CAPABILITY REVIEW

Australian Bureau of Statistics
Foreword

In 2011, the Australian Public Service Commission (APSC) commenced a program of systematic reviews to assess capability in key agencies and identify opportunities to raise the institutional capability of the service as a whole.

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

On the occasion of this review, I would like to thank the Australian Bureau of Statistics for its professional and enthusiastic participation. All staff who participated in interviews and workshops were generous with their time and displayed great passion for their work.

I would also like to thank Mr Tony Cole AO, the chair of the review team, other senior members of the team, Mr John Ombler and Ms Carmel McGregor PSM, and my own team from the APSC who supported and advised them. Once again, this review has demonstrated the advantages of bringing together a team of this calibre.

Stephen Sedgwick AO
Australian Public Service Commissioner
## Contents

1. About the review .......................................................................................................................... 1
2. About the department .................................................................................................................. 2
3. Summary assessment .................................................................................................................... 5
4. More detailed assessment of departmental capability ................................................................. 11
5. The department's response ........................................................................................................... 41
6. Abbreviations and acronyms ....................................................................................................... 43
Retirement of the Australian Statistician

On 5 November 2013, the Australian Statistician and head of the Australian Bureau of Statistics, Mr Brian Pink, formally notified the Governor-General that he would be retiring on 12 January 2014 having served to the end of his seven-year appointment. Mr Pink was the 14th Australian Statistician. At the time of drafting this report, his successor was yet to be appointed.
1 About the review

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

This review focuses on leadership, strategy and delivery capabilities in the Australian Bureau of Statistics (ABS). It highlights the agency’s internal management strengths and improvement opportunities using the model set out in Figure 1. A set of 39 questions is used to guide the assessment of each of the 10 elements of the model covered by this report.

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

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

In this review over 200 documents were reviewed, there were seven workshops and eight roundtable sessions with staff, and 112 interviews were conducted.

![Figure 1: Capability model](image-url)
2 About the agency

The ABS is Australia’s official national statistical agency. It provides statistics on a wide range of economic, social, population and environmental matters for government, business and the community.

The ABS was established as the Commonwealth Bureau of Census and Statistics following enactment of the Census and Statistics Act 1905. It became the ABS in 1975 with the passing of the Australian Bureau of Statistics Act 1975.

The Act establishes the agency as an independent statutory authority under the Australian Statistician. It also defines the agency’s functions, which are to:

(a) constitute the central statistical authority for the Australian Government and, by arrangements with the Governments of the States, provide statistical services for those Governments

(b) collect, compile, analyse and disseminate statistics and related information

(c) ensure coordination of the operations of official bodies in the collection, compilation and dissemination of statistics and related information, with particular regard to:

   (i) the avoidance of duplication in the collection by official bodies of information for statistical purposes

   (ii) the attainment of compatibility between, and the integration of, statistics compiled by official bodies

   (iii) the maximum possible utilisation, for statistical purposes, of information, and means of collection of information, available to official bodies

(d) formulate, and ensure compliance with, standards for the carrying out by official bodies of operations for statistical purposes

(e) provide advice and assistance to official bodies in relation to statistics

(f) provide liaison between Australia, on the one hand, and other countries and international organisations, on the other hand, in relation to statistical matters.

The agency’s mission is to:

… assist and encourage informed decision making, research and discussion within governments and the community, by leading a high quality, objective and responsive national statistical service.

The ABS set of values—complementary to and congruent with the Australian Public Service (APS) Values—underpin its work on delivering its mission as Australia’s national statistical agency. These values are drawn from the United Nations Fundamental Principles of Official Statistics and are consistent with the values of many national statistical agencies around the world. The ABS values are: integrity, trust of providers, relevance, professionalism, access for all, and service.

The ABS has agreed on a set of goals, strategies and outcomes to target its current efforts and future investment, and to ensure it delivers on its mission and realises its vision—a trusted and progressive world-class statistical leader. Its goals describe what it aims to achieve as an
agency, while its strategies summarise how the goals will be achieved. They underpin the ABS Forward Work Program and its annual priority-setting process and are set out in this table.

<table>
<thead>
<tr>
<th>GOAL: INFORMED AND BETTER USE OF AUSTRALIA’S STATISTICAL ASSETS</th>
<th>GOAL: CONTINUED TRUST AND SUPPORT OF PROVIDERS</th>
<th>GOAL: LONG-TERM ORGANISATIONAL SUSTAINABILITY</th>
<th>GOAL: RESPECTED LEADER IN THE NATIONAL AND INTERNATIONAL STATISTICAL COMMUNITIES</th>
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<tr>
<td><strong>Strategies</strong></td>
<td><strong>Strategies</strong></td>
<td><strong>Strategies</strong></td>
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<tr>
<td>Deliver high quality, objective and flexible official statistical solutions.</td>
<td>Effective engagement with providers.</td>
<td>Better prepare our people for the future.</td>
<td>Enhance the coordination of, and investment in, the National Statistical Service.</td>
</tr>
<tr>
<td>Improve accessibility, timeliness and relevance of Australia’s statistical information.</td>
<td>Develop solutions that maintain confidentiality but unlock the value of information.</td>
<td>Transform our business systems and processes.</td>
<td>Build strong statistical capacity and capability domestically and within the Asia-Pacific region.</td>
</tr>
<tr>
<td>Improve the management and informed use of official statistical information.</td>
<td></td>
<td>Foster our ability to innovate.</td>
<td>Shape and influence national and international discussions regarding statistical frameworks and policies.</td>
</tr>
<tr>
<td><strong>Outcome</strong></td>
<td><strong>Outcome</strong></td>
<td><strong>Outcome</strong></td>
<td><strong>Outcome</strong></td>
</tr>
<tr>
<td>Timely high quality statistical information that is readily accessible.</td>
<td>Engaged, responsive and supportive providers who trust the ABS.</td>
<td>A capable and productive organisation.</td>
<td>The ABS is influential and sought after for independent information, advice and expertise.</td>
</tr>
</tbody>
</table>

The Australian Statistician is responsible for determining a work program to meet the wide needs of government and the broader community. The ABS determines future priorities by consulting and planning with users of statistics. These consultations are a key input to decisions made on the scope, content and frequency of official statistics. Consultation takes place through ABS organised statistics user groups; direct discussion with Australian, state, territory and local government agencies, academics, industry bodies, non-government and community organisations, social media bodies; and those invited to comment on the release of information or discussion papers.
In balancing the ABS program of collection and other activities, the Australian Statistician seeks to ensure that ABS resources are used to the maximum benefit of governments and the broader community. In assessing this, the ABS takes account of the value of the information being sought, the extent to which undertaking the activity is consistent with its legislated mandate and community expectations, and the costs the activity would impose upon the ABS, providers, and the broader community.

One important aspect of the ABS work program is the agency’s participation in, and leadership of, activities associated with the National Statistical Service (NSS). The NSS is the community of government agencies involved in the production, use and custodianship of official statistics. This work relates to the coordination role set out for the ABS in its legislated functions. Much of it focuses on unlocking the statistical potential of administrative datasets to improve the richness of information available to policy and decision makers, and reducing duplication and fragmentation of information collected across the system.

The overall shape of the proposed work program and estimates of resources required to deliver it are considered by the Australian Statistics Advisory Council (ASAC). The ASAC is a body defined in the ABS Act to provide advice on statistical priorities to the Australian Statistician and the responsible Minister (usually a parliamentary secretary within the Treasury portfolio).

The ABS has a legislated role to liaise on statistical issues and is an active contributor in the international statistical community and in the development of international frameworks and standards. It plays an active role in statistical capability development, particularly in the Asia-Pacific region (generally funded through Australia’s overseas aid program), and is collaborating with peers in meeting the challenges for official statistics globally.

The ABS central office is in Canberra and the agency has offices in all state and territory capitals. Regional offices are responsible for the delivery of statistical services to their state or territory. All regional offices, apart from the ACT office, also have responsibilities for national operations for particular statistical activities. The ABS has approximately 2,800 staff. Around half of these are located in the Canberra central office.

The annual ABS budget for its core ongoing operations is around $300 million. Around $22 million of this is capital, however, its total appropriation fluctuates each year because of the Census cycle. This major project (a legislative requirement) costs approximately $450 million which is distributed over a seven-year cycle, with much higher expenses being incurred in the Census and preceding years.
3 Summary assessment

This capability review has come at an opportune time in the history of the ABS.

The ABS and others who contribute to meeting Australia’s statistical and information needs through the NSS—the community of government agencies working together to build a rich statistical picture for a better informed Australia—are grappling with the flood of information newly available through various media.

The ‘information age’ and the concept of ‘big data’ have arrived, and the ABS and its partners need to be better prepared to maximise the potential this presents. As Australia’s key storehouse of data for quality decision making, the ABS will have to transform itself to further improve the impact it has across the sectors in which it operates, and over time broaden its coverage to include emerging data sources. This is an area attracting much interest across many Commonwealth Government agencies. At the same time, the ABS has an opportunity to enhance its already strong reputation for building and maintaining high-quality statistical databases.

Greater availability of administrative data held by government agencies, especially when managed as an integrated dataset, has a key role to play in developing whole-of-government solutions to the complex challenges facing Australia. There is an unprecedented opportunity for the ABS to be a leader and coordinator in unlocking the statistical potential of administrative datasets across government. Assisting other agencies to build their statistical capability is a necessary precursor. These challenges and opportunities are key drivers of the agency’s planned transformation and its need for investment in new statistical infrastructure.

ABS core statistical business processes and information technology are outdated, failing and/or fragile, and well overdue for an upgrade. There has been inadequate depreciation provision for capital infrastructure in recent years, and in consequence the ABS has not invested in an ongoing program of capital infrastructure renewal. The agency is part way through preparing a business case seeking the funding to remedy these deficiencies and equip the ABS to take advantage of future opportunities. The agency is grappling with the organisational capability challenges this will involve. This need for an upgrade comes at a time when the government is facing fiscal challenges and the APS is facing similar constraints around funding and access to new policy investments.

A new Australian Statistician is about to be appointed. The current Australian Statistician hands over the leadership baton with the agency prepared and ready for upcoming changes and challenges in business processes and infrastructure. However, it is not as ready to maximise the value of all government-held information by addressing the significant change in culture and relationships essential to move to a strong position, leading the NSS, and partnering with others across government. The incoming Australian Statistician will have the opportunity to drive the transformation forward and reposition the agency.

