

4<sup>th</sup> July 2018

### **Tanner James submission to the APS Review**

This submission advocates that the APS should skilfully adopt global best practice programme and project management to establish the professional competencies and capabilities it needs to manage policy in implementation in an agile, innovative and efficient manner.

Sadly, we've been here several times before. So many times in fact, that I am actually going to provide most of my submission in the form of previous submissions. It provides a sorry history of the APS's inability to reform itself. I note that the review is to provide recommendations for implementation and change management strategies, so I'll address that also – simply by providing a copy of my implementation recommendations to the Gershon Review.

Here is what I want to convey to the review panel:

1. Global best practice for portfolio (of change) management, (transformation) programme management and project management has been around for years. It originated out of the then Office of Government Commerce (OGC), established by Sir Peter Gershon, and is now run by AXELOS. These are proven de facto global standards used in 150 countries by literally millions of people.

**Attachment: *The AXELOS Portfolio: Enabling Organisational Change.***

2. Tanner James introduced PRINCE2<sup>®</sup> project management to Australia and the APS in 1996. Likewise with other frameworks, including Managing Successful Programmes (MSP<sup>®</sup>). Over 150,000 Australians have been trained in these frameworks, about 10% of them by Tanner James, the majority of who are APS. We are an Accredited Training Organisation (ATO) and a Registered Training Organisation (RTO). The attached brochure provides a sense of our services.

**Attachment: *Tanner James corporate brochure.***

3. The Gershon Review was conducted in 10 years ago. Tanner James made a submission to that review also – attached. Sadly, you can change “OGC” to “AXELOS” and the submission is still pretty much a reflection of the situation today. One of the results of the Gershon Review was that agencies were required to conduct Portfolio, Programme and Project Management Maturity Model (P3M3) Assessments and Capability Improvement Planning. Tanner James is accredited to conduct P3M3 assessments and has conducted over 50 such assessments on APS department's and agencies.

**Attachment: *Tanner James submission to the Gershon Review.***

**Attachment: *Gershon Review – Implementation Recommendations***

4. One department stood out above all others – DHS. We conducted P3M3 assessments of the entities that merged to form the department in 2010, and helped the department increase its maturity dramatically. The Shergold Report actually specifically highlighted this achievement:

### **Enhancing Your Programme and Project Management Capability**



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*“Some agencies, like the Department of Human Services, have already established a centralised model of program management to build internal capability, provide an independent level of assurance for programs with enterprise-level risks and oversee effective program delivery.<sup>166</sup> Such initiatives are to be warmly welcomed. They should be shared.*

<sup>166</sup> *Tanner James Management Consultants 2014, ‘P3M3 Assessment Report—Department of Human Services’*

**Attachment: Tanner James Management Consultants 2014, P3M3 Assessment Report—Department of Human Services**

5. Tanner James has made several other submissions and approaches to the APS advocating skilful application of global best practice programme and project management to better manage policy in implementation. One example was in 2009 when we approached the then FaHCSIA about the Closing the Gap Agenda, following an ANAO report.

**Attachment: Establishing a robust management framework for FaHCSIA’s management of the Closing the Gap agenda.**

6. Professor Peter Shergold highlighted the inadequacy of programme and project management very eloquently in his 2015 *Learning From Failure Report*. Tanner James created a tagged and flagged version of the report and ran a marketing campaign to draw the issues to SES attention. Among several other things we offered an e-Book Enhancing Policy Implementation Capabilities in the Public Sector highlighting what needs to be done.

**Attachment: How to improve your chances of policy implementation success**

**Attachment: Enhancing Policy Implementation Capabilities in the Public Sector**

7. For 24 years I have run a small business that is trying to help the APS skilfully adopt global best practice programme and project management. We haven’t achieved that – yet. But we’ll keep trying. Pockets of the APS have success, but then the SES change and all the good work is lost. At least I’m in good company - Sir Peter Gershon and Professor Peter Shergold were also ignored. Doing business with the APS is tough for a small business, not least due to bureaucratic procurement processes and massive spending fluctuations during the course of the financial year.

I hope this input is useful. I would welcome the chance to speak to the panel about implementation.

