporting to inform vaccine rollout
- the department's work bringing the consumer voice to the table on mental health.

It is evident that the department continuously strives to improve its key operating and governance frameworks. We found there is still some way to go before the very good work done on the operating and governance frameworks are embedded across all elements of the organisation.

Some of the barriers to continuous improvement and innovation in the department observed by stakeholders and the review team include:

- multiple and competing priorities
- the rapid pace of change and the many demands on the organisation
- risk aversion and the upward delegation of decisions
- a perception among staff of a lack of empowerment
- silos and a lack of collaboration across work groups
- the lack of an evaluation culture.

Several stakeholders said the department's culture is risk averse, particularly at more junior levels. Stakeholders and staff said decisions are often elevated to higher levels.

> *'Then the decision get escalated all the way up [to deputy secretary]. How can you feel empowered when you have to pass it up so far?'* Staff member

During staff workshops, staff made comments that suggested they do not always feel empowered and supported. As outlined above in *Building and empowering the mid-level of the department* and discussed in the *People* section below, we found there is an opportunity to better support middle managers. In addressing this issue, the department could also align more strongly with the APS Framework for Optimal Management Structures.

The department's self-assessment states that there has been a strong emphasis in recent years on developing a culture of openness to new ideas, 'no blame', and appropriate risk tolerances. Staff survey results show this is having an impact, however, there is more work to do. The review team was impressed with the efforts of the department's executive to enable a culture of openness, innovation and engagement with risk.

While COVID-19 provided opportunities for innovation, there is a sense that it also forced change. The department has demonstrated the ability to innovate but there is room for improvement with stakeholders noting the need for improved implementation.

> *'The implementation is hard as we are understaffed.'* Staff member
>
> *'[Leadership] need to take reins and say what should be our focus … then cover design and monitoring to make an agenda to implement.'* External stakeholder

Implementation is key to innovation and will equip the department in its increased focus on delivery. For example, the department has ongoing reform to implement for the Medical Benefits Schedule and Pharmaceutical Benefits Scheme, with 750 of 1,400 recommendations so far achieved. This is complicated by a 12-month funding cycle that limits long-term strategic implementation.

Senior executive commented that innovation is happening more broadly, but it can be difficult to get teams to recognise their work as innovative. The 2022 APS Employee Census results show 60% of staff agree that the department inspires them to come up with new and innovative ways of doing things. This is an improvement on previous results and above the APS average.

Enabling Innovation Index

Ranking 19th of 98 APS Census results 2022

- APS: 65%
- Health: 69%

APS ■ Health
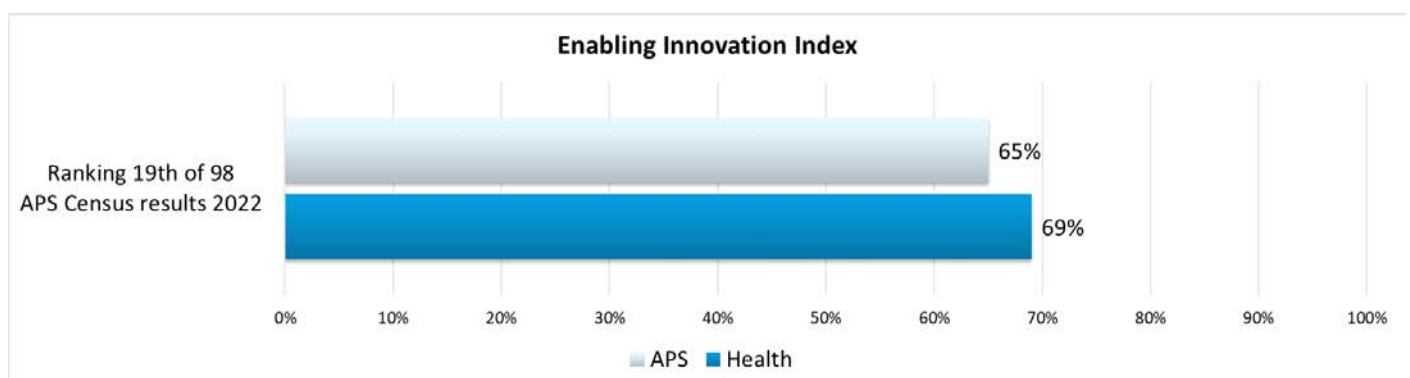
Well regarded senior leadership

The department's senior leadership is highly regarded by staff and stakeholders. The 2022 APS Employee Census results show department staff are more positive about their leadership than staff in other APS agencies.

Leadership-SES Manager Index

Ranking 20th of 98
APS Census results 2022

- APS: 69%
- Health: 75%

(Scale 0% to 100%, legend: APS, Health)
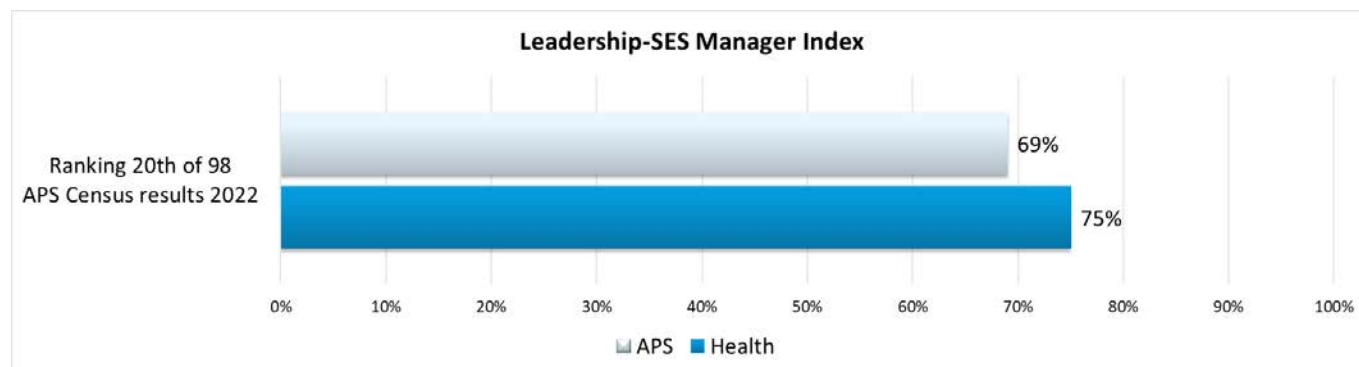
However, the scale of the department's policy and implementation challenges means there is a need for high-quality leadership at every level of the organisation. The review team heard the department could do more to support and develop the whole leadership group, particularly middle managers. Developing middle managers now will build a pipeline of leaders for the future. This will provide both short-term and long-term benefits. Further detail is in the *People* section.

Improved governance

The department's senior governance committees provide advice and recommendations to the executive on organisational performance, delivery of administered programs, implementation of highest risk change projects, and strategic portfolio policy issues for performance improvement.

The Executive Committee, which includes the secretary and all deputy secretaries, provides strategic direction and leadership to achieve the outcomes set out in the corporate plan and portfolio budget statements. The Executive Committee operates in an advisory capacity to the secretary and cannot make decisions in its own right. The terms of reference for the Executive Committee clearly outline roles and duties, accountability and conflicts of interest. Meeting minutes are published on the intranet for transparency. The Executive Committee is supported by 5 reporting committees, which cover diverse priorities.

We acknowledge the department's work over the last 5 years to improve its governance, risk management and assurance capability. The department has implemented new governance committees to oversee projects and programs:

- the Digital, Data and Implementation Board provides advice and assurance on the effective implementation of the department's high-risk change projects
- the Program Assurance Committee reviews all tiers of programs, though prioritises rolling reviews according to the risk matrix, against the principles of effective program management.

The department has also implemented a new Assurance Framework; Project Management Framework, a Rapid Implementation Framework and a new Risk Management Framework.

The most recent governance change has been re-establishing a Strategic Policy Forum in 2022 to:

- allow leaders to tap into the expertise of their peers to inform policy design and implementation
- provide ongoing monitoring and evaluation of critical initiatives
- integrate policy development
- iterate the longer-term strategic direction of the portfolio.

Memberships for the Strategic Policy Forum consists of the Executive Committee, first assistant secretaries and assistant secretaries with some members on a rotational basis and others co-opted for specific topics. The department is looking to the Strategic Policy Forum to foster a culture of innovation, collaboration and contestability. We note the new forum is still in its early days. Senior executive buy-in and a sustained commitment to integrated policy making will be crucial to the success of this innovation in departmental governance.

The department works with other Commonwealth entities, state and territory governments, portfolio entities and health and aged care providers. Delivering services through third parties requires good governance to ensure the resources allocated are achieving the desired outcomes. The review team looked at several recent Australian National Audit Office (ANAO) performance audits, such as the *Expansion of Telehealth Services* (January 2023), and the *Independent Review of Medicare Integrity and Compliance* (March 2023). These recommended improvements to governance. We suggest the department continue to focus on improving shared governance arrangements.

We also note the department has recently re-established a whole-of-portfolio governance committee, which will meet quarterly and be chaired by the secretary. The review team consistently heard from portfolio entities that more strategic engagement at a senior level of the department is highly desirable.

Department still operates in silos

We heard from many staff and stakeholders that the department operates in silos. The following quote represents a typical response from stakeholders.

> *'I deal with four separate silos in the department, and I've asked who has the horizontal view in the department, and they don't.' External stakeholder*

Finding effective ways to work across groups will be critical to building strategic policy and user-focus capabilities (more details are in the *Delivery* section).

Several factors contribute to the department's siloed nature. One factor is the funding model. For example, the TGA is required to recover its costs through fees and charges for all activities that fall within the scope of the *Therapeutic Goods Act 1989*. Approximately 90% of its work is cost-recovered. This leaves little flexibility to redeploy TGA staff to other important work. TGA has staff at the forefront of emerging medical and therapeutic technologies, which other areas of the department also need to understand. Maintaining the capability to

understand, assess, approve and then potentially fund new technologies is a significant cost to the department, and there appears to be opportunities for business process redesign to better leverage limited expertise.