The review team found that the need for transformation is reflected in all aspects of the capability review framework—leadership, strategy and delivery—and requires that deeply held ABS values and culture be tested against the changing policy and information environment, and refreshed where needed. It is hoped that the insights developed through this capability review—those of the review team and of the many people spoken to during the review—help the new Australian Statistician and their team to prepare the ABS for its future.
Institutional reputation

The ABS is widely regarded as one of the best statistical agencies in the world. It has a strong reputation as a highly respected and trusted institution. The independence of the Australian Statistician is a prerequisite to this respect and trust. However, the manner in which this independence has been exercised has contributed to a degree of organisational isolation and insularity that needs to be addressed.

Globally, national statistical offices are, rightly, seen as central to the fabric of good government, contributing to a well-informed society. The review team, and all interviewees without exception, recognised the critical importance of the ABS. The reputation it holds within the international community and across Australia is deservedly high.

Privacy and integrity are the pillars of the agency, and the ABS takes these very seriously to ensure respondents to ABS surveys can be confident that their data remains protected. It was consistently stated that the ABS is the most trusted custodian of information in the nation and that ABS data are gold standard and reliable. Those spoken to for this capability review recognised this. They want this high standard to continue, but recognise there are threats to this position.

The ABS operates under legislation designed to support its role as a provider of high quality and trusted public good statistics. This legislation protects the professional integrity of the Australian Statistician, places an obligation on Australian residents to provide data required for statistics, obliges the ABS to use that data only for statistical purposes and in doing so to prevent disclosure of the identity of any individual person or business contributing data.

The ABS interprets the legislation strictly and conservatively. This is limiting the way data are currently released and accessed. External stakeholders do not accept that the legislation’s intent is to be so constraining. There was a clarion call for the ABS to ‘ease off a little on the independence’ and consider how it could review its policies and procedures.

A range of users, including many government agencies, consider the application of this legislation to be an obstacle to realising the full potential value of the micro-data collected by the ABS.

The reputation of the ABS faces some risk as it is seen as not keeping pace with a changing environment and alert or responsive to the changing demands of its stakeholders and users. A common theme from external stakeholders was that the ABS was disconnected from the Commonwealth Government—politically and with key stakeholders who have, and will continue to have, a view about the agency’s future. Planned transformation and new infrastructure will address some of these issues, but a review of legislation and associated policies may also be a consideration for the new Australian Statistician.

Acting independently does not mean acting alone. Stakeholders are keen to partner with the ABS and be actively involved in ongoing dialogue to identify strategies that will enable ABS to maintain its institutional reputation and comply with legislation while participating more fully in pursuing the requirements of whole-of-government partners. The ABS has a choice—continue to maintain the orthodoxy of independence or partner with other government agencies, enabling better access to and use of the sum of the nation’s most important data.
People and culture

Staff in the ABS are optimistic and positive about the important work they deliver for Australia. The workforce is highly skilled, engaged and committed to the agency. People tend to start their careers in the ABS and leave within a few years or stay a very long time. This has led to deep expertise and a culture which has strong relationships and familiarity. These views were reinforced in the most recent State of the Service Report (SoSR) which shows that the ABS encourages ethical behaviour, good work – life balance and has good internal collaboration, respect and civility. The ABS rates consistently above the APS and other similar agencies on these issues. A consistent theme throughout the review has been that staff regard the ABS as a great place to work.

The egalitarian nature of the ABS culture is a strength and source of potential weakness. The culture produces many positives including close conformity to internal priorities and mission. The aligned Executive Leadership Group (ELG)—comprising the Australian Statistician and Deputy Statisticians, who provide strategic oversight of the ABS and determine its policy—has created a vision for change which has been well communicated and has broad shared ownership. The change narrative is being translated into action across the agency through active engagement of the senior leadership team and staff in shaping the ABS transformation plan.

Notwithstanding the good work done on articulating accountabilities and committee responsibilities, the prevalent view is that decision making was sometimes slow and implementation slower still. This needs attention as external stakeholders are losing patience and the pace of change required to acquit the transformation agenda will be hindered.

So while the review team notes that the ELG is aligned, there needs to be further consideration of how the ELG works with other governance committees and the broader Senior Executive Service (SES) cohort to ensure the skills and experience of the group are optimised and that members are leaders of this relatively large agency.

At the same time, the culture has resulted in issues requiring attention if the ABS is to be well placed to continue to progress the planned change. These include:

• managing underperformance
• encouraging workplace diversity, and in particular addressing the challenges for women in the workplace and the participation and retention of Indigenous Australians
• implementing decision-making processes that are scalable to fit the issue being considered
• increasing the levels of political acumen to maximise engagement with key decision makers and connect more effectively with Government.

Some work is underway to address these issues and it is of note that the agency’s human resources (HR) and workforce policies have been re-energised in recent years to better support its vision and strategy.

Throughout the review many people interviewed, both internal and external, commented on the need for cultural change as the ABS transforms and repositions itself for the future. Central to this cultural change is a move to a more open, engaged and outward-looking agency, working in partnership with others.

There is also a need to become more outcome focused, recognising the policy/delivery challenges facing colleagues across government(s) and using this common understanding
to gather evidence on which to base policy decisions. This would help to bring a greater coherence to the role of the ABS and improve its relationship with Commonwealth Government partners. Some stakeholders have referred to the ABS as isolated, insular, inflexible and at times uncooperative. This suggests a need for an injection or augmentation of new skills and expertise and a greater diversity in the workforce and leadership group.

Culture isn’t just one aspect of the game – it is the game. In the end, an organisation is nothing more than the collective capacity of its people to create value.

Lou Gerstner, IBM

Transforming the ABS

In response to the pressures building over recent years, the ABS is taking a more proactive approach to transforming itself as an iconic institution. The agency is moving from a more narrow view of the world which had ABS data placed at the centre, to one that is much broader and requires deeper collaboration and partnership with its stakeholders. It is widely recognised that this is a business transformation not just an information technology transformation. The emergence of ‘big data’ and different ways of managing information will be a challenge for the ABS both in terms of its practices and its culture, particularly the way it interacts with data, creates information and relates to stakeholders.

There is no doubt that the ABS is facing complex problems exacerbated by pervasive technology risks and challenges. The previous long-term strategy allowed the agency to fund an expanding work program through offsetting savings, often reflecting technological change. Savings accrued to divisions that achieved them were generally used to fund investment within that division, regardless of relative need and importance to the ABS program. This strategy contributed to the current critical technical and financial state the ABS now finds itself in. This has been partially addressed by the strategic approach to capital investment that has been implemented over the past four years, focusing investment on the systems of greater importance to the ABS as a whole. These more recent attempts to stabilise the financial situation are almost ‘too little too late’ as opportunities to secure additional funding around a decade ago, when the APS was in a less constrained financial environment, were not pursued as rigorously as they could have been.

Faced with the twin pressures of failing systems and increasing financial constraints, the ABS has led collaboration with global statistical organisations that perceive the same future challenges as a key enabler. Work is underway to partner with these organisations in creating compatible underlying statistical infrastructure and sharing expertise and resources.

Clear direction is set for the ABS and there is strong internal commitment at all levels to transformational change through the ABS 2017 program. The scale and ambition of the program—a major transformation of statistical business processes and infrastructure—is significant. It is perhaps best summarised in the words frequently expressed within the ABS where it is described as:

… a change from a series of cottage industries where customised business processes were developed for each statistical product, to a modern, industrialised model with standardised business processes.

The program includes business process changes, information technology changes, and a shift in effort from the low value work at the collection and storage end of the data pipeline, to
high value analysis and interpretation. This is necessary but not sufficient. Equally, culture and organisational positioning are important components of a successful transformation.

The ABS is confident it has the capability and experience to manage the transformation, albeit with some external technical assistance, much of which has already been identified. Key stakeholders have indicated that the ABS 2017 program is well conceived and appropriate for ensuring the ABS achieves its planned future state. ASAC members and central agency stakeholders understand and support what the ABS is trying to achieve and how this is being approached.

A change program of this scale is highly challenging. Delays and cost overruns are almost standard in major infrastructure changes, but the planning and focus the ABS has applied give it a better than average probability of delivering successfully. The recent Portfolio, Programme and Project Management Maturity Model (P3M3) evaluation and reviews conducted under the Commonwealth Government's Gateway Review Process have given guidance on critical areas of focus and if the list of resulting recommendations are implemented, will guide the ABS through the transformation.

Organisational positioning

As the ABS has moved to address the need to compete in a rapidly evolving environment, it has worked hard to strategically position the agency for the future. Retaining a high level of trust with the community remains a key feature of this strategy. The independent positioning of the ABS has been an important factor in securing high compliance and response rates from the five-yearly Census, and for many other household and business surveys. Among users and providers of statistics, the ABS is seen as independent—an agency to be trusted with confidential information, and at arm’s length from political influence. This is important and should continue. Stakeholders would welcome an improved willingness by the ABS to find ways to meet their needs rather than being perceived as retreating behind its confidentiality and independence barriers. However, the Australian Statistician is strongly of the view that the ABS is willing and indeed keen to improve responsiveness to its users, and is moving in that direction, while acknowledging that the pace of change is slower than stakeholders would like. Stakeholders do not have the same perspective.

In recent years, the ABS has deliberately attempted to improve its stakeholder engagement. The Australian Statistician requires the agency’s four deputies to devote much of their effort to working with external stakeholders. Despite this, the ABS is still seen as insular, inflexible and not listening by many external stakeholders. Again there is a dissonance, in this case between the internal appreciation of efforts to connect with stakeholders and what is understood and experienced by external stakeholders.

Key stakeholders reported feeling largely excluded from decisions at the strategic level. In some cases this has engendered negative attitudes and mistrust. The clear message to the review team was that the traditional ABS approach to managing stakeholder interests within Australia is not keeping pace with changing expectations in a complex, networked environment. Opportunities to gain greater contributions to, and support of, business strategies are being missed by the ABS. The agency is not optimising the goodwill and intent of key stakeholders who want to help them shape its future. For the ABS to succeed as a leader in the information age, it must reposition itself as a much more strongly connected part of the public service. It is currently seen as working with others as either providers or as users. The preferred model of engagement as a partner was reiterated, especially at the
Commonwealth Government level. The ABS should do more to ensure it listens and engages in a way that encourages feedback and changes the conversation to focus on outcomes, not just processes.