Yours Sincerely



**John Howarth**  
*Founder and Executive Chairman*  
*Tanner James Management Consultants Pty Ltd*



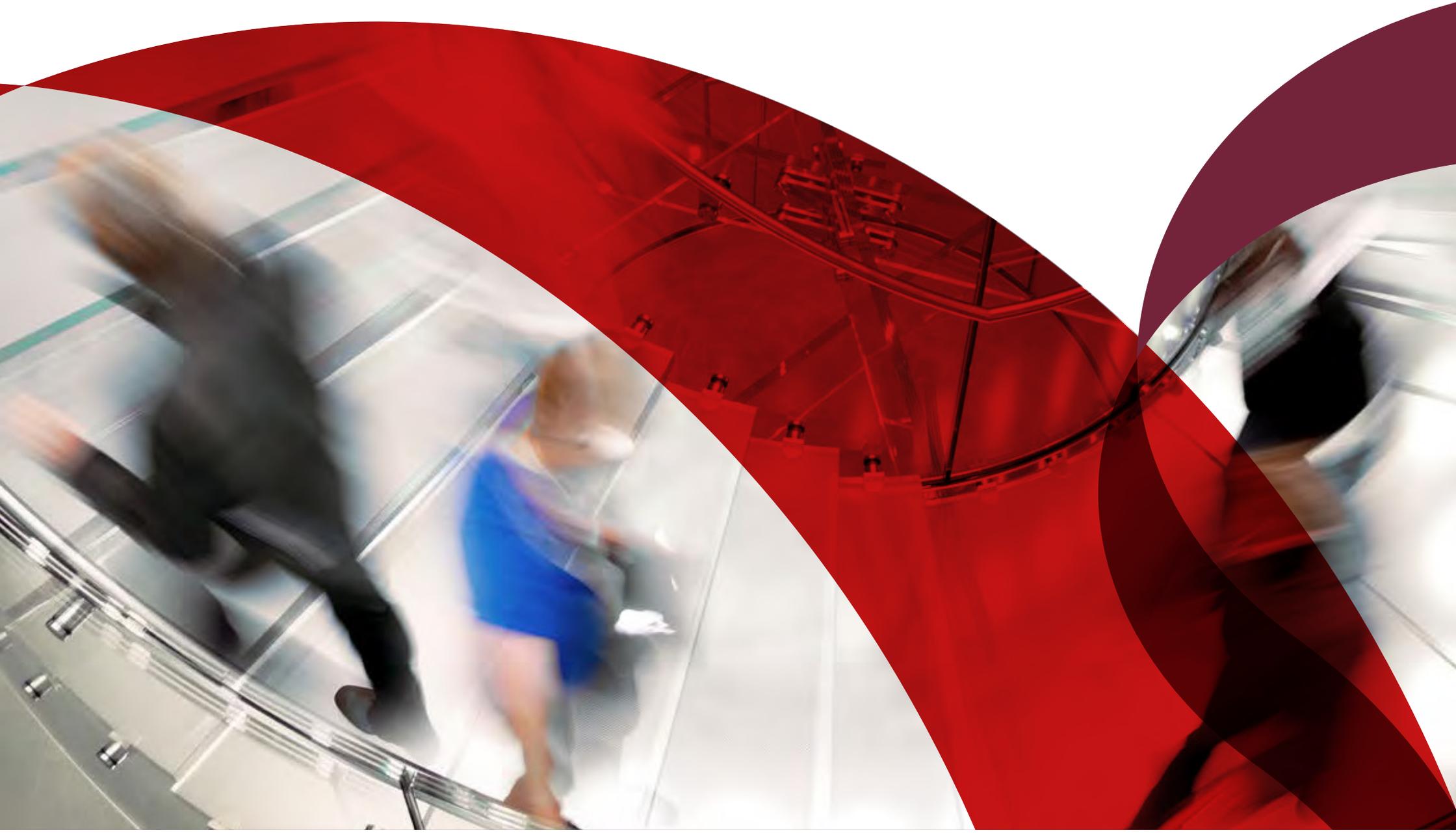
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**Enhancing Your Programme and Project Management Capability**



# The AXELOS Portfolio:

Enabling organizational change



# WHY DO ORGANIZATIONS NEED BEST PRACTICE APPROACHES?

To achieve long term and consistent success, organizations must embrace change and understand how to make it part of their 'business as usual' operations.

Business leaders need effective change to make their organizations more competitive, efficient, resilient and able to deliver value; this requires people with the right knowledge and skills to make those ambitions a reality.