The department has recently reviewed its structure to balance workloads, better align to the government priorities and build capability. The restructure anticipates many of this review's findings. Some changes to the structure include moving the budget function to sit with the strategic policy function, establishing a strategic policy branch, and re-establishing the Strategic Policy Forum. However, more work needs to be done to integrate and coordinate external health and care workforce policy. There is an opportunity to draw together the multiple areas dealing with health and care workforce issues to create an integrated approach.

Need to strengthen a culture of evaluation

The review team found the department does not have a strong culture of evaluation. We heard that, in recent years, evaluation not been part of the policy/program design at inception, has been outsourced to consultants, and has been done as a post-hoc exercise to meet evaluation requirements.

The department is aware that it needs to continue to develop and strengthen its evaluation capacity, culture and capability. In the most recent Federal Budget, resources were allocated to enhance the department's approach to evaluation. The department's Evaluation Strategy is currently being updated. An Evaluation Centre provides policy and support to policy and program areas, and earlier this year the department launched a new Evaluation intranet site with resources. The department's self-assessment states that deepening capability and driving consistency of approach through these mechanisms will be a focus over the medium term. Further detail on evaluation is provided in the *Delivery* section.

Embedding values, behaviour and a pro-integrity culture

The integrity of the APS is fundamental to maintaining public trust and confidence.

In the *Trust in Australian public services: Annual Report 2022*, the 3 major services administered by the department received high trust scores – Pharmaceutical Benefits Scheme (79%), Medicare (78%) and My Aged Care (78%). The department must ensure it maintains these high levels of public trust. There has been recent public scrutiny of the integrity of the broader APS. The review team also notes a recent audit report and an independent review highlighted the need for a stronger focus on compliance, both for government processes and the programs administered by the department:

- the recent Auditor-General report, *Administration of the Community Health and Hospitals Program* (June 2023) found that the department's 'administration of [Community Health and Hospitals Program] was ineffective and fell short of ethical requirements'
- the *Independent Review of Medicare Integrity and Compliance* (March 2023) found 'the current system is overly fragmented, disjointed, and lacking in contemporary tools to detect and address non-compliance and fraud, despite the best endeavours of bureaucrats, regulators, and peak bodies'.

The department has measures in place to monitor and improve integrity, including the Security, Workforce Integrity and Assurance Committee, which provides assurance to the secretary and the Executive Committee that

security and integrity risks and issues are effectively managed. The department also has systems in place to prevent, detect and respond to fraud and corruption, including:

- fraud control systems in program and system design
- analytics to detect claiming anomalies
- staff complete a Fraud Essentials eLearning package on commencement and then every two years
- a Fraud Control Toolkit for staff
- a Fraud and Corruption Control Plan.

As part of the recent Federal Budget, the Australian Government announced $29.8 million over 4 years from 2023–24 to strengthen the integrity of the Medicare system in response to key recommendations of the *Independent Review of Medicare Integrity and Compliance*. The department will receive $18.8 million of this funding to establish a taskforce to oversee longer-term improvements to Medicare integrity.

Within the department, the APS Values are included in staff mandatory training and performance agreements. The department's *Behaviours in Action* provides staff with practical guidance about what expected behaviours look like in the workplace. The new Secretaries' Charter of Leadership behaviours (be dynamic, be respectful, have integrity, value others and empower people) is embedded in the department's SES Performance Framework.

In the department's 2021 Pulse staff survey, 80% of respondents agreed that in their division, senior leaders behave in a way that is consistent with the department's values (that is, they 'walk the talk'). This was 3% higher than previous staff survey results.

The department's responsibilities are broad and involve billions of dollars of public expenditure. While the department is working to enhance integrity and adhere to APS values, the review team believes, like all departments, it needs to double down on efforts to enhance integrity.

Collaboration

Element	Description	Department's high-level maturity rating	
Engagement with ministers	The capability to maintain open, trusted and respectful relationships with minister/s and provide impartial and evidence-based advice to them.	✓	*Developing*
Contribution to the public sector (federal, state/territory, local and international)	The capability to make productive contributions to the public sector, both domestically and internationally, and establish enduring and collaborative relationships with other public sector agencies to support government priorities.	✓	*Developing*
Partnerships and engagement outside the public sector	The capability to engage and establish respectful and collaborative partnerships with users of government services and non-government entities to understand their experiences and needs.	✓	*Developing (Embedded in some areas)*
Putting people and business at the centre of policy and services	The capability to leverage partnerships with external stakeholders, such as the public, communities, business, the not-for-profit sector and other governments to deliver policy and services.	✓	*Developing*

Collaboration overview

The department is required to collaborate to deliver every aspect of its responsibilities. The department should aspire to develop enduring and collaborative relationships with stakeholders, characterised by appropriate levels of openness, trust and mutual respect, and a shared commitment to outcomes. According to the Thodey review, a transformed APS 'will understand the needs of the Australian people better and will partner with others to achieve outcomes … it will not assume it has all the answers'. The review team found the department has some

work to do in developing forward-looking relationships with ministers, building stronger and more collaborative engagements with the wider public sector and the community, and developing a sharper focus on delivery of policy and services.

New government, new approach

The change in government brought a change in focus and new relationships with incoming ministers. As a part of this new government and associated changes, stakeholders have indicated that the department's relationship with ministers has led to a change of operational focus. The review team notes that stakeholders, both internal and external, have also experienced a change in tone.

The department supports 5 ministers. The current ministers were sworn in in June 2022 following the election, so the relationship between the department and the ministers and their offices is relatively new. The review team rated this element of the framework as 'developing', reflecting the recent nature of the relationship.

We appreciate ministers making time available to speak to us frankly about the department's capabilities. In terms of the department's engagement with ministers, there are opportunities to:

- improve the timeliness, quality and brevity of briefings
- lead with ministers in the development of integrated health and aged care policy
- use data more effectively in support of its advice
- focus its advice more on the outcomes of policy and program decisions for health and aged care consumers
- build in-house capability
- provide regular updates on key priorities.

The department's self-assessment states it has established formal and informal communication channels with ministers' offices. Departmental Liaison Officers are critical to effective communication between ministerial offices and the portfolio. Across the public service, all written advice to ministers is captured in the Parliamentary Document Management System or CabNet+ to ensure it is recorded and tracked.

The department produces a high volume of ministerial products. Since 2020, there has been a significant increase in ministerial correspondence. In 2022, the department produced more than 20,000 ministerial products. This figure includes 3,403 ministerial briefs and 1,503 ministerial submissions. In comparison, the Department of the Prime Minister and Cabinet reported 2,064 briefs and submissions in its annual report and the Department of Social Services reported 324 briefs with another 1,024 awaiting signature at the time of reporting.

Following the change in government and return to business-as-usual, the department has had to shift from a focus on rapid implementation and emergency response to building its strategic policy capability.

The review team heard the department has been somewhat slow to respond to the new government's priorities. Ministers want the department to provide more forward-looking policy options and strategic advice.

It will be important that the department's new secretary (starting in July 2023) and senior executive team continue to develop an open, trusted and respectful relationship with ministers.

Contribution to the public sector strengthened through COVID-19

The department has a history of growing and developing sound relationships with other public sector agencies at the local, state/territory, federal and international level. For example, there are long-standing, well-established relationships between the department's Chief Medical Officer Group and the rest of government – for example, in biosecurity and emergency response. These were further strengthened during the pandemic. The TGA also has a long-standing record of collaborating internationally, such as through joint reviews of medicines and work with the United States, United Kingdom, Singapore and Switzerland. Through the pandemic these relationships proved invaluable in providing opportunities to support the Australian public, such as collaborating and engaging with the United Kingdom to ensure Australia had access to adequate vaccines through the pandemic. This process also involved considerable consultation with and support from the Department of Foreign Affairs and Trade to support the safety of systems to get medicines and vaccines to the Indo-Pacific region. This is just one example of the department leveraging relationships internationally and across government to support the Australian people.

The following case study demonstrates the department can collaborate and adapt to change.

> **Adapting capability to meet vaccine needs**
>
> The TGA Laboratories test the quality of medicines on the Australian market and perform pre-market evaluations of the quality of vaccines. The labs have maintained a diverse array of expertise over the years. Traditionally scientists and engineers have worked within their own unit on separate projects. The labs are used to dealing with unexpected product or regulatory issues but have never faced anything on the scale of the COVID-19 pandemic. Staff were redeployed to priority areas. For example chemists and microbiologists were trained and deployed to assist colleagues answering the TGA enquiry lines. Lab staff worked with vendors, the Department of Foreign Affairs and Trade, Australian Border Force and AusTRADE to get essential testing equipment into Australia. The labs were able to successfully respond to these challenges through a mixture of existing processes and rapidly establishing new ones. The capabilities already in place included having an accredited quality system, a focus on diverse technical and operational ability, and recruiting for technical skills. This positive culture has been maintained even through the transition back to a more business-as-usual state. This was the largest testing project ever conducted by the TGA and provides a model of how the organisation can use existing capability and rapidly expand capability to meet the needs of Australia.

More dynamic state/territory relationships needed

When considering the relationship the department has with the states and territories, stakeholders expressed the nature of those relationships as being somewhat transactional. The following comments from stakeholders were typical of what we heard, noting that state and territory health departments are under financial and demand pressure, and have been requesting additional Commonwealth investment in their hospitals.

> *'It feels very transactional ... The key role of the Commonwealth is to enable, curate, steward, genuine collaboration. But they are not good at it.' External stakeholder*

> *'They don't engage with us. They're just not having the conversations at all ... They shut things down because it's all about the money but they won't even discuss it.' External stakeholder*

In addition to a sense that engagements are transactional, the way the department engages was also discussed as an issue. We heard from several state and territory stakeholders that during normal operations the department can appear 'brusque' and 'dismissive' in some of its engagements, and unlikely to engage with genuine interest about ideas or possible solutions developed elsewhere in the public sector.