The ABS is an important part of a wider system. Indeed, it is charged with statistical leadership of this wider system, the NSS. Stakeholders felt that greater progress could be made on the NSS goals of maximising the use, and improving the coordination and usefulness, of official statistics if the ABS was more flexible, and approached them as partners rather than providers. The agency’s current strategy focuses on breadth, and there may be some opportunity for greater depth of achievement among small coalitions of willing stakeholders.

The feedback from stakeholders suggests that the ABS has not yet managed to connect well with those at the centre of the Commonwealth Government (Parliamentary Secretary, Portfolio Minister, central agencies, Secretaries’ Board). The strength of engagement at the very senior levels of Government is limited. Commonwealth Government stakeholders feel there is currently limited opportunity to ensure they can meet the needs of their ministers to be adequately briefed about key releases. Relationships with Commonwealth Government partners could benefit from further investment of time and energy. These key influencers do not fully share or understand the ABS vision or value proposition, and the ABS has no strong constituency of support.

It is the review team’s view that the ABS is at a crossroads. Will its planned transformation focus on an enhanced status quo, limited to improved infrastructure and business processes? Or will it achieve its intent to move to a newly transformed agency that more fully addresses the challenges of its changing environment as a more open, engaged partner in delivering high-quality information for policy making?
4 More detailed assessment of departmental capability

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

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

<table>
<thead>
<tr>
<th>Rating</th>
<th>Description</th>
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<tbody>
<tr>
<td><strong>Strong</strong></td>
<td>• Outstanding capability for future delivery in line with the model of capability.</td>
</tr>
<tr>
<td></td>
<td>• Clear approach to monitoring and sustaining future capability with supporting evidence and metrics.</td>
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<tr>
<td></td>
<td>• Evidence of learning and benchmarking against peers and other comparators.</td>
</tr>
<tr>
<td><strong>Well placed</strong></td>
<td>• Capability gaps are identified and defined.</td>
</tr>
<tr>
<td></td>
<td>• Is already making improvements in capability for current and future delivery, and is well placed to do so.</td>
</tr>
<tr>
<td></td>
<td>• Is expected to improve further in the short term through practical actions that are planned or already underway.</td>
</tr>
<tr>
<td><strong>Development area</strong></td>
<td>• Has weaknesses in capability for current and future delivery and/or has not identified all weaknesses and has no clear mechanism for doing so.</td>
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<tr>
<td></td>
<td>• More action is required to close current capability gaps and deliver improvement over the medium term.</td>
</tr>
<tr>
<td><strong>Serious concerns</strong></td>
<td>• Significant weaknesses in capability for current and future delivery that require urgent action.</td>
</tr>
<tr>
<td></td>
<td>• Not well placed to address weaknesses in the short or medium term and needs additional action and support to secure effective delivery.</td>
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Figure 2—Rating descriptions
The review team’s assessment of ABS capability is outlined in the tables below.

**Leadership**

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<table>
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<tbody>
<tr>
<td>Set direction</td>
<td>Well placed</td>
</tr>
<tr>
<td>Motivate people</td>
<td>Well placed</td>
</tr>
<tr>
<td>Develop people</td>
<td>Well placed</td>
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</table>

**Strategy**

<table>
<thead>
<tr>
<th></th>
<th>Development area</th>
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<tbody>
<tr>
<td>Outcome-focused strategy</td>
<td>Development area</td>
</tr>
<tr>
<td>Evidence-based choices</td>
<td>Well placed</td>
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<tr>
<td>Collaborate and build common purpose</td>
<td>Development area</td>
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**Delivery**

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<tr>
<td>Innovative delivery</td>
<td>Strong</td>
</tr>
<tr>
<td>Plan, resource and prioritise</td>
<td>Development area</td>
</tr>
<tr>
<td>Shared commitment and sound delivery models</td>
<td>Development area</td>
</tr>
<tr>
<td>Manage performance</td>
<td>Well placed</td>
</tr>
</tbody>
</table>
4.1 Leadership summary

Set direction

- The ABS has a clear vision with a strong future focus, which is well communicated and understood by stakeholders and by staff at all levels.
- The leadership team is well aligned and its communications to staff are clear and timely.
- There is a need to implement decision-making processes that fit the scale of the issue being considered.
- A clear change agenda has been established and is supported at all levels. Planning is well advanced.
- Staff appear confident in the capacity to manage a major change, although the latest SoSR suggests that confidence is lower.

Motivate people

- The ABS has a strong, optimistic, values-based culture which supports its vision and mission but features some insularity and risk aversion.
- Staff have great pride in what they do and are committed to the agency and to achieving outputs on time and to quality standards—‘deliver or die’.
- Senior leaders have adopted a very positive and optimistic approach but seem reluctant at times to hear dissenting views.

Develop people

- Many ABS staff develop deep expertise through long careers within the agency across various roles but this contributes to an insular, inward-looking culture.
- To grow broader perceptions and develop greater linkages with external stakeholders, greater diversity at senior levels, including women and people with experience as external data users, would help.
- Many HR policies and practices, including workforce planning, are clear and aligned with the agency’s strategy, although implementation is still at an early stage. Planning for workforce capability is well underway.
- The agency is reluctant to confront underperformance.
- ABS has a ‘key-person risk’ arising from its inconsistent business processes and IT systems.

Comments and ratings against the components of the leadership dimension follow.
Set direction

Guidance Questions

| Rating | Well placed |

A clear, compelling vision

The ABS has a clear vision and mission, well understood by stakeholders and staff at all levels. Its goals and strategies underpin its forward work program and focus on efforts to support its purpose now and into the future. The ELG is responsible for setting strategic direction and determining agency-level policy. The 2013 SoSR reports that staff perceptions of the ‘focus of senior leaders on the strategic direction of the agency and APS’ are more than 10 points above the APS average. Plans cascade from the high-level vision set out in the ABS Corporate Plan and ABS Forward Work Program through to individual work plans. The SoSR also highlighted that staff demonstrated a clear understanding of how their work contributes to the agency’s strategic direction.

Communication and decision-making challenges

The Australian Statistician communicates actively and uses various media to keep staff informed in a timely way about key decisions taken by the ELG, delivery of products and progress on key issues. There is evidence that ABS management have been focusing on improving staff perceptions about leadership communication for several years, since a 2010 internal staff survey highlighted difficulties. When travelling interstate, senior executives make a point of meeting with staff and provide an opportunity to develop shared understanding. Cascading of messages through SES leaders remains variable, however. It is performed well by some and almost not at all by others. This no doubt contributed to the most recent SoSR results on staff satisfaction, with leadership visibility and communication with staff being below APS averages.

Due to its practice of extensive internal consultation, slow decision making has been a feature in the ABS. Despite this, staff and managers report that important decisions are being rushed. Some SES feel disconnected from decisions affecting them and their teams. It was also suggested that the ELG is somewhat closed to ideas from other SES and less effective in communicating their reasoning for decisions. As the ABS pursues its deliberate path away from a culture of extensive consultation and lengthy deliberation, it will be important to differentiate the scale and impact of decisions so they are taken more promptly at the right
level, incorporate relevant matters, have appropriate regard to stakeholder concerns, and are able to be implemented by those impacted. Staff expectations about information and involvement appear high and this will also require careful management.

**Driving change**

A clear agenda for change has been established through the ABS 2017 transformation program, visibly driven by the senior leadership team. The ELG is closely aligned in planning and preparing for the changes to systems, processes and culture that are essential in achieving the intended transformation. Evidence from internal and external sources is that the members of the ELG speak with one voice on the positioning and direction of the ABS. The ABS 2017 Program Change Management Strategy clearly outlines the reasons for change, the approach being taken and the potential impacts. When achieved, this change will address many of the agency’s capacity gaps and provide a strong platform for it to meet many of the stakeholder needs identified in the course of this review.

Staff have a clear understanding of the drivers for change, the infrastructure requirements, the potential impact on individuals and work areas, and the potential value for stakeholders that will arise. According to the 2013 SoSR, 85% of staff understand the need to change and 75% of staff broadly understand the changes planned. This support for, and understanding of, the direction of change at all levels is accompanied by a view that the change must continue. Staff are aligned with the current Australian Statistician’s vision and believe the vision must continue when the new statistician takes over.

In contrast, confidence in change management is low, with only 25% of staff reporting that ‘change is managed well in my agency’ (according to the 2013 SoSR, the APS average is 32%). Staff are seeking more detail, especially about specific work activities and how ‘business as usual’ will be maintained. The ABS 2017 team runs regular meetings with staff across the agency to keep them informed. Most recently the team focused on the theme ‘How this will affect me’ to address some of these concerns. There is much stronger confidence that ‘My Director is able to manage my work group effectively through change’ (64% positive), particularly important in an agency with a large proportion of staff at APS levels. Discussions with managers and staff about past change experience indicated lessons have been learned from the past, which resulted in greater discipline, focus and expertise applied in ABS 2017 planning.
Motivate people

<table>
<thead>
<tr>
<th>Guidance Questions</th>
<th>1 Does the leadership create and sustain a unifying culture and set of values and behaviours which promote energy, enthusiasm and pride in the organisation and its vision?</th>
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</thead>
<tbody>
<tr>
<td></td>
<td>2 Are the leadership visible, outward-looking role models communicating effectively and inspiring the respect, trust, loyalty and confidence of staff and stakeholders?</td>
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<tr>
<td></td>
<td>3 Does the leadership display integrity, confidence and self-awareness in its engagement with staff and stakeholders, actively encouraging, listening to and acting on feedback?</td>
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<tr>
<td></td>
<td>4 Does the leadership display a desire for achieving ambitious results for customers, focusing on impact and outcomes, celebrating achievement and challenging the organisation to improve?</td>
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Rating: Well placed

A strong, aligned culture

The ABS culture is strong, cohesive and aligned with its vision and mission. Its values supplement the APS values and support the agency’s strategic direction. The focus on teamwork and cooperation (above APS averages) and commitment to delivering a high-quality product on time, indicates that staff understand the purpose of their work and their users’ needs. A sense of personal responsibility for work group outcomes in the ABS is higher than the APS average according to the 2013 SoSR (73% positive compared with 68% for the APS), as is ‘understanding of how my work group’s role contributes to my agency’s strategic outcomes’ (85% compared to the APS average of 79%). This contributes to a ‘deliver or die’ culture. Staff help others to learn quickly when changing jobs and remain available to assist as new issues arise.