That is why using proven, industry-leading best practices that work alongside each other can build the necessary skills to help organizations manage and deliver change while obtaining real, measurable business value. Employing a best practice method or framework increases the odds of success and boosts the credibility of an organization.

Ultimately, best practice methods can provide value by addressing key organizational questions and challenges. Embedding them in an organization will support the delivery of strategic business objectives in the most cost-effective way possible.



# AXELOS' GLOBAL BEST PRACTICE APPROACHES

As all organizations seek *continual improvement* – doing more, better and for less – this means implementing the right changes to support business strategy.

AXELOS' best practice guidance and certifications, developed over 30 years in partnership with government, industry and academia, will help this process; whether the desired goal is – for example – risk management, strategic alignment, project delivery or continuous service improvement.

This guide will outline a number of challenges for organizational change and explain how AXELOS Global Best Practice addresses these challenges: what the best practices are, how they can help organizations deliver value and how they complement each other in the process of organizational change. They include:

- PRINCE2®
- PRINCE2 Agile®
- MSP®
- P30®





## THE AXELOS PORTFOLIO: ESSENTIAL TOOLS FOR ESSENTIAL GROWTH

Customers who use the AXELOS portfolio include a large number of the world's most recognized brands. Why? They all want to achieve competitive advantage by ensuring their business resources, processes and their biggest asset of all, their employees, are aligned to fulfilling this goal.



The world's most practiced project management methodology

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The world's most complete agile project management solution, combining the flexibility and responsiveness of agile with the clearly defined framework of PRINCE2

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Principles and processes for use when managing successful programmes

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Business support structures through portfolio, programme and project offices



## BUSINESS CHALLENGE:

Having an effective method for a business to deliver well-defined outputs, products or deliverables

## AXELOS BEST PRACTICE: PRINCE2

Organizations need to embrace and execute change: this is unavoidable because of increasing pressures from customer demand, technology, shareholder expectations and legislation.

Projects provide the vehicle for organization-wide change. However, projects handled by different parts of an organization tend to be managed differently, resulting in a range of projects 'marching to their own tune' without a cohesive structure. And as technology is now embedded in virtually every organization and is critical to business success, it is necessary to integrate project management and IT service management (ITSM).

Other demands of projects include;

- Management between tasks: ensuring outputs are fit for purpose
- Delivering a quality output, product or deliverable
- Dividing projects into manageable chunks and persuading an organization that it needs to happen that way
- Planning in stages while keeping the end goal in sight
- Having a staged process to help decide whether a project continues or ceases
- Many project managers can be good at gathering requirements, but the real difference is getting people on board to make things happen; acting as an advisor and translator of stakeholder needs and what should be accomplished. The effective project manager is a trusted authority to run the project on a day-to-day basis appointed by the project executive and sensitive to the specific needs outlined within a project's objectives.

"Organizations don't have time to reinvent the wheel but need an existing structure to facilitate integration between project management and ITSM. In my opinion, PRINCE2 is the solution. By adopting it, organizations can then tailor it to the enterprise rather than choosing other methods and practices that don't fit well together."

Lisa Hodges – Owner/Principal  
Consultant, Cornerstone Service  
Management

# AXELOS BEST PRACTICE: PRINCE2



PRINCE2 is a structured project management method – based on the collective experience of numerous project managers, teams, academics, consultants and trainers – which provides a secure framework to manage projects. PRINCE2 provides guidance that gives individuals and organizations the essentials of running a project, is easy to learn and a flexible method that can adapt to all types of project.

## **PRINCE2 is effective because it:**

- Is a process-based, step-by-step method which is business, product and value focused
- Enables project managers to get up and running quickly and manage a whole project from start to finish
- Uses an integrated approach, with standard templates and principles
- Is based on a set of project management principles which, provided they are adhered to, makes PRINCE2 inherently tailorable for projects of any size and in any environment
- Provides a common language for people working across multiple projects
- Saves the business time and money.

PRINCE2 supports portfolio, programme and project management and integrates readily into associated AXELOS frameworks MoP and MSP. It helps create the controlled project environment that programmes rely on to deliver major change. PRINCE2 is also enabled to work in an agile delivery environment.

PRINCE2 integrates with ITIL, or other ITIL-like frameworks, already in use for ITSM in many organizations globally.