> *'[The] Commonwealth has decided that they know best so want to be prescriptive ... They dictate and have become too prescriptive ... We know in [our state] what we need.' External stakeholder*
>
> *'The role of the department needs to be to curate collaboration at the whole system ... There is no trust between the governments; states are trying to make sure that we don't reduce our budgets.' External stakeholder*
>
> *'The department [staff] are reluctant to work outside their portfolios and across agencies. We had to use health chief executive forums to get ministers to work on the issue. Having secretaries group involved, we're not the only ones feeling frustrated. Disability and Medicare and [Medicare Benefits Schedule] reforms have to stop looking at individual funding streams. Solutions require multiple agencies to work together, [with] Health to work in a leading role to work with other agencies.' External stakeholder*
>
> *'While the officers in the department wish to be collegiate, there have been occasions where they have been unable to provide further information or share information – likely due to these issues forming part of ministerial announcements.' External stakeholder*

The review team notes these comments from stakeholders. If the department is to be an influential leader in developing strategic policy for the health and aged care system, there is a need for a 'reset' of some of the department's key relationships. Stakeholders appear to want to engage more deeply.

> *'COVID, they were amazing. They're doing well but it's not enough anymore. More is needed and we stand willing to work with them. Come and talk with us. There's a hunger for engagement. We don't need papers. We want to have the discussion.' External stakeholder*

Stakeholders from the states and territories also expressed the need for improved collaboration as illustrated by this feedback.

> *'The dissolution of many expert committees has meant that states and territories often have limited visibility and opportunity to input into, or review, national strategies, plans or other items. Often, a national plan or strategy is presented to states and territories for the first time through Ministerial Council structures, which limits the opportunity for detailed review and can have implications for service delivery ... At times, [the department's] plans and strategies have*

A challenge for the department is how to reset long-standing relationships. Sentiment expressed from multiple stakeholders in the jurisdictions, as well as some within the department, indicates that they would welcome the opportunity for staff rotations between states and territories and the Commonwealth. This would allow for development opportunities for both the department and the states and territories. In particular, department staff experienced in policy development could develop capability in critical contract management skills and operational application – an area in which the states and territories have vast experience.

The review team notes that the department does participate in the Reform Implementation Group, which is responsible for leading implementation of activities described in the National Health Reform Agreement Roadmap. The department also supports health chief executives and health ministers by leading strategic discussions of reform matters and providing high-level oversight and coordination to meet the objectives of the National Health Reform Agreement. Increasingly, stakeholders are looking to the department to be a leader.

*'People are understandably calling out for government leadership. We have the license to be the
forefront of national health.' Staff member*

Partnerships and engagement outside the public sector to improve understanding

For the department to best serve the Australian public, decision makers and those working in policy development must have a sound understanding of how the markets the department funds and regulates operate. There is a sense that the department strives to be diligent in this area, yet there is a perception among stakeholders that the department needs to further invest in staff to improve its understanding of markets and the business drivers of health and care providers.

*'We still bring in experts. One team is working with providers so residents aren't displaced. We
need to understand the market. The whole thing is too segmented. Hospitals, primary care etc.
all broken up but working in silos. Now we need a holistic approach.' Staff member*

*'Understanding of how markets operate is huge. Public, private hospitals, aged care providers.
No one understands all of that.' External stakeholder*

Some excellent engagement, but room for improvement

The department has developed significantly through COVID-19, especially in the realm of engagement with the community, advisory groups, peak bodies and stakeholders outside the public sector. Various stakeholders expressed appreciation for the efforts made through the pandemic to increase vital engagement with the community including, but not limited to, establishing the Culturally and Linguistically Diverse Communities Health Advisory Group. While most stakeholders acknowledged the department's strides in increasing engagement, there was a consensus that more can be done to improve this engagement further.

> *'There are opportunities for engagement in a meaningful way. People who deliver healthcare want to be valued and consulted. They want to be part of the decision-making process.' External stakeholder*

> *'There is robust conversations happening. I've seen them do that. They have been brave enough to ask "what would happen if?" and ask crazy questions. That only happens though after we've built those strong, long-term relationships.' External stakeholder*

Examples of excellence exist across the department's program delivery and regulatory activity in the community and private sectors. However, there is 'patchiness' in performance, engagement and attitudes towards non-public sector actors. For this reason, the review team rated this element as 'developing'. An investment in staff training and development, focused on (but not limited to) middle managers, could improve engagement with the community and private sector by staff in the 'engine room' of the department.

While stakeholders identified room to improve the department's engagement, the review team heard positive feedback on the quality of its senior leadership. This feedback was mainly from senior level stakeholders, and the department needs to improve methods of engagement across the board for more consistently positive feedback about engaging well with stakeholders based on their needs.

More rigorously applying the Australian Public Service Framework for Engagement and Participation could help create this consistency, as it outlines principles for engagement and participation, ways to engage, engagement standards, a guide to the right engagement, and illustrates what is expected of public servants in the course of their engagement.

More focus needed on putting people at the centre of policy and services

In some respects, the health and aged care consumer is missing from the department's considerations. The department's understanding of consumers often comes from health and care financing systems bolstered by data from the Australian Institute of Health and Welfare and the Australian Bureau of Statistics.

The 2023–24 Federal Budget allocated $10.5 million to strengthen the capacity of the Consumers Health Forum. While consumers are often involved in departmental consultation forums, it is not clear that their views carry the same weight as the views of health and care providers. For the health and aged care systems to evolve in a way that maintains Australia's global ranking, consumers need to be more effectively represented in policy and

program design and development, implementation and evaluation. Elements of this approach are evident but more to be done over the coming years.

Core consumer stakeholders echoed this sentiment. For example, issues were raised about how the department engages with older Australians, such as the move to a more digital approach when some older Australians have limited capability to engage with essential services through digital means. When older Australians can engage through digital means, they often use the technology in different ways than younger generations and frequently revert to how they may have used the technology while they were in the workplace. More can be done to make small changes that make it easier and empower older Australians to engage with the department.

Health and aged care are areas of particular concern and interest to most Australians. Health rarely drops off the list of top concerns among voters when surveyed. All Australians need access to health and aged care information at key points in their lives – access to such information can improve individual and national health outcomes. A high-functioning department needs the capability to provide targeted, timely and relevant advice to Australians about their health and care needs. In this sense, providing information is an important policy tool for the department as it allows both broad spectrum and targeted communication to the community about health risks and treatments available to them throughout their stages of life.

Improving communication and engagement with the community is an important area for departmental capability development. Lessons can be learnt from the COVID-19 experience. Australians relied on heath messages provided by senior staff in the department, who were supported by extensive communications and engagement across the organisation and the entire community. Staff are justifiably proud of their efforts during this challenging time.

This experience highlighted the need for new thinking and new skills to move beyond traditional mass media information campaigns to spread health messages. Many stakeholders with complex, and potentially expensive, health and care needs do not receive information through traditional media. Some people who need information do not trust government and are wary of messages urging them to use government programs or services. Communicating with such communities requires long-term engagement, based on detailed data and analytics. Also critical is a willingness to use influential community members, as well as social media to provide information and receive feedback. To create the capability to reach all parts of the Australian community, the department will need to lift its approach to engaging with communities and their key organisations. It will also need to lift its approach to communications to incorporate more contemporary methods.

The review team acknowledges the department's efforts to engage with various community sectors during the pandemic. Genuine efforts need to continue to allay stakeholder concerns that this is 'tokenistic'.

One outcome of the current approach to communications and engagement – coupled with 'busyness' across the SES group – is that relationship management 'floats up' to more senior officers. Senior officers have many pressures on their time, and frequent relationship interactions are unlikely to receive the time and attention stakeholders may wish or deserve. There are many skilled and capable SES officers, and the review team encourages the department to consider more structured engagement, in particular to improve how the department is seen to, and actually does, listen to its stakeholders.

We believe the department would do well to reflect on the COVID-19 experience and 'evolve' its communication and engagement model. This should include: reflecting on strategic engagement with communities; using its extensive data holdings; maintaining and enhancing its existing engagement mechanisms; making a conscious commitment to involve customers; and regularly publishing data of likely interest to and resonance with the community.

Delivery

Element	Description	Department's high-level maturity rating	
User focus and experience	The capability to use the principles of partnership and co-design, and feedback mechanisms to deliver effective and fit-for-purpose outcomes and services for people and business.	✓	*Developing*
Strategic policy	The capability to deliver high quality and forward-looking strategic policy that meets strategic objectives and ministerial priorities.	✓	*Developing*
Service delivery and improvement	The capability to deliver effective and efficient services and improve service delivery by undertaking and acting on evaluation and user feedback.	✓	*Developing*
Managing for performance and outcomes	The capability to deliver on commitments to government, measure the value provided, and employ a systems thinking approach to delivery.	✓	*Developing*
Capability to do the job	The capability to use best practice examples worldwide to inform and deliver policy and services.	✓	*Developing*

Delivery overview

The department has an ability to 'get the job done' – a capability clearly evidenced during the pandemic. However, it is not clear that program delivery in general is undertaken in line with a clear strategic 'direction of travel'. There also appears to be patchy use of evaluation and data to improve and learn from programs the department funds. Part of the challenge appears to be the number of new policy proposals the department needs to manage, which consumes significant resources and may distract from taking a more strategic approach.

Better integrate strategic policy across the department

As outlined earlier in *Integrated strategic policy development capabilities*, the review team found the department needs to lift its strategic policy capabilities. This is particularly important over the 4-year excellence horizon, given the increasing cost, complexity and challenges of the health system.

The department's self-assessment notes the need for cultural change to support more integrated strategic policy development. To lift this capability, the department needs to integrate policy making capability across the organisation and with other government agencies. It also needs to better use data (including that held in related agencies), system modelling, economic analysis and evaluation, and build its understanding of the needs and expectations of Australian people, businesses and community.

The review team heard the department has good policy capabilities within divisions/silos but can struggle to develop policy across work groups. During staff workshops, staff provided examples of good policy work, such as the Taking Action on Smoking and Vaping policy. Stakeholders consistently expressed the view that the department should focus on building integrated policy capabilities and 'setting the direction of travel' for the sector.