The agency’s mission and purpose are used in motivating staff performance. Staff have pride in working in the ABS, show a clear attachment to the agency and regard the ABS as a great place to work. A strong induction program for graduates, updated in recent years, and for new staff from outside the ABS, emphasises the commitment to quality and delivery, as well as the solid knowledge the agency has, including of its purpose, systems, processes and values. Staff have an optimistic approach to the transformation, as they expect to have greater capacity to meet user needs, more robust systems, and greater opportunity to add value. Staff are confident in their capacity to deliver based on a strong record of on-time delivery of complex projects, such as the Census.

The ABS has an egalitarian workforce with formal consultation processes centrally and within business units. Leaders show respect for their highly educated staff and survey results show unprofessional behaviours are less likely to be experienced in the ABS than in the broader APS. The 2013 SoSR also reports that staff perceptions of co-worker and leader integrity are above APS averages. Leader self-awareness appears mixed, however, and there
is consistent evidence that messages from staff and stakeholders are not always being heard, particularly where they are dissenting or challenging established views.

*Cultural strength has risks*

Staff commitment to delivery has some cost. Staff will work long hours to meet deadlines, addressing problems caused by the fragility of ageing systems. Despite careful planning and even with allowance for system downtime, staff expect weekend and overnight work to meet deadlines. This ‘deliver or die’ culture presents some risks but does appear to be actively managed in most areas, so that individuals are less likely to be under constant deadline pressures over a prolonged period. While the proportion of staff working more than 90 hours a fortnight (12%) is close to the APS average, ABS staff are more likely to be satisfied with work – life balance and access to flexible working arrangements.

Critically, there are signs of risk aversion and insularity that can accompany longer-than-average tenure and a relatively self-contained agency. Survey data highlights that 23% of ABS staff have been with the agency for more than 15 years which is higher than the APS average (18%). The way the ABS understands its independence, and its value around trust of providers, contribute to a degree of closed thinking about how to meet user needs, to the extent that stakeholders report they are not being heard. These aspects of the culture need to be challenged as the transformation proceeds.

The ABS believes it has become more open to recruiting from outside, and makes deliberate efforts to ensure these recruits are exposed to the culture and breadth of the agency, to address past issues with retention of external recruits. Recruits reported feeling valued for the skills they bring to the agency, but their perspectives may not be fully appreciated. They report finding it difficult to fit in because of the extent of tacit knowledge held by existing staff. There is evidence that they are less likely to remain in the ABS.

While the ABS places staff in other agencies to support the provision of quality of data and effective use of quality statistics in those agencies, there may be benefit for the ABS and the other agencies in having a more extensive program of rotations to broaden perspectives of ABS staff and generate APS understanding of the value of the ABS and of quality statistical analysis. In earlier years the ABS graduate program was a starting point for Treasury and other senior APS leaders. Reintroducing this capability will be important to enhance understanding by central agencies and vice versa. The recently introduced Australian Statistician’s Fellowship Program, aiming to attract very high-calibre recruits early in their careers, could be an important first step.
### Develop people

<table>
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<th>Guidance Questions</th>
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<tbody>
<tr>
<td>1. Are there people with the right skills and leadership across the organisation to deliver your vision and strategy? Does the organisation demonstrate commitment to diversity and equality?</td>
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<tr>
<td>2. Is individuals’ performance managed transparently and consistently, rewarding good performance and tackling poor performance? Are individuals’ performance objectives aligned with the strategic priorities of the organisation?</td>
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<tr>
<td>3. Does the organisation identify and nurture leadership and management talent in individuals and teams to get the best from everyone? How do you plan effectively for succession in key positions?</td>
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<tr>
<td>4. How do you plan to fill key capability gaps in the organisation and in the delivery system?</td>
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#### Rating

- **Well placed**

The ABS invests in developing the statistical capability of its staff through recruitment, training programs, its development and performance management system, and an active program of seminars and scholarly papers. It shares this capability with providers and users of data, through outplaced officers in other agencies, open training programs, international meetings, postings and communities of practice. Staff develop deep expertise through mobility across work areas, which contributes to collegiality and information sharing. Knowledge management practices are sound. The graduate program is the main recruiting mechanism for future statistical capability. The SoSR shows that 71% of ABS staff have a Bachelor degree or higher, compared with 52% of the total APS. The ABS has decided to reduce its graduate intake to maintain staffing within budget constraints, as the trend to lower attrition rates in recent years has included enhanced retention of graduates, but the ABS pattern of higher separations in early years of employment has continued.

#### Limited diversity

The ABS has a relatively homogenous workforce, with a predominance of home-grown staff at manager levels. The proportion of women at APS6 and above in the ABS, and particularly in senior levels, is well below APS averages, and a downward trend has been recognised by the agency. The gender balance diminishes at senior levels. At 30 June 2013, the representation of women at senior executive level within the ABS was 27.7%, while across the APS the average was 39.1%. Inclusion of women in decision-making fora, including the ELG, is needed to ensure diverse views are incorporated when key organisational strategies are being formulated.

A project to investigate reasons for women not applying for promotion to the SES has recently been instigated. Given the amount of public research on this and related gender-equality topics, the ABS would be better placed to act rather than to overanalyse such a narrow aspect.

The ABS could also take action to increase the proportion of Indigenous staff, which is well below the APS average, leveraging the opportunities provided by its strong presence in state
and territory capital cities, and the agency’s commitment to improving enumeration of Aboriginal and Torres Strait Islander populations to inform policy making. The ABS reports that although it is able to attract Indigenous staff, retention is difficult. While acknowledging that their contribution, even for short periods, in the work of the ABS is of mutual value, the current low level of Indigenous participation is a concern.

Alignment of human resource strategies

Over the past three years the ABS has been overhauling its HR policies and practices so they are now closely aligned with and support business strategy, including its change program. Documents such as the annual People Plan and the ABS 2017 Program People Transition Principles are examples of good practice that might well be referenced by other agencies.

The revamping of HR practices has been aided by the agency’s geographically dispersed operating model that enables the ABS to attract and retain skilled professionals to the team from the larger talent pools in the major capital cities.

The ABS has made commendable efforts towards comprehensive workforce planning. Data analysis is thorough on selected priority issues, but there are some gaps and reporting is scattered through a range of documents. People planning for new business systems and processes has begun, with generic and specific skills’ needs identified and initial planning to fill anticipated gaps underway. For example, project management skills have been significantly boosted and are continuing to be developed, and sourcing of further IT skills to develop new infrastructure is underway.

A People Capability Framework was piloted over the past two years to provide internal supply data supporting talent management. The framework includes Integrated Leadership System capabilities and ABS-specific requirements. All staff at EL2 level and above are being assessed against the framework in 2013–14 to enable the agency to plan learning needs and develop indicators of bench strength. Care needs to be taken to reduce subjectivity in applying the framework, to avoid unintended bias.

Reporting against progress on implementation of revised strategies is regular and well-targeted, but still at an early stage. Evidence of impact is not yet available. Although the ELG receives detailed and extensive reporting on HR indicators, this could be augmented by a more granular analysis of demographic attributes at key points of the staff life cycle.

The ABS Business Centre is another example of good practice, providing the agency with a pool of staff from work programs that have been reduced, to undertake priority work supporting current programs. At the same time, placement in the Business Centre provides staff with information, professional career counselling, advice and training to ensure their ongoing value and facilitate their redeployment inside or outside the ABS. The Business Centre operates across several locations and permanent redeployments are actively pursued. It is expected that calls on the services of the Business Centre will continue to deepen as the ABS is impacted by downsizing of the APS more broadly, and the agency accepts that the scale of staff affected by budget constraints and the transformation process over the next few years may be greater than can be accommodated through this approach.
Performance management

The ABS performance management system focuses on development rather than measurement and differentiation of achievement or output. Development and Performance Agreements are used to direct staff effort towards organisational outputs and delivery to clients, and to ensure support is available to develop skills and abilities. Participation rates are high: 98% of staff have active agreements in place.

A balanced approach to development, emphasising on-the-job learning, appears to meet staff needs, as indicated by a 70% positive SoSR response, nine points above the APS average. Training courses and formal mentoring are a smaller component of the ABS development system. A wide range of formal, informal and e-learning opportunities is available through the agency’s online learning management system. Leadership, people management and technical skills development are all supported by carefully designed programs, and the more intensive interventions are thoroughly evaluated. Professional development is also supported by participation in seminars, study programs, international conferences and encouragement for internal mobility.

Underperformance is less effectively managed. The ABS has similar underperformance challenges to other APS agencies, and ABS survey responses on managing underperformance are consistent with the broader public service. A relationship-based agency such as the ABS finds this difficult to confront. There is a cultural even-handedness that makes criticism difficult, and a reluctance to undertake judgemental conversations. Recognising that a resource-constrained environment, and one supporting major change, requires staff to be operating at optimum level, the ABS has recently revised its practices and is training all managers in the use of the new system. It will be necessary to tackle cultural reluctance for new approaches to be effective. The half-day formal introduction to the new approach is a commendable start, but it is unlikely to be sufficient.

Key-person risk

While ABS approaches to managing and developing staff reflect a culture of respect and positive encouragement, and people planning is well advanced, there is a significant key-person risk in the current model that will only be addressed when the agency’s business transformation is fully implemented. The multiplicity of fragile and disconnected business systems used to deliver outputs is supported by key individuals whose knowledge and skills are crucial to bandaid weaknesses and fix breakdowns that increasingly occur at critical points in the statistical cycle. This limits mobility as deep knowledge is required to maintain capacity in specific subject areas. This risk is identified as part of the agency’s infrastructure risk (Enterprise Risk 5) but no specific strategies are in place to address it, other than through the large scale, funding-dependent, redesign and replacement of infrastructure.
4.2 Strategy summary

**Outcome-focused strategy**

- The ABS has inadequate connection to government and central agencies. It needs to find a better congruence between the way it interprets its independence and its relationship to the centre of government.
- The agency presents a clear strategy in its four-year forward work plan. This work plan sets clear objectives and deliverables and is well understood by staff at all levels.
- The ABS is now more effective in using the expertise of the ASAC than it has been previously. Members report a recent increase in strategic focus. The agency could better harness the collective influence of this group in strategic dialogue and priority setting.

**Evidence-based choices**

- The ABS is well recognised nationally and internationally as a major leader in the international statistical community.
- The agency has less influence on or involvement in emerging trends nationally and requires greater outward focus to remain relevant in Australia.
- With its analytical culture, the ABS is well versed in and comfortable with analysing evidence to inform internal decision making.
- The agency has limited stakeholder involvement in developing policy and strategy.