## BUSINESS CHALLENGE:

Responding more quickly to customer demand and remaining competitive in the market

## AXELOS BEST PRACTICE: PRINCE2 AGILE

The needs of business in the 21st century have shifted dramatically. Now, speed is of the essence with companies and technologies creating a new level of response to the 'I want it now' world of customer demand.

Therefore, new products and services need to deliver benefits much sooner than ever and should be a more accurate reflection of what customers want – delivered on time, to the required level of quality, with the necessary functionality and all within budget. Organizations want to see new product development at an early stage to understand whether it's right or wrong, to adapt it for the next stage of development or to stop the project altogether.

Agile delivery methods within projects are now deployed beyond the IT environment and offer the ability to realize benefits earlier. However, using agile methods within projects requires a degree of governance. This is because:

- It will be consuming a large amount of the organization's capital
- A project is often delivering something complex
- It needs to be aligned with strategic objectives and be reviewed continually for business justification
- Someone needs the authority to make 'go' or 'no go' decisions
- It may be delivering several products aligned to corporate objectives so needs co-ordinated delivery.

“Implementing the PRINCE2 Agile approach in the real world [will] apply well in companies that have a strong need for accountability. Organizations...want to feel secure and avoid bad or unmanaged surprises which is perfectly addressed by PRINCE2 concepts like a project manager role, project stages and meaningful standard reports.”

Jeurgen Halstenberg – PRINCE2 and Agile/Scrum Consultant and Trainer, Maxpert

# AXELOS BEST PRACTICE: PRINCE2 AGILE



PRINCE2 Agile builds on the principles of PRINCE2 to help practitioners govern projects using agile delivery methods. PRINCE2 and agile are complementary, giving project managers a more well-rounded view of product development in today's world.

## PRINCE2 Agile is effective because it offers:

- Up-to-date guidance, including agile approaches like Scrum, Lean start-up and Kanban
- A 'one-stop-shop' for anyone considering agile in a project management domain
- An approach that can be tailored and adapted to different contexts, where agile use is either at an early stage or mature
- A challenging exam, giving the certification real credibility in the market.

Built collaboratively involving 40 experts, one of the main strengths of PRINCE2 Agile comes from combining the focus on products and continual business justification in PRINCE2 with the responsive delivery approach of agile. Together they ensure what is delivered is of value to both the business and users.

The concepts of PRINCE2 within PRINCE2 Agile allow people involved in projects to speak a common language and underpin agile delivery methods with an ability to scale and help agile become more readily adopted across a corporate culture.

PRINCE2 Agile integrates with portfolio, programme and project management, enabling faster and better decision-making, accelerating the business-planning cycle, enabling earlier delivery of benefits at programme level, providing a controlled project environment and resulting in a competitive advantage in the marketplace.

"PRINCE2 Agile is the vital next step in project management; not because PRINCE2 wasn't already agile, but more because the agile movement has grown rapidly."

Steve Boronski – PRINCE2  
Lead Trainer at ILX Group plc



## BUSINESS CHALLENGE:

Delivering transformational change in an organization



“MSP is a proven best practice framework that provides the right steps to get organizations moving with major change. It focuses on managing organizational change and stakeholders, delivering strategic objectives rather than co-ordinating a group of projects.”

Rod Sowden – Managing Director,  
Aspire Europe

## AXELOS BEST PRACTICE: MSP (MANAGING SUCCESSFUL PROGRAMMES)

Transformational change in an organization needs to be based on a corporate business plan and a delivery mechanism. To minimize risk, manage dependencies and prioritize the benefits required from change, organizations need programmes to turn a major objective into a reality.

A programme is about defining an organization's future and how its transformed state will look. However, major change introduces complexity, risk, numerous interdependencies and competing priorities that need managing. Some of the challenges when introducing programmes are:

- Not recognizing or accepting the size of change created by programmes
- Getting an organization's employees to buy into transformational change
- How mature the organization is and the competence of people to deliver programmes
- Gaining senior stakeholder involvement
- Lack of clarity about what a programme needs to achieve and not following the right steps
- Senior executives dealing with the outcomes, i.e. making difficult, organization-wide decisions while being busy with the day job
- Adding value without added bureaucracy.