'Commonwealth Health is very siloed and there's no strategy for cross cutting [issues] because of how big they are. At the state level it's often the same person working across a number of programs and they can make the strategic connections. It isn't apparent that the department has a strategic view.' External stakeholder

'There's no space for big picture issues. We have to think about a different structure and give time to work in that way.' Staff member

'What is missing is creating and managing the alignment of outcome and policy across all of the players across, all of the stakeholders, they shouldn't just be in a position of Regulator.' External stakeholder

'Strength in the policy space is siloed and dependent on the branch. There is no integrated policy and therefore core delivery and it creates fragmented project and program delivery.' External stakeholder

'Is there a coherent policy response? No. I don't think so. We should have something that sets out priorities that we stick to.' Staff member

'They have become more inward looking over time and not looking at the system as a whole. They don't project their vision for a better health system.' External stakeholder

The review team heard on a number of occasions that the department had outsourced complex policy and engagement work. This is not unique to the department.

> *'There has been an ongoing shift within [the department] to commission the development of strategies, plans and other significant work from third parties. While non-government bodies are often backed by expertise and well-intentioned, having third parties deliver these bodies of work often limits the input state and territory government stakeholders can provide throughout the development process ... this also often results in the publication of strategies and plans which are broadly ambitious, and often do not take account of jurisdictional context.' External stakeholder*

The Thodey review cited factors contributing to the decline in capability across the APS, including outsourcing work previously done in-house, staffing caps, not realising employee potential, and placing priority on short-term responsiveness at the expense of long-term thinking.

The department recognises the need for a more system-wide strategic policy capability and recently re-established the Strategic Policy Forum to address this capability gap. While this is clearly an important step, the forum will need strong, ongoing authorisation from the most senior levels to succeed in sustainably improving strategic policy capability.

User focus in delivery needs to be embedded

The department works in a complex landscape with many interdependencies and stakeholders. Its core functions are policy, regulation and programs and services delivered through third parties. However, the department's role is expanding to include elements of service delivery – in particular, there is a growing expectation for the department to provide more information to consumers. While most areas of the department are not directly involved in service delivery, it still has a responsibility to understand the needs of end-users/consumers/the public it serves and to factor this into its funding and regulatory decision-making.

The review team found the department could do more to engage consumers and understand their needs and expectations (see *More focus needed on putting people at the centre of policy and services*).

The department worked throughout the COVID-19 pandemic with many community sectors, including representatives of First Nations communities, culturally and linguistically diverse (CALD) communities, and people with disability, as well and with representatives from the mental health, aged care, general practice and wider primary care sectors.

The review team heard engagement improved during COVID-19. There is an opportunity for the department to continue to use these forums, build on this engagement and ensure it is listening to a wide range of perspectives.

As noted previously, multiple staff and stakeholders said there is a need to better integrate different areas of work across the department (see *Department still operates in silos*). We heard 'a stakeholder could talk to 4

different areas in the same day, without the department realising'. Meeting user needs and expectations will require the department to work seamlessly across teams, both internally and across government.

The case study below is a positive example of the department collaborating across divisions and with the National Aboriginal Community Controlled Health Organisation (NACCHO) to co-design programs.

Co-design to improve cancer outcomes

Cancer is a leading cause of death for First Nations peoples, who are more than twice as likely as non-Indigenous people to be diagnosed with cancer. In late 2022, NACCHO approached the department with a proposal to address the disparities and inequity in cancer outcomes for First Nations people. The department's First Nations Health Division and its Cancer, Hearing and Chronic Conditions Division worked together in partnership with NACCHO, to shape advice to government to fund a co-designed package of measures. The department also seconded a staff member to NACCHO. In a first, NACCHO participated in detailed costings discussions with the Department of Finance, bringing co-design and partnership to life. The 2023–24 Federal Budget included approximately $240 million to help build the capacity and capability of the Aboriginal Community Controlled Health Services sector to support cancer care needs on the ground and to ensure mainstream cancer care services are culturally safe and accessible to First Nations people. NACCHO and the department will continue to work together to further co-design and implement these new measures, to make a difference in cancer outcomes for First Nations peoples.

The department also provided examples from aged care and mental health, demonstrating how it engages with stakeholders, uses co-design processes and seeks to better meet the needs of consumers. While there are examples of excellence, the review team found this capability is not embedded across the department.

Improving delivery through better evaluation

The department must deliver on an extensive agenda. It is responsible for large transformation programs such as Aged Care reform and delivers services through thousands of grants and funding arrangements with third parties. Recent ANAO audits have highlighted risks for the portfolio-related to governance, service delivery and grants (see *Improved governance*).

The review team acknowledges the department's work to improve its implementation capability. The department has taken steps to improve governance, timely reporting, risk management and assurance. It has excellent/robust frameworks in place, for example the Risk Management Framework, Rapid Implementation Framework, Assurance Framework and Project Management Framework. The department has also established a decentralised Project Management Office and has tools in place, such as the Health Tracker, to monitor and report on project status. All Tier 1 projects (high risk/change projects) are required to have an Assurance Plan. The department provided the review team with examples of lessons learned processes and demonstrated improvements in delivery between internal audits.

We found there is room to improve, in particular the department needs to lift its evaluation capacity, culture and capability. As outlined earlier in the *Leadership and culture* section, the department needs to build a strong

evaluation culture. The department is not unique in this capability gap, with the Thodey review finding that in-house research and evaluation capabilities have fallen across the public service.

> *'We don't have an evaluation culture in the Commonwealth. We don't do it enough here.' Staff member*

There are pockets of good evaluation in the department, for example the review team heard the TGA is good at technical evaluations, but this is not widespread. Evaluation capability has largely existed in one team in the department, providing high-level guidance if needed but mostly leaving evaluation to policy and program areas. In recent years, a lot of evaluation has been outsourced, not included in policy/program design, or done after the event to meet evaluation requirements. The department acknowledges this capability has eroded in recent years, and it will take time and resources to build it up.

Given the department's size and scale, we see the benefit of building this capability in-house. Developing capacity of a central unit would provide greater consistency across evaluations. Understanding what works, what doesn't work, and why, will improve investment decisions and future program design. Building this capability in-house will reduce the department's reliance on consultants, and in the longer-term this could potentially also lead to savings.

An example of where the department can improve its evaluation is grants. The department is the largest single granting agency in the Commonwealth in terms of volume – with 17,934 grants in 2022–23 valued at $9.7 billion. This will continue to grow as more grants are established by 30 June 2023.

The department administers grants in partnership with three grants hubs: the Community Grants Hub; the Business Grants Hub; and the National Health and Medical Research Council. Grants administration involves 5 distinct but connected stages – design, select, establish, manage and evaluate. For most grants managed through the Community Grants Hub (which represents most department grants) the design, select and evaluate stages are administered by the department, and the establish and manage stages are administered by the grants hubs.

While the review team is not in a position to comment on the grants hubs, there is an opportunity for the department to improve its evaluation of grants. We heard commentary on the large number of grants, the challenges in maintaining relationships when different parts are managed by different people in different organisations, risks around automation and fraud, and the difficulty in evaluating grants and having ownership of the outcomes when not involved in all stages of the grant.

> *'It takes grants down to administrative process tasks instead of relationship agreements.' Staff member*

> *'While [the Department of Social Services] deliver the grants, Health still owns the outcomes. Through the process of centralising, Health distanced itself from the outcomes. We need to be*

> *looking at the sum of the parts story, are we achieving the policy outcome? We're okay at evaluation, okay at it for individual grants, but not at a meta-level.' Staff member*

> *'Grants hub has fractured relationships. It has diminished the partnership.' Staff member*

Given the cost pressures on the health system and the high value and volume of grants the department funds, improving evaluation to ensure the grants are achieving the intended outcomes should be a focus over the excellence horizon.

As outlined earlier in this report, the department is already taking steps to improve evaluation. It is updating its Evaluation Strategy, has an Evaluation Centre that supports policy and program areas, has new evaluation resources on the intranet, and received ongoing funding for evaluation in the 2023–24 Federal Budget.

More effective use of data to manage performance

The department plans and measures its performance through the portfolio budget statements, corporate plan and the annual report (including the annual performance statements). The department's Performance Measurement and Reporting Framework provides a strategy to guide effective performance measurement and reporting.

The department has much useful data available. However, it is not clear that the department always uses data effectively to manage the performance of the programs it funds. One example is the funding of Primary Health Networks (PHNs). PHNs are independent organisations funded largely by the Commonwealth to coordinate primary health care in their regions. PHNs assess the needs of their community and commission health services so people in their region can get coordinated health care where and when they need it. There is a widely held view within the department and among stakeholders that the performance of the PHNs is highly variable, yet the department does not appear to be using data on performance outcomes with the PHNs to discuss ways they can improve their impact.

> *'There is anecdotal information about poor performance of PHNs, but no framework means we don't know who needs to improve or how. I would like this to be clear … The department lacks the skills and capability to effectively evaluate and measure performance of PHNs.' External stakeholder*

The department provided documents to the review team to demonstrate that it is managing PHN performance, including the PHN Assurance Framework, the PHN Program Performance and Quality Framework and dashboard reports. In 2022 the department started a rolling audit program of PHNs. However, we see an opportunity for more regular data-based performance conversations with PHNs rather than predominantly relying on audits.

We found the department has many small programs and grants and is not doing enough evaluation to ensure they are all contributing to the department's outcomes. Better use of data and building the department's evaluation capability will improve service delivery and management of performance outcomes.

Learning from others and sharing good practice

The department engages well with best practice internationally to inform policy and regulation. However, there are areas highlighted throughout this review where it could learn from others to lift its capability.

Australia has a world class health system and is a respected and influential voice overseas. While the department cannot take sole credit for this, it does learn from and share experiences and expertise with partners in Australia and around the world to improve health in the region and globally.

Australia played a leading role in establishing the Organisation for Economic Co-operation and Development (OECD) Health Committee. The committee works on developing comparative analysis of health systems, measuring health expenditure to support better policy making, and benchmarking performance.