**Collaborate and build common purpose**

- The ABS has mature relationships with the states and territories nurtured through a jurisdictional presence, open dialogue and appropriate governance arrangements.
- Positive steps have recently been taken to build relationships at Commonwealth Government level, largely through the NSS. Despite this, these relationships require further cultivation and greater investment.
- Stakeholders reported that their relationships with the ABS can be quite ABS-centric. The agency needs to change the conversation with stakeholders, particularly Commonwealth Government agencies, to ones which are more open and collaborative – a two-way dialogue is needed.
- The ABS needs to be more focused in selling its value proposition to gain a few quick wins.
### Outcome-focused strategy

<table>
<thead>
<tr>
<th>Guidance Questions</th>
<th>1. Does the organisation have a clear, coherent and achievable strategy with a single, overarching set of challenging outcomes, aims, objectives and measures of success?</th>
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<tbody>
<tr>
<td></td>
<td>2. Is the strategy clear about what success looks like and focused on improving the overall quality of life for customers and benefiting the nation?</td>
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<td>3. Is the strategy kept up to date, seizing opportunities when circumstances change?</td>
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<td>4. Does the organisation work with political leadership to develop strategy and ensure appropriate trade-offs between priority outcomes?</td>
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### Clear and achievable strategy

The ABS defines the agency’s strategy clearly and effectively through a series of cascading plans, all of which adopt a whole-of-agency approach. There is a visible link between the ABS Corporate Plan, the ABS Forward Work Plan, business planning at a divisional level and individual Development and Performance Agreements.

The agency sets out a clear and achievable strategy in the ABS Forward Work Program, providing a four-year statistical program for each subject matter area. The Forward Work Plan is a comprehensive document highlighting key objectives, outputs (publications, products and/or services), medium-term developments and resourcing information for each statistical program. The agency’s goals and strategies are reviewed annually, providing the opportunity to revise the forward work plan and to seize emerging opportunities as they arise. The review found the level of clarity, consistency and understanding of the agency strategy held by staff across all levels to be impressive.

The direction for the ABS 2017 transformation is set. Planning and preparing for the transformation is well underway and the agency’s capability in developing and executing the strategy will be an asset moving the agency through the transformation. The review team found the agency to be prepared for change.

The Secretariat for all governance committees is centrally located in the Office of the Statistician to ensure consistency in practice and, importantly, provide a central repository for matters discussed across the governance committees. This operating model places the ABS in a position to best make connections between key priorities and strategies at a whole-of-agency level. Organisational governance structures have recently been enhanced to ensure investment and strategy focus on the highest agency priorities.
**Political acumen**

The independence of the Australian Statistician is a prerequisite to the respect and trust the ABS holds. However, the agency’s strict and conservative interpretation of its independence has contributed to a degree of organisational isolation. Over time, this isolation and the management of the agency’s independence have had an impact on the ABS capability to engage in the political interface with government. The review team found that the ABS lacks the required levels of political acumen and needs to improve its capability to develop and present politically persuasive arguments.

Although the ABS is granted a degree of independence through legislation, it depends on government for its funding. The review team found that the ABS as an agency has not been forthcoming with central agencies, resulting in an inadequate connection to the centre of the Commonwealth Government. Central agencies have for a long time not been viewed as allies, and are not included in strategy development, making it hard for these agencies to advocate on behalf of the ABS. There was a common view that the ABS needs to review its positioning within Government. To improve its political connectedness, the ABS will need to focus on developing stronger stakeholder management skills, including improving political awareness, to increase its influence and credibility in the broader political arena.

**Using external expertise to inform strategy**

The ASAC is the main advisory group for the ABS. The council’s membership composition reflects the variety of ABS clientele and users of its datasets, including representation from state and territory governments, industry, the economic sector and the community sector.

The ABS has support and buy-in from ASAC members. The recent positive shift in dialogue has seen the council operating with greater strategic focus and providing the ABS with a strong foundation to further harness available expertise. The ASAC is well placed to provide the ABS with advice on organisational positioning and how it could approach problems differently to maximise available opportunities.

The review team found greater scope for the ASAC, State Statistical Forum and other key stakeholders, including the Commonwealth Government, to be more actively involved in providing advice on strategy, including on the de-prioritisation of the ABS work program that will be required in an ongoing resource-constrained environment.
Evidence-based choices

Guidance Questions

1. Are policies and programs customer focused and developed with customer involvement and insight from the earliest stages? Does the organisation understand and respond to customers' needs and opinions?

2. Does the organisation ensure that vision and strategy are informed by sound use of timely evidence and analysis?

3. Does the organisation identify future trends, plan for them and choose among the range of options available?

4. Does the organisation evaluate and measure outcomes and ensure that lessons learned are fed back through the strategy process?

Rating: Well placed

Use of evidence to underpin decision making

Evidence-based decision making is core to the operation of the ABS, which effectively draws on the benefits of a staffing cohort rich with highly skilled analytical staff. When making decisions, ABS staff look logically for information and comprehensively apply analysis to ensure they are confident that the option chosen is the most appropriate for the desired outcome.

A highly analytical culture coupled with risk aversion can, however, result in situations where staff are hesitant to make a decision until they know all of the facts. This can have great benefits and result in high-quality decision making, but it can occasionally cause paralysis and result in no decision or missed opportunity.

The ABS would benefit from creating a better balanced discipline around decision making to ensure the evidence gathered and depth of analysis undertaken is appropriate for the decision at hand. Furthermore, greater acceptance of where accountability for decision making lies, and ensuring tasked areas have the ability to make decisions on behalf of the agency, could improve the pace and agility of change implementation.

Strong international presence

The review team found that the ABS is a highly regarded statistical agency internationally. This is recognised by international and national stakeholders.

The ABS has strategically positioned itself internationally, operating at the forefront of all recent statistical developments, such as the environmental and geospatial framework. The agency plays a leadership role in advancing international statistical quality, providing expertise gained from its in-country experience. In addition, it is a key contributor to the development of international standards for emerging statistical trends. Australia's international leadership and involvement on emerging issues sees Australia compliant with international standards early on, rather than a position of applying standards post-development.

The ABS is recognised for its contributions to the broader international statistical community. Agency staff actively work with less developed international statistical agencies...
to lift statistical capability, particularly in the Asia-Pacific region. This work is funded through Australia’s official overseas aid program. International agencies have reported that the ABS is viewed as a good global citizen, confirming that its corporate collaboration at the international level is producing good outcomes for developing and developed systems.

Fiscal pressure is a commonly present phenomenon for many national statistical organisations and sharing solutions can bring collective benefit across the international statistical community. The ABS has been open in sharing the concept of the ABS 2017 transformation internationally. While one model will not fit every country, Australia’s leadership in this space has sparked conversation and the sharing of resources in solving challenges among close peers at the international level.

National presence

The ABS is in a less favourable position in taking a lead on rapidly evolving trends nationally, with the Commonwealth Government recently directing leadership to other agencies for emerging key data initiatives. For example, leadership of the cross-government working group on big data was directed to the Australian Taxation Office.

The ABS needs to better articulate its value and improve its flexibility in meeting the needs of other agencies to gain the buy-in needed to progress emerging national information requirements. Failure to collaborate effectively risks not achieving solutions to meet the nation’s future statistical needs. There is also a current risk that other agencies will find ways to meet their own emerging needs without ABS involvement and/or influence or consideration of the need for cohesion in the broader system.

Customer focus

The ABS uses many mechanisms to ensure its forward work program and outputs reflect customer needs. Extensive annual environmental scanning and intelligence gathered through user groups provides an evidence base to inform the program. This annual practice demonstrates how the agency aims to understand and respond to customers needs. At a technical level this appears to be working well.

A number of stakeholders reflected that the ABS does not do enough to draw on the wealth of experience, skills and abilities of its key advisory bodies. They would welcome consultation earlier in the policy development process and, where time allows, would like to be able to influence and workshop solutions using their expertise and knowledge.

The review found that many stakeholders experience frustration at their inability to gain access to microdata, to enable further statistical analysis. Access is denied appropriately to ensure confidentiality, but the potential value of further analysis is sometimes lost. The ABS has been seeking ways to protect confidentiality while still enabling the access stakeholders require. Until this dilemma is resolved, customer frustration will continue, and opportunities will be missed.
Collaborate and build common purpose

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

Development area

Quality and credibility

Stakeholders echoed strong trust in the ABS as a credible and valuable national statistical agency. It is important to preface this section noting that issues raised by stakeholders were predominantly related to the relationship with the agency, not its products. Generally, commentary was prefaced with a deep appreciation for the quality of products produced by the ABS and the community’s enduring trust in the agency as a highly reputable institution.

Coordination of the broader system

The Australian Bureau of Statistics Act 1975 provides that a key role for the ABS is to ensure coordination of official statistics in the broader system, including avoidance of duplication, attainment of comparability, data integration, and maximisation of data usage.

Since 2004, the ABS has focused its strategy in relation to the broader system on the NSS which it describes as the community of government agencies working together to build a rich statistical picture to better inform Australia. The strategy acknowledges that the statistical system incorporates a wide range of players across all levels of government in Australia, and recognises the rich potential of administrative data held across government agencies.

Progress in gaining traction for the NSS has been slow, although more recent activity has been encouraging. In addition to a greater strategic focus for the ASAC and State Statistical Forum, the ABS consulted with NSS partners to develop the Essential Statistical Assets for Australia identifying the 74 government-held datasets critical to Australian decision makers. In principal, big data available from private sources could also be made available in more usable formats through the NSS structure.

The appetite for cohesion within the broader system has been reenergised through a project known as ‘Crisp Revisited’, however, the ABS recognises that historically little progress has been made. Similarly, stakeholders report frustration around this lack of progress. The problems the NSS faces today are not dissimilar to those outlined in the original review undertaken some 30 years ago by Professor Crisp.
The review highlighted the unfulfilled potential of the ABS’s coordination role. Further progression of NSS outcomes depends on a more outwardly focused ABS, acknowledging that legislative constraints, political sensitivities, constrained resources and differing priorities are all barriers within the current system.

**Changing the conversation**

Since 2007, the ABS has deliberately focused senior executive attention externally, and has made some progress through this approach. For example, there has been a substantial pick-up in the level of user-funded work for relevant agencies, and new policy proposal funding for new or improved statistical outputs. However, the review team found an evident difference in view, internally and externally, of the efficacy of some broader stakeholder relationships.