# AXELOS BEST PRACTICE: MSP (MANAGING SUCCESSFUL PROGRAMMES)

MSP provides programmes with an agenda and sequence of events to follow, helping executives, the sponsoring group, the programme board and the senior responsible owner (SRO) through the process. It also helps programmes get started properly: bringing together the sponsoring group, agreeing a programme brief which outlines where the organization wants to go, enabling wider stakeholder engagement and working on the endgame.

## The MSP Best Practice guidance is effective because it:

- Focuses on strategic, business change
- Builds stakeholder engagement
- Provides an adaptable route map for a programme
- Ensures consistent communication about the aim of the programme and overall transformation
- Helps people understand the benefits to be delivered by the programme
- Delivers the right products and outputs in the right order to achieve the benefits and deliver transformational change.

MSP complements other AXELOS Best Practice guidance, for example helping PRINCE2 project managers remain aligned to corporate strategy and deliver what's required. It works closely with AXELOS' Management of Portfolios (MoP®) Best Practice to ensure related projects are grouped and managed effectively to achieve business goals.

It can also be used effectively with project management frameworks outside AXELOS' Best Practice guidance.



## BUSINESS CHALLENGE:

Creating an internal structure for supporting change in an organization

## AXELOS BEST PRACTICE: P30 (PORTFOLIO, PROGRAMME & PROJECT OFFICES)

Organizations need to know how well their methods for change and improvement – portfolios, programmes and projects – are performing: are they meeting objectives and supporting the business in making the right decisions? Are they the right investments? Are they delivering value and change most effectively?

The problem comes when project or programme managers are tasked with both supporting change and managing change. If they are responsible for collecting data, analyzing information and planning, it becomes difficult to see the big picture and make the right decisions in line with organizational objectives. As a consequence:

- There is less or no consistency in calculations and reporting for business cases, plans, resources allocated and funds accounted for
- Project and programme managers might have inadequate data and focus on the wrong tasks, causing programmes or projects to drift off course
- It becomes difficult to prioritize initiatives for approval or not.

“P30 provides guidance to ensure that the services delivered by your Portfolio, Programme and Project Offices provide ongoing real value, adding services that drive and support delivery of your organization’s strategy.”

Eileen J Roden, PMO and PPM Consultant and Trainer.  
Chalk House Training and Consultancy

# AXELOS BEST PRACTICE: P30

P30 provides guidance on establishing appropriate support structures for portfolio, programme and project management disciplines. This function is more commonly known as a Project Management Office or 'PMO'.

The integrated offices operate to collect data in a compliant way to help decision-making in line with the three levels of change: portfolios, programmes and projects. P30 helps achieve this by providing the one reliable version of the truth about the status of the portfolio, programme or project. It does this by:

- Providing a set of consistent standards of working, processes and templates
- Ensuring a consistent approach across all initiatives
- Providing accurate and timely data
- Check that all initiatives are complying with the organizations policies
- Establishes a centre of excellence and specialist services to give practical support and guidance.

## AXELOS' P30 Best Practice guidance and certification is effective as it:

- Provides guidance on how to define and integrate a structure to provide support at all three levels of change and enable business decisions
- Shows how to justify the structure within the organization
- Explains how to set it up and the techniques needed to operate it. For example, using benefits realization management to identify and prioritize activities for Portfolio and Programme offices and developing standardized business processes that can be continuously improved.
- Provides information to senior executives and programme/project managers to make decisions. Ultimately, having a pre-defined approach supports the work of programme and project managers
- Complements AXELOS' ITIL service management best practice approach for translating business change into business as usual benefits.

A photograph of a man and a woman smiling and looking at several pink sticky notes. The man is in the foreground, and the woman is behind him. They appear to be in a collaborative work environment.

“Change can be the foundation of competitive advantage but, to be effective, a change management programme must identify areas of potential conflict...and bridge the gap between the aspirations of executives, technical project teams and the people affected by the change. Few organizations do this well.”

Paul Arnold, Business Transformation and Change Director at Able and How, organizational change management consultancy



**TANNER JAMES**

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TANNER JAMES  
•MANAGEMENT CONSULTANTS•

Enhancing your programme and project management capability

# Enhancing Your Programme and Project Management Capability

Our company is founded upon the following core values:

- Integrity
- Care
- Making a Difference
- Having Fun
- Courage
- Responsibility

# ABOUT

## TANNER JAMES

Founded in 1994, we have an unequalled track record having helped over 50 Government agencies build their capability to manage benefits-led change and deliver new policy initiatives. We have trained thousands of people and have assisted hundreds of programmes and projects.