There is scope for improvement in understanding best practice models in the entities the department funds and in using that knowledge to drive improvement across the health and care systems. As mentioned elsewhere in this report, the department lacks a deep understanding of the economics and operations of many of the entities it funds. The department uses the available data in a limited way to drive system performance. The review team is aware of innovative models of care being trialled in the public and private sectors. We suggest the department could do more to learn from these new models, and incorporate those learnings in national policy development.

People

Element	Description	Department's high-level maturity rating	
Strategic workforce planning and development	The capability to use strategic workforce planning and development to anticipate and respond to the future needs and priorities of government and users of government services.	✓	*Developing*
Staff performance and capability	The capability to develop staff in a way that is aligned to the future needs of the APS, and to use performance management to deliver on strategic priorities and encourage high performance.	✓	*Developing*
Staff engagement and experience	The capability to develop and maintain an inclusive working environment that gives staff a sense that they belong and are valued.	✓	*Embedded*
Model employer	The capability to use best practice people-based polices to deliver a quality employee experience and a dynamic workplace.	✓	*Embedded*

People overview

The department overall has very good staff engagement with scores higher than the average across the APS. Staff are proud of their efforts at the centre of the COVID-19 response. Along with the rest of the APS, the department has opportunities to improve leadership development and management of underperformance. The department has a challenge to maintain its high levels of engagement and at the same time manage the implications of its highly flexible approach to working from home. Middle managers do not yet have the requisite tools and ability to manage a highly devolved workforce. The review team believes that overall the department has done some excellent work in this domain, but this needs to be balanced with a strategic approach to workforce planning and development, and investment in leadership and management skills to deliver on the promise of its work from home policy.

A pending workforce plan

The review team notes that the department has developed a Workforce Strategy. While implementation has only recently started, this strategy identifies critical roles, knowledge, skills and attributes the department needs now and in the future. The strategy will be supported by annual implementation plans and include bi-annual reporting to the department's executive. The strategy has 4 key themes: compete for talent; grown our own; support and build agility; and leadership and culture.

We acknowledge the department's work in developing the strategy and the intentional focus on capability going forward.

In considering the department's future workforce requirements and the roles and capabilities required by staff, we heard from multiple stakeholders that capability gaps include:

- data analytics
- stakeholder management (engagement, communications, listening)
- evaluation
- on-the-ground experience (real world experience in private, community and public care provider settings)
- leadership development.

There is a concern from both internal and external stakeholders about the department's capabilities.

> *'A lot of things get outsourced ... The worry for me is that it is a capability issue.' External stakeholder*

During staff workshops conducted by the review team, every cohort expressed frustration and concern with the recruitment process. A key frustration was the length of time it takes to recruit staff, with many indicating that by the time the department was able to offer a position to an applicant, they had already moved on and accepted a position elsewhere, so the department 'simply missed the boat'. Attracting the right people is another key frustration. Due to the competitive labour market, it has become increasingly difficult to attract and retain staff with the right skills for the department. There is a sense that the traditional recruitment approaches used by most managers are not effectively identifying people who are the right fit for the department. Additionally, there is a need to balance specialists and generalists.

> *'Generalists vs specialists. We're not recruiting for the right kind of skills. I want problem solvers and multidisciplinary skills. I want environmental management that can be applied to health. I want creativity. We quash it. Is it a Health or a public service problem? How to foster that creativity?' Staff member*

The induction element of onboarding was also identified as a capability gap. Resoundingly, the review team heard that in many cases this element simply did not happen.

'There was no onboarding during COVID. Zero! No one could even tell me where anything was.'
Staff member

'You have to learn as you go but there's no onboarding.' Staff member

'Onboarding is bad.' Staff member

Perceptions of staff movement and loss of corporate knowledge

As outlined in *[Building and empowering the mid-level of the department](#)*, the review team heard a consistent message from various stakeholders concerned the issue of staff movement. External stakeholders perceive the rate of movement as disruptive and counterproductive to building trusting relationships with the department.

'Personnel is constantly changing. New people are coming in. It's frustrating with constant turnover and lack of knowledge.' External stakeholder

'There is often a high level of turnover of staff, which results in inconsistencies in knowledge of negotiations, plans or agreements and has required us to "tell our story" multiple times. This can also result in matters being inappropriately directed to senior staff, where officer-level engagement would suffice.' External Stakeholder

This illustrated the dual concern about this movement of staff from an external stakeholder perspective. Not only is there limited scope to leverage working relationships built on trust, but also a lack of corporate knowledge being built and then passed on. We consistently heard stakeholders express their desire for the stability that comes from working consistently with familiar staff.

'There is an enormous amount of turnover. Good relationships take time to build, it all takes time.' External stakeholder

Many internal stakeholders indicated that staff movement was a known issue for the department.

'Constant churn and being busy discourages people from thinking because we're just too busy. We haemorrhage staff.' Staff member

'We as a public service reward people for moving a lot.' Staff member

The department's workforce data does not fully capture all the staff movements within branches and divisions. The review team's view is that turnover or churn in roles was higher than desirable. It is acknowledged that turnover, especially at the senior levels, can clear the way for new thinking and new perspectives that can lead to

problem solving and a shift in culture for the better. Yet, staff told the review that the level of movement undermines practices that are intended to support success. Staff see the extent of movement as stifling thinking because there is a sense of always 'playing catch up' just to stay on task. We formed the view that implementing a formal mobility system, along with good handover protocols and improved knowledge management, might best serve the department's interests and address stakeholder concerns about churn and its impact on expertise. We also encourage the department to improve its data collection to get the best possible profile of staff movement across the organisation.

Recruiting talent outside Canberra

The department has been increasing its representation across Australia. At the end of April 2023, 22% of the department's APS staff worked outside Canberra, in offices in all capital cities and some regional locations. Unemployment nationally has been declining since July 2022. The unemployment rate has been under 4% nationally since March 2022 and was sitting at 3.5% in March 2023. The Australian Capital Territory has the lowest unemployment of all the states and territories at 2.9%.

The review team notes the benefits of creating office hubs in states and territories and the department could continue to explore this avenue further. The department is diversifying the work done outside Canberra to tap into different labour markets and improve attraction and retention of staff with critical skills. The department encourages and is supportive of remote and flexible work arrangements (80% of staff access remote work in some way). This is underpinned by a 'digital first' approach to communication and collaboration to increase opportunities for staff across locations. The flexible working arrangements have allowed the department to draw staff from other less flexible agencies, and this is an example of changing to meet the needs of employees as a recruitment strategy.

However, more needs to be done to ensure leadership know how best to support this initiative. Overwhelmingly, the review team heard that leadership increasingly feels a lack of guidance in dealing with the expectations of remote staff coupled with a recognition that the organic nature of communication, which happens when people are in the office, has been stifled. Leadership said they would like guidance on balancing the needs of remote staff with operational needs.

> *'Some staff don't even have a pass for the building. Or they are the only person [in the building] so they can't be collegiate.'* Staff member

Supported staff engage well in performance and capability management

The department has a *Performance Development Scheme*, which is an annual performance and development agreement cycle. Performance and development agreements articulate expected behaviours and goals and provide a line of sight between individual effort and the department's corporate goals and priorities. There are

resources and tools, including formal training to assist managers and staff to have regular, timely, meaningful discussions about performance, career planning and development.

The 2022 APS Employee Census results show department staff are generally positive regarding performance management:

- 80% agree that their supervisor provides them with helpful feedback to improve their performance
- 80% agree that their supervisor is interested in their development
- 90% agree that their supervisor ensures their workgroup delivers on what they are responsible for.

According to staff survey results, 76% of staff feel that 'the department adequately provides access to formal and informal learning and development'. However, during staff workshops, the review team heard some staff would like better access to learning and development opportunities. The department's learning and development budget has declined in recent years. The department noted this decrease reflects a changed service offering and value delivered through more flexible, efficient and innovative approaches that leverage technology such as eLearning.

Staff in leadership roles provided feedback to the review team that there is a general lack of leadership development in the department. Several leaders expressed that they don't feel like they have the skills or training to be leaders. We heard that advancement was perceived to be based on technical knowledge rather than the ability to lead a team.

> *'I did not have skills to manage my team. I didn't know that I was supposed to know and ask about their wellbeing.' Staff member*

In a tight labour market with competition for skilled people, the department needs to provide managers with learning and development opportunities, specifically leadership training.

Managing remote teams was consistently raised as something leaders are struggling with. Multiple staff members said that the complexity of managing hybrid and remote teams was an area where staff would like more training and guidance.

> *'I think people struggle with the lack of guidance and the level of expectation from staff. Staff feel like you can't tell me to come in anymore. The [Executive Level staff] are looking for more guidance. We all have people who you need to ask to come in more and they say "you can't make me" and we don't tell them how to deal with that.' Staff member*
>
> *'Individuals only look at what I need and not on the operational need.' Staff member*
>
> *'It takes so much effort, and a lot of planning. It's impossible to get good communication because you can't just look down the hallway. It all has to be planned ... Dispersed workforce is a whole other level of planning.' Staff member*

Staff in leadership roles also expressed frustration to the review team that, while some training and development is available, there was no time available to take advantage of the training. Staff expressed that the need to maintain business-as-usual tasks prohibited them from further development.

> *'The feeling I have is I can't afford to take time out to do development because the work piles up.' Staff member*

In terms of underperformance, the department has a Managing Underperformance Policy, which is currently being updated/refreshed. In 2019, the department established an internal workplace coaching service to build managers' skills in building capability and intervening early to address performance or behaviour concerns.

Another challenged raised by staff is succession planning. Succession planning relies on the assumption that staff will be retained by the department for extended periods. We acknowledge that, in the current labour market, retention of staff is a challenge for the APS as a whole. The department needs to determine how to retain staff so it can successfully implement succession planning.

Implementing the new Workforce Strategy will help the department understand its current capability and what is required to meet future business needs.