Relationships with the ABS have traditionally been largely of a user or provider nature, established primarily on ABS terms. This historic relationship model may have been sufficient in the past, but it now places the agency on the back foot when it comes to moving forward. The ABS requires stronger collaboration to realise the full benefits of drawing together the rich statistics available nationwide to create a greater evidence base for Australia.

Stakeholders reported that conversations with the agency can be largely ABS focused, with strong emphasis placed on ABS requirements. Furthermore, comments were made that the agency does not make sufficient attempts to listen or understand the needs of the client. The ABS needs to better balance stakeholder engagement to ensure it is open to listening, as well as communicating its own position.

The ABS is often viewed as inflexible, largely due to perceived and/or attributed legislative and/or internal policy constraints. When queried by stakeholders, the agency has a reputation for adopting a ‘stand and defend’ mentality and could benefit from better communicating the issues with stakeholders to achieve a common understanding. When issues arise, the agency could be more open to exploring additional options or alternative ways forward through collaboration with stakeholders. The ABS could also work harder to ensure its stakeholders better understand the practical constraints the agency faces.

Responding to this preference for increased collaboration will require a high level of sophistication in external relationship management and a variety of leadership styles/approaches. Stakeholder management will need to be a core capability that sits alongside the ABS technical specialist capabilities.

**Establishing a stronger Commonwealth Government presence**

The ABS continues to attempt to strengthen collaboration with the Commonwealth Government. There are a handful of recent successes, such as the creation of the Essential Statistical Assets for Australia and the development of the Australian Health Survey. However, despite these recent examples of collaboration, the review found that the agency’s organisational positioning in the broader fraternity of agencies was not strong.

ABS relationships at the Commonwealth Government level were reported on less positively than those at state and territory level. This may reflect the different expectations the two levels of government bring to the table. The ABS is part of the APS and therefore federal...
agencies expect a certain level of interaction with the ABS. They are keen to be treated as partners and for the ABS to work with them in solving whole-of-government issues.

The ABS is seen as highly risk averse and inflexible rather than as a cooperative Commonwealth Government partner. Stakeholders express the view that the ABS has a rigid interpretation of the legislation with an over emphasis on data security that works against the broader outcomes sought by policy agencies. There is also tension around data integration, with agencies reporting that the confidentiality standards and requirements of the ABS are unrealistic and unachievable, making collaboration unworkable. Furthermore, in recent years, the ABS has tightened internal policies, such as its embargo policy, to a position that Commonwealth Government agencies feel is unreasonable. Stakeholders feel there is very limited opportunity provided to meet their Ministers’ requirements. As a result, some agencies are considering sourcing services from alternative avenues where possible.

There is also some level of dissatisfaction around ABS willingness to understand the needs of the Commonwealth Government as a client. Stakeholders report the provision of feedback to government appears to go into an ‘ABS vacuum’. There is an evident risk that the agency will miss the opportunity to influence emerging trends should Commonwealth Government agencies progress issues to the exclusion of the ABS.

It is clear that greater investment in relationship building across the Commonwealth Government is needed, and could benefit from further investment along the lines of the state and territory model, including greater leverage of the Australian Government Statistical Forum, and a similar type of capability/flexibility afforded by the State and Territory Statistical Services arrangement. The use of out-posted ABS officers is producing mutual benefits for the ABS and stakeholders, and a significant opportunity exists to leverage these through a more strategic approach.

Relationships, particularly with Commonwealth agencies are an important element for the agency’s positioning into the future. Expedition of achievements under the NSS could be accomplished by collaborating with small coalitions of willing stakeholders to achieve positive outcomes for a few targeted and key policy-relevant priorities. Better establishing itself as a partner in a community of Commonwealth Government agencies will improve the positioning of the ABS and garner a support base from critical Commonwealth Government agencies.

**Strong strategic relationships with state and territory jurisdictions**

The review found the ABS has well developed relationships with the states and territories, achieved in part through the longevity of relationships and the basis for their initial establishment, but largely due to the resources and time spent nurturing them at a whole-of-government level. The ABS has a strong state and territory presence reinforced through a decentralised management model, and strong formal structures such as the State Statistical Forum. By working in partnership, the ABS and jurisdictions are establishing strong relationships, via open dialogue with a strategic focus.

In most jurisdictions, the ABS has some level of buy-in at a strategic level, working closely with state and territory Premier and Cabinet and Treasury departments. State and territory managers are highly regarded and are actively connected to key senior executives across the jurisdictional government agencies. There is open dialogue between the state and territory
Governments and the ABS network, particularly in relation to emerging priorities unique to each jurisdiction. There is also a growing appetite for cross-jurisdictional collaboration. Stakeholders have reported that the ABS shares a common ownership of specific jurisdictional challenges and through collaboration has achieved positive results, particularly for the smaller states and territories.

Key stakeholders have confirmed that the ABS is active in working with them to find solutions that work for all. An example of this is the recent work in the Northern Territory on improving the quality of Indigenous statistics through the Census. The ABS worked closely with the Northern Territory Government, providing it with a reported unprecedented access to the process, to best engage areas of the Territory’s remote Indigenous communities. In this case, through strong collaboration, the ABS and Northern Territory Government partnership contributed to achieving a high quality and valuable local and national product.
4.3 Delivery summary

Innovative delivery

• The ABS has a history of innovation in statistical practice and has recently put a formal internal framework in place which recognises the importance of innovation as a way to improve efficiency and organisational sustainability.

• The agency has a highly educated workforce who are enthusiastic about innovation, continuous improvement and problem solving, and who are keen to be involved in defining and understanding the post-transformation ABS.

• Many stakeholders would like more modern and accessible presentation of data from the ABS.

Plan, resource and prioritise

• The review team found clear evidence of good planning processes, which were well supported by governance structures and focus on meeting strategic priorities for the agency.

• Prioritisation of the work program is a real challenge for the agency which has a very broad and segmented user base and range of outputs.

• Major transformation is internally regarded as the only way to significantly reduce the cost of doing business and ensure agency sustainability.

• There is scope for further alignment of financial planning and strategic management, and for Chief Financial Officer involvement in agency decision making and strategy development.

• The agency’s balance sheet is weak.

Shared commitment and sound delivery models

• The ABS has a strong record of delivery, but is finding it increasingly difficult to deliver its work program, due to increasingly stretched resources and ageing infrastructure which is failing and at risk of further failure.

• The agency’s delivery of change is regarded as slow internally and externally, and ABS leadership is aware of the increasingly critical need for a more flexible and agile delivery model.

• The delivery of the list of Essential Statistical Assets for Australia is seen by many stakeholders as an important milestone. The ABS role in coordinating official statistics should be leveraged further to reduce fragmentation and duplication of statistics in Australia.

• The decentralised management model is working effectively across all sites.

Manage performance

• Comprehensive organisational monitoring and tight management of risk are in place to maintain ABS’s strong record of delivery and high quality.

• The ABS would benefit from more externally focused performance measures (by way of a stakeholder survey, for example) and more emphasis on measurement of outcomes consistent with its mission.
Innovative delivery

<table>
<thead>
<tr>
<th>Guidance Questions</th>
<th>Rating</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Does the organisation have the structures, people capacity and enabling systems required to support appropriate innovation and manage it effectively?</td>
<td>Strong</td>
</tr>
<tr>
<td>2. Does the leadership empower and incentivise the organisation and its partners to innovate and learn from each other, and the front line, to improve delivery?</td>
<td></td>
</tr>
<tr>
<td>3. Is innovation explicitly linked to core business, underpinned by a coherent innovation strategy and an effective approach towards risk management?</td>
<td></td>
</tr>
<tr>
<td>4. Does the organisation evaluate the success and added value of innovation, using the results to make resource prioritisation decisions and inform future innovation?</td>
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</table>

The ABS has a history of innovation in statistical practice, and more recently has put a formal internal framework in place that recognises the importance of innovation in achieving long-term organisational sustainability through a more capable and productive agency. Indeed, the efficiencies gained through innovations to statistical processing provided the savings needed to expand and maintain the breadth of the ABS statistical work programs over many decades.

Innovative statistical practice

Both locally and internationally, the ABS is known for the high quality of its statistical outputs, and for being developers and early adopters of new statistical practice and supporting technologies. Recent examples include: the introduction of web-based forms for collection; the development of TableBuilder (a data tabulation service which confidentialises aggregate data at the point of delivery); the creation of a Statistical Census Longitudinal Dataset; and the ABS leadership in the development and adoption of the new international standard for a System of Economic and Environmental Accounting. Internationally, the ABS is one of the leading national statistical agencies considering how new types of big data produced in the private sector could be leveraged to produce official statistics.

Continuous improvement and problem solving are very much within the lexicon of the ABS’s generally highly educated workforce, which is aware of the agency’s international stature and is keen to play a part in maintaining the high ranking of the ABS among its peers. This enthusiasm extends to the challenges of transformation of business processes underway.

Fostering innovation

In the past few years the ABS has placed more formal emphasis on innovation as a way of improving efficiency and organisational sustainability. Fostering the agency’s ability to innovate is an explicit strategy in the ABS Corporate Plan, and a key deliverable of the ABS People Plan.
To support this, a formal framework was recently put in place to provide a simple and sustainable approach to innovation across all levels of the agency, and to recognise the importance of top down and bottom-up approaches to innovation. Having been launched in March 2013, it is too early to say how well the framework is realising benefits or encouraging the sharing of local level innovation across other parts of the agency. However, there have been some impressive attempts and examples of optimising staff effort in innovation—with future processes and efficiencies—through a range of divisional and organisational challenges.

Many staff are involved in constant problem solving (perceived as informal innovation) to nurse data through ageing systems to deliver the statistical work program. The ABS 2017 transformation will reengineer business processes, to allow for new types of source data and production processes. The transformation offers considerable scope for innovation. Staff are keen to be involved in helping define and understanding the post ABS 2017 world, but a challenge for the agency will be finding ways for staff to contribute.

Opening up to new ideas
The ABS is willing to borrow statistical solutions and strategies from its peers internationally, and it keeps abreast of corporate best practice. However, it is sometimes seen as less open to new ways of thinking or operating in relation to information management in the broader system. The review team believes that greater openness and engagement with partners across government could lead to more innovative solutions to meet the information needs of policy makers.

More contemporary communication of information
Many stakeholders noted improvements in the accessibility and presentation of ABS outputs, and many (mainly economic users) noted their preference for ABS delivery of data without analytical interpretation or comment. However, there was also considerable appetite among a range of data users for more contemporary and accessible presentation of data (for example in the form of video and other data visualisations).