Our services include consulting, classroom training and workplace training. We hold international and national accreditations and also conduct examinations and competency assessments. While some companies focus on delivering textbook theory with the aim of getting people through exams as quickly as possible, Tanner James has remained committed to practical learning and development relevant to the workplace.

We use case studies based on clients actual projects and programmes, and as an RTO we offer a Diploma of Project Management based upon PRINCE2® that is achieved through assessing the competency of participants in applying the method to a real project in their agency. We have helped many agencies develop and implement Capability Improvement Plans that connect individual learning with project/programme team learning and overall agency capability.



NATIONALLY RECOGNISED  
TRAINING

*PRINCE2®, MSP® and P3M3®  
are registered trade mark's of  
AXELOS Limited.*

*The Swirl logo™ is a trade mark  
of AXELOS Limited.*

*Tanner James is an Accredited  
Consulting Organisation (ACO)  
and an Accredited Training  
Organisation (ATO)*

# Training

We offer training in several management frameworks, including PRINCE2® and MSP®, with a range of course types suited to different participant needs. All courses are focused on pragmatic application within your workplace and are run by appropriately qualified programme and project management professionals, who continue to build on their experiences as Tanner James consultants. Training courses are run publicly or can be delivered in-house within your organisation, with flexible timetables which can be varied to suit your availability. We can incorporate exams into courses, but we also offer practical training that allows those who wish to do so to take exams at a later date.



We advocate the 70:20:10 adult learning model and deliver on-the-job face-to-face learning that supports and complements initial classroom learning. This is why as well as being an internationally Accredited Training Organisation we are also an internationally Accredited Consulting Organisation in P3M3®, PRINCE2® and MSP®.

COURSE TYPE	DESCRIPTION	Executives	SRO/Sponsors	Programme/ Project managers	PMO Roles	BCMs/change roles	Business/ user staff
Executive Briefings (0.5 days) In-House Only	A briefing specifically aimed at senior executives and looks at their project and programme board controls.	●	●				
Overviews (1 Day) Public & In-House	Our Overview courses are an introductory course on the method. Useful for those new to a project or programme. The courses outline the key elements of the specific method.	●	●	●	●	●	●
In Practice Courses (4 days) In-House Only	Provides a more in-depth understanding of the methodology, leading to a Foundation Certificate. In contrast to the Foundation Course, this course allows more time to focus on the application of the method and boasts a strong practical and case study focus.		●	●	●		●
Diploma of Project Management using PRINCE2® (BSB51504) (4 Days) Public & In-House	This course prepares you to gain a nationally recognised qualification while focusing on principles and skills of project management based upon recognised best practice (PRINCE2®).			●	●		
Practical Foundation Courses (3 Days) Public & In-House	This course is based on the In Practice course, however there is no exam. This allows more time for practical learning rather than focusing on passing an exam. (The exam can be taken at a later date)		●	●	●	●	●
Foundation Courses (3 days) Public & In-House	Provides individuals with a solid grounding in the methodology, leading to a Foundation Certificate. This is well suited for those with experience looking to gain a qualification.			●	●		
Practitioner Courses (2 days) Public & In-House	This course covers the preparation and sitting of the Practitioner Exam. It is for those who have passed the Foundation Exam and wish to achieve a higher level of formal qualification.			●	●		

# Consulting

Tanner James is an Accredited Consulting Organisation (ACO), and our Registered Consultants are expert in programme and project management and well positioned to provide you with independent assessment and advice. Whatever the assignment, we will offer an honest professional opinion together with pragmatic advice on how best to move forward, supported by a clearly documented record of our activities and recommendations.

Whether we are assisting you with programme or project management implementation, the Tanner James approach is to work alongside your staff to mentor and coach them in achieving your desired outcomes, which we will clearly agree with you at the commencement of each assignment. Our aim is to transfer skills and knowledge to your staff to enable them to effectively and pragmatically use programme and/or project management frameworks such as PRINCE2® and MSP® within your organisation.

We are flexible in our delivery - ranging from provision of full-time assistance for several months to just doing a few days work on an as-required basis.