Staff are engaged, but COVID-19 has taken a toll

Staff engagement in the department is well above the APS average. The 2022 APS Employee Census results demonstrate that the majority of staff feel supported by their leadership and that the department encourages commitment from staff and fosters engagement. A total of 64% of staff indicated that they feel a strong personal attachment to the agency, which is higher than other large agencies and the APS as a whole. Almost all (95%) staff indicated that they would go the 'extra mile' at work. Most staff (90%) are strongly committed to the department's purpose and objectives, and 89% are committed to its goals. Additionally, staff are invested in improvement, with 90% indicating they suggest ways to improve doing things.

Employee Engagement Index

Ranking 28th of 98
APS Census results 2022

APS 73%
Health 76%
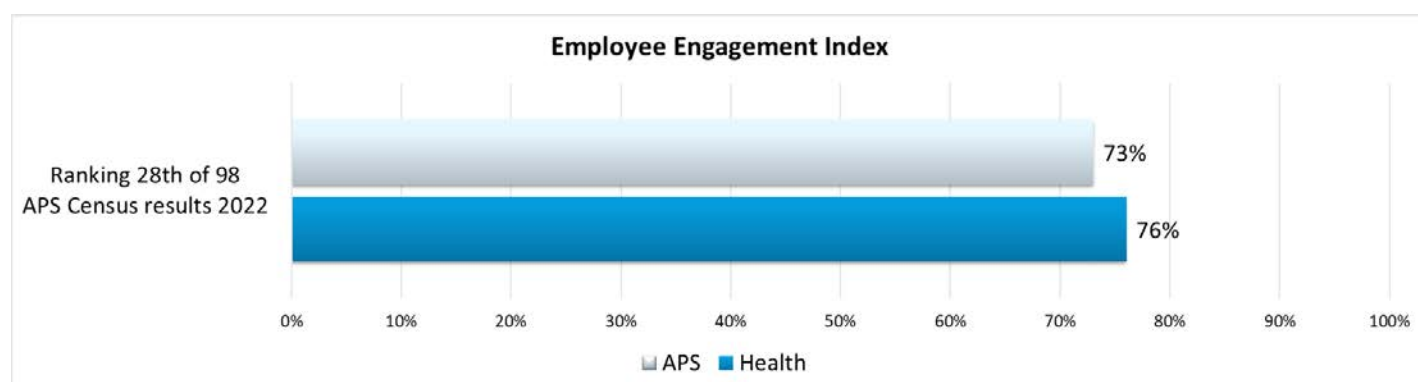
Although 2022 APS Employee Census results indicate an improving trend in wellbeing and rebalancing of workloads, the review team heard through the workshops and interviews that staff at all levels were experiencing

feelings of being 'tired', 'overwhelmed' or 'burned out' after dealing with the pandemic. Staff were deeply committed to serving the Australian public through an extraordinary time.

> *'When I tell staff to stop and rest, they don't because they're feeling like they're saving the country so they can't stop because they're saving lives.' Staff member*

The review team acknowledges the immense effort of staff in the department throughout the pandemic. A challenge for leaders is to balance acknowledging the great work done during the pandemic with the need to evolve to address the longer-term challenges of health and aged care delivery in Australia.

Creating inclusive approaches to diversity

As noted in the Thodey review, 'to be fit for purpose for the coming decades, the APS must ensure a diverse and inclusive environment that accepts individuals' differences, embraces their strengths and provides opportunities for all employees to achieve their potential'. The review team found that the department places great value on diversity, with staff at all levels championing diversity and inclusion. Indeed, many stakeholders identified diversity as an area where the department excelled.

The department's self-assessment states a commitment to delivering against:

- the National Agreement on Closing the Gap, under the leadership of a Deputy-led steering committee
- its Innovate Reconciliation Action Plan (RAP) 2021–23, supported by a RAP Working Group
- its LGBTI+ Action Plan 2020–22
- its Commonwealth Aboriginal and Torres Strait Islander Workforce Strategy 2020–24
- the APS Disability Employment Strategy 2020–25
- the APS Gender Equality Strategy 2021–26.

The department achieved a silver status for the first time in the Australian Workplace Equality Index in 2022, having improved from bronze status over the previous 4 years. It reflects the department's continued focus on creating an inclusive workplace.

Staff appear to be deeply invested in the department's commitment to inclusion and diversity, with commentary indicating that this is an area of strength.

> *'We do inclusion well.' Staff member*

While the department has generally embraced diversity and actively pursues opportunities for inclusion, there are some areas where more can be done.

The department's significant effort to develop engagement with First Nations people was acknowledged, and stakeholders want to see this replicated with the continuation of the engagement with multicultural and CALD communities that started during COVID-19. Work has begun in this area, as demonstrated by the allocation of

$2.5 million to provide seed funding to the Federation of Ethnic Communities Council of Australia to establish the Australian Multicultural Health Collaborative as outlined in the 2023–24 Federal Budget. This is in addition to another Budget commitment of $13 million over 4 years towards CALD Consumer Engagement in Primary Care Reform.

The review team heard the department, like the health sector as a whole, needs to improve its cultural and linguistic diversity. As at June 2022, 11.5% of department staff were from non-English speaking backgrounds, compared with an APS average of 14.9% and significantly below representing the diversity of Australian society.

> *'You need to have a dedicated strategy. It's not going to magically happen. You need to make sure the workforce is diverse. That work needs to start now.' External stakeholder*

Stakeholders noted that while the department in general reflects cultural diversity, this was lacking in more senior roles.

> *'I'd like to see a dramatic change to reflect a focus on primary and preventative care that includes diversity in the upper echelons. The department has it at lower levels but we need more diversity in the executive. I have looked at the science of diversity and I see it as ensuring more robust governance and decision-making process.' Staff member*

New ways of working

The department has implemented several best practice people-based policies. As described above, the department's hub model and expanded geographic footprint has enabled access to a larger talent pool outside of Canberra. The department's approach to flexible work, which has improved staff retention and satisfaction, has enabled greater representation of the Australian community and created a more accessible and inclusive work environment for people with diverse needs/caring responsibilities.

Arguably the biggest sense of achievement for the department comes from the successful development and adoption of the New Ways of Working (NWOW) program. The 2021–22 annual report described the program as the department's 'journey to create more flexible, accessible, and healthy work environments that empower staff to do their best work now and into the future'. The corporate plan also acknowledged the importance of this approach.

> *'We recognise the need for a modern workplace, a flexible culture and work practices, strong leadership, and better technology to support our people to do their best work in a location that best supports them, whether remotely or in the office, together or independently." Department corporate plan 2022–23*

The department has invested in developing a workspace that is designed using the principles of best practice. The review team had the opportunity to tour the NWOW environment in the Canberra office and the new TGA offices. It demonstrated the considered approach to delivering a workspace underpinned by enhanced technology to enable staff to perform at their best, while supporting different work activities and diverse work styles. We heard NWOW requires ongoing investment and cannot be a single 'tick and flick' exercise.

To support the investment in NWOW the department will need a continued investment in the culture.

> *'They haven't nailed the cultural part of ways of working.' Staff member*

As discussed above in *Supported staff engage well in performance and capability management*, when considering and implementing flexible working, the department needs to scaffold leadership to support staff working remotely. There is scope for NWOW to be truly successful with improved support through better tools and a renewed focus on culture as well as asset management.

NWOW is discussed further in the *Resourcing and risk* section below.

As noted earlier, one way the department has been able to compete with other agencies and employers to become an employer of choice in such a tight labour market is by adopting flexible work policies, entitlements and work arrangements. The review team heard from various stakeholders that this allowed the department to stand out and attract staff.

> *'It's increased our capacity. We've had some growth and we couldn't get staff without the flexible policy. There are now questions around how we manage it. Recognition of needing to connect as a group. We have to work with the evidence.' Staff member*

However, if the associated issues are not addressed, they could act as barriers for the department and create challenges in maintaining the current high level of staff engagement.

Resourcing and risk

Element	Description	Department's high-level maturity rating	
Asset (physical and ICT) management	The capability to manage assets (physical and ICT) across their lifecycle to support the delivery of strategic objectives and be adaptive to change.	✔	*Developing*
Information and data management	The capability to use and manage information and data across all business areas of an agency and ensure sharing across government and beyond.	✔	*Developing*
Cyber security	The capability to implement robust cyber security policies and practices based on global and domestic standards.	✔	*Developing*
Financial management	The capability to use financial planning to support the delivery of strategic objectives and allocate financial resources to maximise deliverables and ensure transparency and accountability.	✔	*Developing*
Procurement, contract and project/program management	The capability to govern and manage procurement, contract and project/program activities in an efficient, effective, ethical and economical manner.	✔	*Developing*
Risk management	The capability to use risk management and internal audit functions to support accountability, innovation and organisational improvement.	✔	*Developing (Embedded in some areas)*

Resourcing and risk overview

The department's resourcing and risk maturity is largely sound, with some areas of strong practice and a range of areas that could be improved in the coming years. It will be important to plan for a larger role in ICT and ICT-enabled service delivery to the community, with associated investment in ICT assets and closer integration with other ICT-enabled service delivery by the APS. Additionally, empowering middle level staff with more financial

control (supported by training and control systems) and greater access to ICT-enabled data will support increased maturity in risk engagement and innovation in how work is done.

Asset management and improving management of ICT systems

The department's total assets (financial and non-financial) are worth more than $1.4 billion. Financial assets include cash and receivables, which are subject to internal controls and reconciliations. Non-financial assets include computing software and hardware, building fit-out, right-of-use assets, furniture and fittings, and inventory.

The department has committees and forums that manage its physical and ICT assets, including:

- Executive Committee (capital projects and major purchases)
- Digital, Data and implementation Board (as part of the ICT strategy)
- Investment Working Group (which makes recommendations to the Executive Committee)
- Software Assurance Forum.

The NWOW program is a major capital works investment. It is a good example of the department planning for and delivering future asset and technology needs. This is a combined activity with the Place, People and ICT program of work, which will move all Canberra-based staff into the same building over the next 3 years, with more collaborative, flexible and versatile workspaces. This is in line with the Commonwealth Property Management Framework that looks to 'right-size' entities' lease arrangements and reduce unoccupied workspaces. The department has consulted with staff on requirements, reasonable adjustments and working preferences to create an inclusive workspace. Implementation is nearing mid-point.