Such enhancements, as well as improvements to the accessibility and presentation of the ABS website, are likely to improve the effectiveness of the use of ABS data and also the range of users accessing it.

The ABS has already demonstrated its ability to effectively use new channels to communicate with its data respondents and users. Its promotion of the 2011 Census through social media channels was extremely successful: the 2011 Census Twitter account was the most followed government account in the country during operations and has more than 17,000 followers (at the time of this review).
Plan, resource and prioritise

<table>
<thead>
<tr>
<th>Guidance Questions</th>
<th>1</th>
<th>Do business planning processes effectively prioritise and sequence deliverables to focus on delivery of strategic outcomes? Are tough decisions made on trade-offs between priority outcomes when appropriate?</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2</td>
<td>Are delivery plans robust, consistent and aligned with the strategy? Taken together will they effectively deliver all of the strategic outcomes?</td>
</tr>
<tr>
<td></td>
<td>3</td>
<td>Is effective control of the organisation’s resources maintained? Do delivery plans include key drivers of cost, with financial implications clearly considered and suitable levels of financial flexibility within the organisation?</td>
</tr>
<tr>
<td></td>
<td>4</td>
<td>Are delivery plans and programs effectively managed and regularly reviewed?</td>
</tr>
</tbody>
</table>

**Rating**

<table>
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<tr>
<th>Development area</th>
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**Business planning and strategic management**

The review team found clear evidence of planning processes which were well supported by governance structures. A four year, horizon-integrated planning and budgeting model was introduced in the ABS five years ago, and since that time planning, prioritisation and investment have increasingly occurred at the organisational level to meet strategic priorities. Of note is the introduction of a Strategic Finance and Investment Committee which ensures the agency’s limited capital budget is invested in areas of the highest organisation priority (as compared to investment within silos, as in the past).

A modern approach to management is starting to redress the impact of the agency’s long-term historical practice of taking on new work without extra funding, and reinvesting savings in new work programs, which have led to the current state of over commitment and thinly stretched resources. It has taken a considerable shift in management culture to apply greater rigour and discipline in managing the business. A key enabler to this has been the policies and expectations placed on ABS managers in the form of management principles, including one that requires no new work be taken on without commensurate new funding (or reprioritisation at agency level). The ABS regularly conducts productivity projects across the agency to identify opportunities for savings, however internal stakeholders now believe such exercises have largely exhausted the opportunities available, and externally-funded major transformation is now seen as the only way to significantly reduce the cost of doing business.

**Prioritising the Statistical Work Program**

Prioritisation of the work program is a real challenge for the agency, which has an extremely broad user base and a very wide range of outputs, each of which has a dependent user community. Ongoing reshaping of the ABS Forward Work Program through user consultation processes ensures that ABS statistical output remains relevant, however while many stakeholders agreed the ABS produced ‘a good set of products’, nearly all indicated they would welcome greater emphasis on their area of interest. Cutting the statistical work
program in any one area invariably produces vocal dissent among that set of stakeholders. On occasion this has resulted in the reinstatement of statistical work, often made possible by the injection of external funding. While the ABS has undertaken cuts to its work program in recent years, given the current financial climate for government and the need to reinvest in infrastructure transformation, larger cuts will be needed and the ABS will need to gain as much support across the system as possible in applying these. As noted in the discussion under Strategy, the enhanced use of strategic partners such as central agencies, the ASAC and the State Statistical Forum, will be needed. A revisiting of the Essential Assets for Australia exercise, this time from a deprioritisation perspective, offers a good starting platform for such an exercise, allowing for a more meaningful demand-driven dialogue, and would allow for consideration of investment in NSS outcomes. The size and scope of such a deprioritisation exercise would depend on obtaining additional funding for investment in critical statistical infrastructure.

Financial management

Despite significant improvement in integrated financial and strategic management in recent years, the review team believes there is greater scope for aligning these functions, and that this would serve the ABS well. The ABS balance sheet is weak. The agency has insufficient capital to continue to replace assets and limited cash reserves to offset deficits should they arise. Current liabilities exceed current assets, and capital reserves are close to exhausted. Depreciation is only partly funded under current government arrangements. Tight financial management and leadership will continue to be needed over the next few years and the lack of Chief Financial Officer involvement in decision making and strategy development at the highest level is of concern in these circumstances. The review team notes the relatively recent creation of a Chief Operating Officer at the Deputy level who is responsible for the Financial Management Branch and is a member of the ELG. The review team also notes that the Chief Operating Officer does not require professional financial qualifications, nor has the functional accountability for sign off of on the financial statements. Currently, the ABS Chief Financial Officer position is designated as an SES Band 1 and does not appear to have the level of influence on ELG decision making commensurate with this level in other agencies, or with the critical importance of the role in budget management.

Preparing for transformation

ABS leadership and staff are conscious that the proposed ABS 2017 transformation is ’bigger than anything we have ever done before’, and a significant investment in preparation and planning is being made to ensure the success of this change program. The agency has restructured with a group headed by a Deputy focused on the ABS 2017 transformation project. This enables momentum to be maintained, and not slowed by competing ’business as usual’ priorities. Capital investment is almost entirely directed to transformation-related projects. Detailed preparation of enterprise architecture, communications planning, people planning and project management is in place or underway.

A recent Gateway assessment and P3M3 review were relatively positive but indicated a range of requirements to improve the agency’s capability for the development and delivery of the ABS 2017 transformation project. The infrastructure redevelopment business case— known as the Critical Statistical Investment Infrastructure Program—is being prepared and while
a Gate 1 assessment indicated confidence in the ABS’s ability to deliver the change program, it also noted issues yet to be addressed in the business case and the need to prepare for Gate 2 in May 2014. The recent P3M3 review indicated that the ABS has improved its project management methodology but is still some distance from having a mature capability. Ongoing enhancement to project management capability is being undertaken by the ABS Program Management Office.

ABS management is confident about the agency’s ability to move into implementation should an injection of funds be obtained. Many noted the agency’s unblemished track record in the delivery of population Census as an example of the ABS ability to deliver a large multi-year planning, resourcing and prioritising exercise on time, to a given quality and within budget (most recently, the 2011 Census Program was co-recipient of the gold medal in the 2013 Prime Minister’s Award for Excellence in Public Sector Management). That said, the funding for the transformation program is unclear, and confidence is considerably lower about the agency’s ability to deliver the transformation within the existing funding envelope, and to make the necessary, tough, priority decisions. Some interviewees (internal and external) also expressed some concern around the level of cultural change required, citing the agency’s egalitarian and highly consultative culture as a potential risk to its ability to implement the ABS 2017 transformation at the optimum pace.
Shared commitment and sound delivery models

Guidance Questions

1. Does the organisation have clear and well understood delivery models which will deliver the agency’s strategic outcomes across boundaries?

2. Does the organisation identify and agree roles, responsibilities and accountabilities for delivery within those models including with third parties? Are they well understood and supported by appropriate rewards, incentives and governance arrangements?

3. Does the organisation engage, align and enthuse partners in other agencies and across the delivery model to work together to deliver? Is there shared commitment among them to remove obstacles to effective joint working?

4. Does the organisation ensure the effectiveness of delivery agents?

Rating

Development area

A strong record of delivery currently under strain

There is universal respect and praise for the ABS for its proven performance in delivering high-quality statistical outputs, for its statistical leadership and contribution internationally, and for ensuring the confidentiality of data providers. A 2010 Organisation for Economic Co-operation and Development study on community trust in statistics showed that the ABS enjoys the highest level of trust by its stakeholders of all 28 countries which participated. The review team notes the consistently strong respect among stakeholders for the quality of ABS products and the knowledge and expertise of its staff, and their dependence on the reliability and (in many circumstances) the quality of what they agree are gold standard statistical outputs. Stakeholders would not want this to change. For several, no alternative sources or competitors could provide information that came close to performing as well or as reliably as ABS data.

At the same time it strives to deliver the ABS 2017 transformation, however, the agency is finding it increasingly difficult internally to deliver its statistical work program, due to increasingly stretched resources and ageing infrastructure. Some of the software used to store and manage statistical information is close to failing and with a significant proportion of capital expenditure being used to develop the new systems and processes, mitigating this risk requires significant human intervention. This is inefficient and increases the risk of error. While ABS management is aware of these risks, and is investing in remediation in areas where risk levels are becoming unacceptable, it is to the credit of ABS staff and their commitment to the ABS that the agency’s reliability and excellence in delivery continues. The review team finds it commendable that the end users of ABS data are largely unaware of the difficult position the agency is in.

ABS leadership is aware of the need for a more flexible and agile delivery model, and to provide better access to microdata and to linked administrative datasets. That said, many stakeholders do not believe the ABS has a shared understanding and ability to buy in and influence and collaborate around a win-win environment. These stakeholders feel the agency’s
intransigent approach, methodologies, standards and view of what can or cannot be shared is leading to a diminished product.

Internally and externally, the ABS delivery of change is regarded as slow and this can have an impact on users. A number of examples were cited where the ability to make informed decisions was impeded, or risked being impeded, by the agency’s slow delivery of data or access solutions or by inflexible ABS policy. In particular, the review team notes that stakeholders are becoming increasingly frustrated by inadequate access to microdata. While the ABS is working on solutions to meet this need, the delivery of products such as the Survey Table Builder and Survey Analyser are not likely to be readily available across a broad range of datasets for some time. The reviewers believe that the need to accelerate delivery of such products and other solutions is becoming critical. In addition, policies around embargo access are seen by stakeholders as inhibiting their ability to understand and promote data releases and to better brief ministers.

Notwithstanding the need to retain community trust and the independence of the ABS, a review, with the input of stakeholders, of access policies and delivery methods may find ways to better meet user needs. In some instances, more responsive fit-for-purpose solutions may better inform decisions.

**Improved coordination of official statistics**

Effective coordination of the broader statistical system (the NSS) and the unlocking of the latent value of administrative datasets is an important part of the agency’s legislated role. The delivery of the list of Essential Statistical Assets for Australia is seen by many stakeholders as an important milestone in the journey towards a more cohesive statistical system.

At the same time, there is still considerable frustration with progress being made to harmonise administrative data, and reduce fragmentation and duplication of statistics in Australia, despite several meetings over the past few years. Legislative limitations around privacy and a lack of political support across jurisdictions are significant factors here. As noted in the discussion on Strategy, a more collaborative and enabling approach, and a targeted set of policy-relevant deliverables, could assist the ABS in gaining traction. Stakeholders also believe that more progress could be made to ensure the widest possible use and application, if not all outputs were required to meet the ABS gold standards. Instead, outputs could be developed quickly to be fit-for-purpose for more targeted uses (and more in keeping with the pace of demand), and then further developed and enhanced incrementally. A bias to action (and outcomes) is needed.