## P3M3® Assessments

The Secretaries' ICT Governance Board (SIGB) selected the Portfolio, Programme and Project Management Maturity Model (P3M3®) as the APS's standard for measuring agency capability. P3M3® scores agency portfolio, programme and project management capability at one of five maturity levels, across multiple process perspectives. Tanner James has more experience than any other Accredited Consulting Organisation (ACO) in conducting P3M3® assessments (and capability improvement planning) for Commonwealth Agencies.

Since 2010, Tanner James has refined its approach to P3M3® assessments to offer alternative approaches to clients which are not offered by other suppliers. These options provide a range of benefits including reduced cost and better value, and include working in partnership with you to transfer our knowledge and skills to your staff. This means that you will have a much deeper understanding of the assessment process, and if desired you will be equipped to conduct your own assessments in future with minimal need for external assistance.

## Capability Improvement

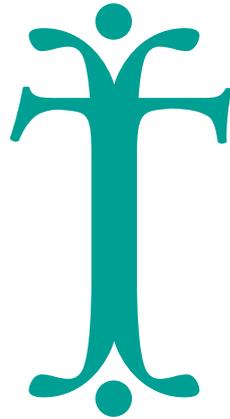
The purpose of capability improvement planning is to use current P3M3® maturity levels and our expert observations and insights to inform agency choices about how best to improve internal management processes.

Tanner James believes that fundamentally a Capability Improvement Plan is not simply about setting target maturity levels. These are secondary. In our opinion capability improvement planning must be about agencies considering what benefits can be gained from improving specific aspects of portfolio, programme and project management, and then selecting a practical approach to do so.

Tanner James does not provide “off the shelf” Capability Improvement Plans, because it has been our experience that without internal executive ownership capability improvement initiatives fail to realise their full potential. So we work closely with stakeholders to identify what we believe are the areas to concentrate upon, and how best to approach improvement.

# Tanner James Client List

ACT Government	Deregulation	Planning NSW
ActewAGL	Department of Families, Housing, Community Services and Indigenous Affairs	PwC Australia
Attorney-General's Department	Department of Foreign Affairs and Trade	QLD Department of Communities
Australian Agency for International Development	Department of Health	QLD Department of Community Safety
Australian Bureau of Statistics	Department of Human Services	QLD Department of Disability
Australian Communications and Media Authority	Department of Immigration	QLD Department of Education and Training
Australian Competition and Consumer Commission	Department of Infrastructure and Transport	QLD Department of Emergency Services
Australian Customs Service	Department of the Prime Minister and Cabinet	QLD Department of Environment and Resource Management
Australian Electoral Commission	Department of Treasury	QLD Department of Health
Australian Federal Police	Department of Veterans Affairs	QLD Department of Justice and Attorney Generals
Australian Institute of Health and Welfare	EY Australia	QLD Department of Premier & Cabinet
Australian National Audit Office	Foxtel	QLD Department of Public Works
Australian Taxation Office	Geoscience Australia	QLD Government Chief Information Office
City of Melbourne	Gold Coast City Council	QLD Police Service
Civil Aviation Safety Authority	ING	Rabobank
Climate Change	Insurance Australia Group	Rio Tinto
Commonwealth Bank	IP Australia	Sensis
Corporate Solutions Queensland	KPMG	Suncorp Metway
Country Energy	LinFox	Sydney Ferries Corporation
CrimTrac	Microsoft	Telstra
CSIRO	Murray Darling Basin Commission	Therapeutic Goods Administration
Deakin University	National Archives of Australia	Thiess
Defence Materiel Organisation	National Congress of Australia's First Peoples	TransACT
Department of Administrative and Information Services	National Foods	Transurban
Department of Agriculture, Fisheries and Forestry	News Ltd	VIC Department of Human Services
Department of Broadband, Communications and the Digital Economy	NSW Department of Ageing, Disability and Home Care	VIC Department of Justice
Department of Defence	NSW Department of Education	VIC Department of Treasury and Finance
Department of Education, Employment and Work Relations	NSW Department of Lands	VIC Police
Department of Environment	NSW State Rail	VICRoads
Department of Finance and	NSW Sydney Water	
	P&O Ports	



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**TANNER JAMES**  
•MANAGEMENT CONSULTANTS•

**REVIEW OF THE AUSTRALIAN  
GOVERNMENT'S USE OF INFORMATION  
AND COMMUNICATION TECHNOLOGY**  
The Gershon Review

**- an Industry Perspective on OGC Methods**

**Submission  
May 2008**

## EXECUTIVE SUMMARY

This submission recommends that the Federal Government builds on its promising but basic use of Office of Government Commerce (OGC) management methods, to make them key tools for the delivery of change and implementation of policy.