The review team heard mixed views on the new workspaces and associated flexible working arrangements. Overall, staff comments on the physical working environment were positive, while the management of ICT assets deserves more focus. The department manages more than 160 services across the enterprise platforms. These systems do not always connect, making integrated work practices across groups difficult and data sharing challenging. There are multiple information management systems (TRIM, LEX, SharePoint), which can make simple tasks like filing complex. Staff in the department also use external systems, including multiple grants hubs and Medicare. We heard the department has many legacy systems, and work areas frequently request new systems. This is generating more complexity and reduces the possibility of integration.

> *'[Health] has a lot of legacy that is hard to shake off because there are things [that] can't [be] turned off … There's legacy and complexity with silos, which then proliferates systems. There needs to be rationalisation. There's a large number of separate systems.' Staff member*

MyAgedCare is a good example of the department trying to take a whole-of-platform approach. This whole-of-government and user-centred design could allow other agencies, such as the Department of Veterans Affairs and the National Disability Insurance Agency, to onboard to the platform for integrated use across providers and users of the programs.

> *'The department is set up for change. I think it's well positioned to enable digital and reuse what has been done in aged care.'* Staff member

The department clearly understands the need for integration in new system development, but it also needs to consider upgrading legacy systems as it does this work. The ICT Strategy that commenced earlier in 2023 is focused on integration and consolidation, which shows the department's commitment to managing its enabling systems. Improved integration of systems will allow less siloed approaches to internal work and improve sharing with external stakeholders.

Opportunity to make better use of information and data

The department works collaboratively with many stakeholders across government and the private sector to collect, maintain and transform their data into information for decision-making and policy design. The department has a strong focus on data, which is supported by the Data Strategy 2022–2025 and enabling Implementation Plan. The strategy comprises 7 key themes: trust and transparency; governance; data asset discovery; data sharing and release; data quality improvement and integration; staff capability; and technology and innovation. Staff and external stakeholders want more access to the vast amount of data the department holds to gain insights useful for their work.

However, department staff and stakeholders told the review team there were concerns about the quality, connectedness and shareability of the data sets. For example, data providers have reported that some data must be provided manually, reducing re-useability and increasing administration costs for all. The department showed during COVID-19 that it was capable of responding to these concerns. The challenge ahead is to respond to calls for better access to data and insights.

The resounding theme from stakeholders is that they expect at least the same level of data sharing and integration as occurred during COVID-19. Success in achieving this aim will take concerted and long-term efforts, not just to deal with the technical challenges associated with data collection, safe management, and promulgation, but also to establish good data collection upfront as part of program policy and design for new activities.

The case study below is an example of the excellent data capability within the department. By using synthetic data, the department does not need to navigate privacy concerns.

Modelling health outcomes

The Health Outcomes Modelling and Evaluation (HOME) Project is a 2021–22 Federal Budget initiative, forming part of the response to the Royal Commission into Aged Care Quality and Safety. This project represents the department's first synthetic whole-of-population model, which simulates future interactions with the health and aged care sectors. Underpinned by de-identified, linked, patient-level data, the model produces robust estimates that can be used to identify priority policy targets and to model the impact of new policy proposals on future life course outcomes. HOME is made up of 5 key pillars to model patient outcomes: virtual population characteristics; health and aged care sector interactions; workforce demand and supply; economic benefit; and world events. The program development is an iterative model build process, currently in the development stage. HOME has been developed by the department in-house with low cost ($3 million over 4 years). While based on evidence, the use of synthetic data to predict outcomes ensures the data is non-identifiable and gives a whole-of-life application. Data can be added without the need to rebuild, and HOME has the capacity to answer policy questions the department has previously been unable to answer. HOME can also integrate with other agencies and models.

This continued focus on data use and reuse for the whole-of-system will also enable the department to lift capability across performance reporting, evaluation and integrated strategic policy.

Progress in improving cyber security capability

In December 2022 the Minister for Cyber Security announced the development of the 2023–2030 Australian Cyber Security Strategy, which is intended to provide the step-change for government and businesses to actively engage in improving Australia's cyber security posture. The cyber security concerns for the department span across its culture, capability and partnerships and are not isolated to its IT systems. The department operates in highly complex operating environment, comprising legacy ICT systems, custodianship of sensitive data, significant pace of technology change (such as artificial intelligence), and an increasing threat landscape for health information.

The department is aware of the need to lift cyber security capability and the need to be ready to respond in the event of a cyber incident. Since 2017, the department has been working on a cyber uplift program. It has made significant progress in understanding its cyber security posture and enabled improvements by creating the Cyber and Protective Security Branch and developing a Security Strategy and Implementation Plan. Long-term investment models will continue to be important to ensure execution of the Security Strategy and Implementation Plan, and the ongoing response to the key cyber security risks for the department.

Financial management – scope to delegate

The department is responsible for a significant proportion of the Federal Budget ($103.8 billion in 2023–24). The department's budget is managed through its Finance Strategy and internal budget mechanisms.

The annual internal departmental budgeting process is highly structured, with many check-in points over the course of a financial year, as summarised in the indicative timeline below.

Indicative annual financial timeline
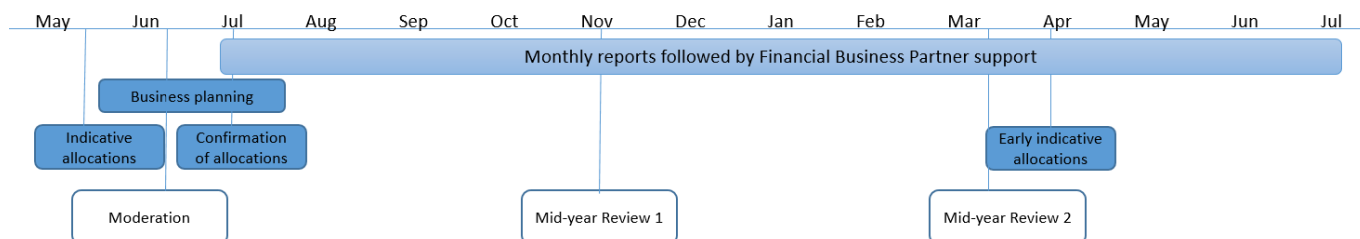
All allocation activities are agreed through the Executive Committee, using a consolidated budget view from the details managed at the divisional level. Moderation happens at 3 points during the financial year, where possible underspends/overspends are discussed and bids for internal budget movements are agreed by the Executive Committee.

Moderation and reallocation/review points exist to ensure that the most critical/urgent delivery needs are met. However, in terms of long-term financial investment and strategic alignment, staff and stakeholders say the department has room to improve.

Internal stakeholders told the review team that budgeting allocation within the department is largely undertaken by the Executive Committee. More needs to be done to instil confidence and increase capability and financial literacy among the SES group in using the internal financial management system. Division heads and branch heads need to understand and trust their internal budget and be held to account for budget management at the lowest practical level as outlined in the APS Framework for Optimal Management Structures.

> *'Push delegation and decision-making down, empower APS staff.' Staff member*

A diverse mix of funding mechanisms within the budget for program and core function delivery includes cost recovery, ongoing base funding, and shorter-term specific program funding. The complexities of ongoing funding to support core functions (such as the Medical Benefits Schedule and Pharmaceutical Benefits Scheme) and long-term health initiative funding (for hospitals and Primary Health Networks) – funding which may have eroded over time and cannot easily be addressed through the external budget processes – creates a prioritisation requirement that staff say generates a high-volume and high-risk environment for them to continue to deliver. Funding for ongoing core functions is also balanced against the government's reform agenda and a department that is responding to high public interest.

> *'We feel unable to say "no", or "but what am I stopping?" Always reacting, high pressure, feeling unsupported. [The] policy perspective [is] we don't have the evidence or backup to say no … we don't have the time for the strategic thinking to see the interdependencies or interdependent/government links.' Staff member*

The departmental budget position would be improved with stronger, consensus prioritisation, or a more foundational re-baselining of budgets, built on clear agreed prioritisation of functions and capability, particularly for core functions.

Clinicians and specialist professions capability should be a focus, noting the department already has a relatively strong clinical base from which to draw advice, with a network of more than 140 medical officers throughout the department, as well as the Office of Chief Allied Health Officer, and the Office of the Chief Nurse and Midwifery Officer. The department is also establishing the Office of the Chief Economist to increase health economics capability, however, there is a need to further develop specialist knowledge within the department rather than through procurement, which the review team heard is sometimes the case. This will be particularly relevant as the department faces the future challenges of advancing medicine outlined earlier in the report where specialist capability in areas such as artificial intelligence, data, digital health and personalised medicine will be in short supply.

More guidance on procurement and contract management for staff

The department is exposed to a high level of commercial risk through major grants, third-party providers (such as Primary Health Networks) and portfolio agencies. Commercial acumen, the ability to negotiate good deals with both private and public sector partners, and to scrutinise performance are all critical capabilities with room for improvement. Expenditure of public money will become subject to even greater scrutiny with the commencement of the National Anti-Corruption Commission in July 2023. Procurement and program management must be solid, central capabilities to navigate this future operating environment.

The department has governance and guidance processes for procurement activities through its Procurement Advisory Service, with specialists for complex or high-risk procurements and enabling self-service tools for less complex procurements. The Procurement Advisory Service is also the assurance team for all procurement activities, conducting random sample quarterly reviews to ensure compliance across the department.

However, some staff felt that access to the tools hasn't been embedded in the onboarding/training process for their roles.

> *'There is definitely plenty of [procurement] documentation but not always sufficient guidance for what actually needs to be done.' Staff member*

While staff report the Procurement Advisory Service team is helpful, remote working has made it harder to turn to a colleague and ask for help.