**From statistics to information: statistical storytelling**

The historical delivery model of statistics was at the data end of the spectrum. It has now moved towards the information end. Internal and external interviewees see much potential to move further towards the information end, providing a richer statistical story. There is an almost universal desire to see the ABS website improved with richer content. A number of external stakeholders suggest there are opportunities for the agency to partner with others to improve the understanding of statistical information (for example, economic journalists). This would improve the utility and value of statistical outputs, and minimise misinterpretation of statistics.
A strong state and territory presence

The ABS has a legislated role to provide statistical services to the states and territories. These stakeholders are particularly appreciative of the presence and contribution of the ABS to their jurisdictions through the State and Territory Statistical Services Program. ABS regional offices also take on responsibility for aspects of the national work program. In the past few years, the agency has reaffirmed its commitment to an eight-site model as part of an exercise to ensure agency sustainability, and moved more of its national work program out to its regional offices. The review team found this decentralised management model to be working effectively within the ABS. There was a strong sense of connectivity and alignment across all sites, with virtual teams being well supported by information communications technology. The leadership in the states and territories is strongly engaged in agency strategy.

Internal enablers

The ABS is well supported by clarity of governance structures and centralised corporate support which are largely encouraging cross-collaboration and alignment with agency rather than local priorities. A particular strength is the strong level of partnership and collaboration between statistical areas and the in-house ICT division (information and communications technology). More recently the ABS has also introduced the concept of ‘sprints’ that bring together multidisciplinary teams expertise to tackle a particular systems-related issue. Very effective use of information and communications technology for communication across geographic sites is supporting organisational connectivity and alignment and improving efficiencies. The effectiveness of ABS knowledge management policies and practices should be noted here. Agency information and historical documents are easily accessible to ABS staff, and there is a strong culture of record keeping and information sharing.

While day-to-day accounting and financial management procedures work smoothly, infrastructure is ageing and reporting systems could be more flexible. An enterprise level risk notes that the HR and financial systems used by the ABS are difficult to use and maintain, are not integrated, and are limiting the availability of the management information that can be produced. Manual solutions and risk mitigations strategies are currently used to overcome this. Given the range of demands on the ABS systems development budget, it is not clear that investment into corporate systems will be prioritised sufficiently high enough for systems replacement to occur in the near future.
Manage performance

<table>
<thead>
<tr>
<th>Guidance Questions</th>
<th>Rating</th>
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</thead>
<tbody>
<tr>
<td>1. Is the organisation delivering against performance targets to ensure achievement of outcomes set out in the strategy and business plans?</td>
<td>Well placed</td>
</tr>
<tr>
<td>2. Does the organisation drive performance and strive for excellence across the organisation and delivery system in pursuit of strategic outcomes?</td>
<td></td>
</tr>
<tr>
<td>3. Does the organisation have high-quality, timely and well-understood performance information, supported by analytical capability, which allows you to track and manage performance and risk across the delivery system?</td>
<td></td>
</tr>
<tr>
<td>4. Does the organisation take action when not meeting (or not on target to meet) all of its key delivery objectives?</td>
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The comprehensive organisational monitoring and reporting activities in place in the ABS reflect its professional role in measurement and monitoring, and evidence-focused culture. The agency’s clear approach to monitoring performance and tight management of risk ensures the continuation of its strong delivery record and the high quality of outputs.

Organisational monitoring

The ABS has measures to monitor organisational performance. These are aligned to the goals and strategies outlined in the ABS Corporate Plan. They are clear, well thought out and cascade down through the agency. The overarching strategic management framework of the ABS maps when, and to which committees, various organisational monitoring, risk management and audit activities should be reported, commensurate with level and purpose. The agency acts on the results in reports. Reporting of key performance indicators includes information on actions undertaken in response to results, or asks the committee in question if further action is required. In several cases, traffic-light measures involve predefined actions for certain readings. Of note is the very tight management and monitoring of statistical releases.

Other measures are used to report to committees or boards. Much of this reporting is activity or process based rather than outcome based. Ongoing key performance indicators are subject to review, with the agency-level indicators reviewed and updated in the past 12 months.

The Portfolio Budget Statements contain only one outcome for the ABS: informed decisions. As this outcome is one step removed from the functions of the ABS and effectively dependent on the actions of others, it is difficult to monitor internally. Most of the agency’s performance measures are generated from internal sources, and many focus on the statistical outputs the agency produces. Given other findings in this review, the ABS would benefit from more externally focused performance measures, obtained through a stakeholder survey for example. This would also allow for greater aligning and streamlining on the performance measures used internally by the ABS and the Portfolio Budget Statements’ outcome-based measures prepared for the ABS annual report.
The ABS approach to risk management focuses on maintaining the agency’s reputation and standards of excellence. The 2013 Comcover Risk Management Benchmarking Survey found the ABS approach to risk management is at the ‘top down’ level of maturity (similar to the APS average). The ABS received scores close to the public service average and the assessed current state of each element was at the same level as the agency target. The agency has a detailed risk management framework, with clearly defined objectives. This ensures there is a mechanism in place for monitoring and identifying shifts in risk exposure and the emergence of ‘new’ risks. The agency’s risk matrix and risk appetite statement identify the levels of risk to be borne and actions required when risks reach certain levels.

Risks are classified into three categories: organisational; operational; and project. Organisational risks are managed by the ELG. They are identified in an Enterprise Risk Register with mitigation strategies reported on biannually, and the risks reviewed annually at the ABS Management Meeting in light of achievement reporting and environment scanning. Operational risks and project risks are managed within line areas or by the relevant project board. Escalation policies are in place and acted on when needed. Risk management activity and ABS Enterprise Risks are reviewed annually by the Audit Committee.

The ABS Internal Audit Program and Audit Committee further support performance monitoring, risk management and compliance within the agency through independent reporting to the Australian Statistician. The audit program is undertaken by independent contractors, and the Audit Committee’s two external committee members also sit on a subcommittee that signs off on ABS financial statements. The Chair is internal. A greater level of independent membership and operation of the committee could be considered. The Australian National Audit Office (ANAO) attends and reports at all committee meetings. The ABS monitors ANAO audit outputs to ensure compliance and best practice within the agency. The Audit Committee monitors progress on audit program recommendations and a sample of completed recommendations closes the assurance feedback loop.
5 The department’s response

I welcome this report on the capability review recently conducted at the ABS.

The review has confirmed that the ABS is one of the nation’s great institutions, with a reputation for excellence, leadership and innovation in official statistics around the world. However, it also notes the increasing challenges we face as a national statistical organisation. There is unprecedented opportunity to unlock the statistical potential of a range of existing and emerging public and private data sources using both traditional and non-traditional methods. Our partners in government are hungry for increasingly detailed and complex data to support key decision-making and research that is critical to the nation, as are researchers and the community more broadly.

The ABS has embarked on a journey of transformation to respond to this new environment, and the emerging needs of its clients and partners. The report finds that our preparations and planning for transformation are progressing well, and that ABS staff support, understand and are keen to contribute to the development of this new era for the ABS. With the appropriate investment, this vision is well on its way to being achieved.

The report also found that our stakeholders would welcome the increased agility and, flexibility of our services, and the improved access to microdata that will be delivered as part of the planned new critical statistical infrastructure program. Indeed, there is some understandable frustration at the pace of delivery of key solutions to the data access problems they are facing. However improving microdata access is a difficult and complex area and one that the ABS is leading the world in developing solutions. These issues will be further considered in our preparation of the action plan arising from this review, and I note the need to consult with stakeholders to ensure that solutions and expectations are aligned.

Our government stakeholders have expressed their keenness to partner with us in building a richer information base for Australia, and to be more involved in developing statistical strategy and policy. I welcome this finding. The success of the National Statistical Service is dependent on the commitment and action of a wide number of players, and the ABS is keen to build on work already underway in this area. I believe the senior team at the ABS is willing and ready to support my successor in furthering our dialogue with others about what we can achieve in partnership with them.

The review team indicate they feel that the ABS is at a crossroads. I support this view. The organisation is poised to achieve one the most fundamental change programs of its 109 year history. The review notes, quite rightly, that this extends beyond processes and systems to some key aspects of the cultural fabric of the ABS itself. Such change will be longer in the making, and this report provides insightful independent observations on the issues we face and how they might be overcome.

My thanks to Mr Tony Cole AO, Mr John Ombler and Ms Carmel McGregor for the care and time they took in undertaking the review, and to the APSC team who supported them and the ABS throughout the review process. My thanks also to the many ABS staff and stakeholders interviewed for their considered and honest input to this review. These findings
will be of great use to the incoming Australian Statistician and his or her team as they continue to implement the significant transformation we have embarked on in recent years.

Finally, I am particularly gratified that the report acknowledges the professionalism, dedication and creativity of ABS staff. Throughout my long career with the ABS, they have continued to be the foundation on which the ABS reputation and successes have been built. I am certain they will be the key success factor in achieving the ambitious goal we have set for ourselves in becoming an ABS for the 21st century.

Brian Pink
Australian Statistician
Australian Bureau of Statistics
## 6 Acronyms

<table>
<thead>
<tr>
<th>Abbreviation or acronym</th>
<th>Description</th>
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<tbody>
<tr>
<td>ABS</td>
<td>Australian Bureau of Statistics</td>
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<tr>
<td>ANAO</td>
<td>Australian National Audit Office</td>
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<tr>
<td>APS</td>
<td>Australian Public Service</td>
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<tr>
<td>APSC</td>
<td>Australian Public Service Commission</td>
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<tr>
<td>ASAC</td>
<td>Australian Statistics Advisory Council</td>
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<tr>
<td>ELG</td>
<td>Executive Leadership Group</td>
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<tr>
<td>HR</td>
<td>Human Resources</td>
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<tr>
<td>NSS</td>
<td>National Statistical Service</td>
</tr>
<tr>
<td>P3M3</td>
<td>Portfolio, Programme and Project Management Maturity Model</td>
</tr>
<tr>
<td>SES</td>
<td>Senior Executive Service</td>
</tr>
<tr>
<td>SOSR</td>
<td>State of the Service Report (most recent 2013)</td>
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</table>