> *'Procurement is hard to do but if you get a good person to help in Procurement, it's easy.' Staff member*

> *'With people not coming to the office they miss learning just from being here. They miss out on everyone helping each other out.'* Staff member

Program/project management tools could be more user friendly

The department has governance and guidance for project and program management through the Project Management Framework. The framework is principles-based and allows for more than one project management methodology, which reflects the varied work done within the department. There are 2 committees to oversee and provide assurance activities to all project and programs – the Program Assurance Committee and the Digital, Data and Implementation Board. Both reports to the Executive Committee.

During COVID-19, the department created a Rapid Implementation Framework, designed to be an alternative to the Project Management Framework for use in the rapid delivery of critical projects. Staff feedback suggest this was a success, as it was responsive to their needs during the crisis. Staff reported it is difficult to use the older toolkits available to them and that the Rapid Implementation Framework could be used moving forward.

However, most projects do not meet the requirements for the condensed Rapid Implementation Framework model. The department should build on the success of the Rapid Implementation Framework when revising other frameworks.

Risk management improving

The department's risk landscape is complex as its work involves shared risks with other Commonwealth entities, states and territories, delivery partners and the Australian public.

Recent ANAO audits have highlighted historical shortcomings in the department's risk management.

> *'The department expanded telehealth to meet objectives, however there were shortfalls in governance, risk management and evaluation.'* ANAO audit, Expansion of Telehealth Services
>
> *'Executive oversight, risk and fraud management were deficient.'* ANAO audit, Administration of the Community Health and Hospitals Program

The review team acknowledges the significant work the department has done to improve its assurance and risk management policies and processes.

In 2022, the department implemented a new *Risk Management Policy*, which outlines:

- the key accountabilities, roles and responsibilities for managing risk
- the department's desired risk culture
- enterprise risks
- risk appetite and tolerances.

The department's Risk Management Framework provides practical guidance to assist staff.

The department undertakes assurance and audit activities. It has an Assurance Framework and Assurance Service Offering. The department's self-assessment stated that it invests in strong assurance mechanisms by conducting health checks, deep dives and tailored risk snapshot self-assessments of priority business areas to identify control gaps and mitigate potential risks.

The Chief Risk Officer reports to the Executive Committee quarterly, and a dashboard report against enterprise risks is also provided to the Executive Committee quarterly.

In the recent 2023 Comcover Benchmark Survey, the department received an 'advanced' rating – a significant improvement on the 'developing' rating it received a few years ago. This reflects improvement in the department's risk governance, risk culture, risk capability, risk management framework and practices, and organisational resilience and agility.

The review team heard a range of views regarding the department's risk culture. Overall, there was a consistent theme that risk management and governance has improved. Views differed, however, on whether the changes are embedded in day-to-day practice.

'I cannot cry loudly enough about the improvement in culture and engagement with risk and assurance.' Staff member

'COVID did us a great favour to break down and shift our risk appetite. We implemented real time assurance models and rapid health checks.' Staff member

'How do we live with more risk? We need to change the risk appetite. It's all on the right track.' Staff member

'The department has effective risk governance controls and increasingly these are being used in day-to-day practice.' Staff member

'I think we do have effective risk governance controls, but could improve on their use through further embedding in day-to-day practice, which may involve tailoring to specific program needs.' Staff member

Embedding the new risk frameworks, policies and processes and shifting the department's risk culture will take time. Given the large scale of funding and programs the department delivers, improving risk and assurance cannot be a 'tick and flick' exercise – it requires ongoing effort. We suggest the department focus on improving risk management at the middle-manager level.

The agency's response

The delivery of the Capability Review Report is timely as the Department of Health and Aged Care resets itself following the challenges of the COVID-19 pandemic, the transition to a new Government and now to a new Secretary, Blair Comley PSM. The last few years have been both challenging and rewarding for the department. The intellect, talent and dedication of staff is impressive, and they have delivered outstanding collective achievements.

The review acknowledges the extraordinary efforts of the department throughout the COVID-19 pandemic. I will always be proud of how our staff contributed to achieving Australia's world leading health outcomes. But the last 9 years, since the department's last capability review, have been about much more than COVID. We are implementing the biggest aged care reform in Australia's history and similarly bold reforms in mental health, primary care and the health workforce. Our First Nations programs are acknowledged as leading examples under the CTG priority reforms and recognised by the sector and across the APS. We have made huge advances in the science and practice of health products regulation, in health technology assessment and the sophisticated use of health data. We have responded to the post-COVID world of Commonwealth-state relations, and have a renewed focus on preventive health, the "green and gold decade" of sport, and so many other areas of reform and innovation.

The department now has the opportunity to consider the Government's ambitious reform agenda, and closely examine how to integrate policy and delivery in the acute care, primary care and aged care systems, and carer systems more broadly. To achieve this, the department must work closely with state and territory governments. Its ability to do so effectively has been demonstrated both during the pandemic and through other key pieces of work like the National Medical Workforce Strategy and the National Medical Stockpile. As the review finds, this work will also require other APS agencies to have a strong understanding of the systems in which we work.

The culture of the department is strong. We have a very strong executive and SES leadership team, high staff engagement and continue to recruit and develop talented staff. The review encourages us to do more in this area and I agree that we must ensure our managers are given training and experience to lead into the future. The department's workforce strategy has been developed to ensure that we have the right people, with the right skills at the right time to meet current and future challenges. Findings from the review will be considered as we finalise and implement this strategy.

In recent years, the department has strengthened its internal governance arrangements to drive excellence and achieve the best outcomes for Australian communities. We have recently established a strategic policy forum to bring together senior leaders to encourage a whole of portfolio view and align policy development.

The department looks forward to working with government to implement actions to address the major findings in the capability review, including where there may be resourcing implications.

I would like to thank Andrew Tongue PSM, Larry Kamener and David Hallinan, who have led the Review, and the team at the Australian Public Service Commission who supported them. I also appreciate the time and energy that staff at the department gave to the review through interviews, workshops and the liaison team.

I wish Blair and the amazing team at the department well for the future. The department is in a strong position and addressing the findings of this review will only make it stronger.

Professor Brendan Murphy AC
Secretary, Department of Health and Aged Care

Appendix A: Abbreviations and acronyms

Abbreviation or acronym	Description
ANAO	Australian National Audit Office
APS	Australian Public Service
CALD	Culturally and linguistically diverse
CDC	Centre for Disease Control
ICT	Information Communications Technology
LGBTI+	Lesbian, Gay, Bisexual, Transgender, Intersex and other sexually or gender diverse
NACCHO	National Aboriginal Community Controlled Health Organisation
mRNA	Messenger Ribonucleic Acid – single stranded molecule that carries the instructions to make proteins, used for vaccine development
NWOW	New Ways of Working
PHN	Primary Health Network
RAP	Reconciliation Action Plan
SES	Senior Executive Service
TGA	Therapeutic Goods Administration

Appendix B: Capability Review Framework – domains and elements

Core domain	Element	Description of the element
Leadership and culture	Purpose, vision and strategy	The capability to develop an appropriate purpose, vision and strategy based upon government priorities and legislative functions and successfully communicate these to staff, stakeholders and users.
	Values, culture and behaviour	The capability to foster a culture of continuous improvement and innovation and measure the benefit of these activities to policy, programs and service delivery.
	Leadership and governance	The capability to deliver effective leadership, including good decision-making, to identify and develop leaders, and establish organisational structures that are efficient and effective.
	Review and evaluation	The capability to use review and evaluation activities to maintain performance and drive improvement.
	Embodies integrity	The capability to promote and embed integrity and APS values across all business areas of an agency in a way that informs and influences business practices across the agency.
Collaboration	Engagement with ministers	The capability to maintain open, trusted and respectful relationships with minister/s and provide impartial and evidence-based advice to them.
	Contribution to the public sector (federal, state/territory, local and international)	The capability to make productive contributions to the public sector, both domestically and internationally, and establish enduring and collaborative relationships with other public sector agencies to support government priorities.
	Partnerships and engagement outside the public sector	The capability to engage and establish respectful and collaborative partnerships with users of government services and non-government entities to understand their experiences and needs.
	Putting people and business at the centre of policy and services	The capability to leverage partnerships with external stakeholders, such as the public, communities, business, the not-for-profit sector and other governments to deliver policy and services.

Core domain	Element	Description of the element
Delivery	User focus and experience	The capability to use the principles of partnership and co-design, and feedback mechanisms to deliver effective and fit-for-purpose outcomes and services for people and business.
	Strategic policy	The capability to deliver high quality and forward-looking strategic policy that meets strategic objectives and ministerial priorities.
	Service delivery and improvement	The capability to deliver effective and efficient services and improve service delivery by undertaking and acting on evaluation and user feedback.
	Managing for performance and outcomes	The capability to deliver on commitments to government, measure the value provided, and employ a systems thinking approach to delivery.
	Capability to do the job	The capability to use best practice examples worldwide to inform and deliver policy and services.
People	Strategic workforce planning and development	The capability to use strategic workforce planning and development to anticipate and respond to the future needs and priorities of government and users of government services.
	Staff performance and capability	The capability to develop staff in a way that is aligned to the future needs of the APS, and to use performance management to deliver on strategic priorities and encourage high performance.
	Staff engagement and experience	The capability to develop and maintain an inclusive working environment that gives staff a sense that they belong and are valued.
	Model employer	The capability to use best practice people-based polices to deliver a quality employee experience and a dynamic workplace.
Resourcing and risk	Asset (physical and ICT) management	The capability to manage assets (physical and ICT) across their lifecycle to support the delivery of strategic objectives and be adaptive to change.
	Information and data management	The capability to use and manage information and data across all business areas of an agency and ensure sharing across government and beyond.

Core domain	Element	Description of the element
	Cyber security	The capability to implement robust cyber security policies and practices based on global and domestic standards.
	Financial management	The capability to use financial planning to support the delivery of strategic objectives and allocate financial resources to maximise deliverables and ensure transparency and accountability.
	Procurement, contract and project/program management	The capability to govern and manage procurement, contract and project/program activities in an efficient, effective, ethical and economical manner.
	Risk management	The capability to use risk management and internal audit functions to support accountability, innovation and organisational improvement.