This submission has been prepared by John Howarth, Managing Director of Tanner James Management Consultants, the longest established and largest dedicated provider of accredited OGC services in Australia.

Since the first PRINCE2 course was run by Tanner James in 1997, over 100,000 Australians have been trained in OGC methods. Today, there is a field of competitive suppliers and APMG Australasia, the accreditation body in Australasia for qualifications in MSP and PRINCE2, has established permanent staff to regulate the methods on behalf of the OGC.

There is a reasonable awareness of OGC management methods in Federal, and some State, Government Agencies, however, there are dramatic variations in the way the methods are applied. The application of OGC methods vary from quite effective to inappropriate, with most application falling somewhere in between. The points of application are summarised as,

- **Quite effective use** is evident where Agencies understand the OGC accreditation and qualification system, have trained SES officers, have employees who are qualified Practitioners and have made good progress in embedding key paradigms such as role-based management, benefits realisation management and product-based planning.
- **Typical use** is where Agencies have trained most project staff to Foundation level, had some success, but also had some problems – often related to “death by template” where junior staff have misinterpreted the methods as being about form-filling without thinking and communicating. Additionally, some SES staff believe that project management is just something project managers do, and is not something requiring their involvement.
- **Inappropriate use** is where Agencies have little or no understanding of the OGC accreditation and qualification system, have very few trained staff, and openly challenge the validity of the OGC management methods. Such Agencies typically talk about “using the principles of PRINCE2”, and happily use parts of the OGC copyright and intellectual property with no acknowledgement (this is contrary to OGC intent, and possibly illegal). Unfortunately it is fairly common to see the practice of using OGC copyright and intellectual property in “home-grown” project management frameworks within these Agencies.

While OGC management methods are visible in Federal Government Agencies, usage is immature and the Government is a long way from realizing the true value these methods offer. Central agencies have been lukewarm towards the methods and this is hampering the Government’s ability to deliver change and implementation of policy.

Tanner James recommends that the Federal Government endorses the OGC management methods key tools for the delivery of change and implementation of policy, and implements them in a way that ensures the methods are skillfully and appropriately applied.

APMG Australasia regulates the methods in Australia on behalf of the OGC, and the review team may wish to contact them to seek statistics or other information related to this submission.



## Introduction

To be able to evaluate the perspective offered by this submission it is strongly recommended that the reader is fully conversant with the OGC accreditation and qualification system for management methods. The following links are recommended for this purpose:

- Best Practice Management Home Page  
<http://www.best-management-practice.com/>
- An explanation of MSP  
<http://www.best-management-practice.com/Programme-Management-MSP/>
- An explanation of PRINCE2  
<http://www.best-management-practice.com/Project-Management-PRINCE2/>
- An explanation of MSP Training Accreditation  
<http://www.msp-officialsite.com/Accreditation/AccreditationScheme.asp>
- An explanation of PRINCE2 Training Accreditation  
<http://www.prince-officialsite.com/Accreditation/AccreditationScheme.asp>
- APMG Australasia  
<http://www.apmg-australasia.com/home/home.asp>

## About the Author

The submission has been prepared by John Howarth, Managing Director of Tanner James Management Consultants, who is uniquely qualified to comment on the use of OGC methods in Australia. John used early versions of the methods when he worked for the UK Civil Service and UK public sector in the 1980s, then was personally responsible for introducing both PRINCE2 and MSP to the Australian market. John is a qualified PRINCE2 and MSP trainer and consultant and has personally trained and provided services to hundreds of Federal Government public servants. Tanner James is now the longest established and largest dedicated provider of accredited OGC services in Australia.

## Background

PRINCE2 was launched in 1996 and Tanner James ran the first PRINCE2 course in 1997 with initial use of the method beginning in the Department of Defence. A competitive training market naturally developed as individuals and companies decided to become accredited suppliers themselves.

Since then, over 100,000 Australians have been trained in OGC methods and a market of competitive (and accredited) suppliers has been developed and APMG Australasia has established permanent staff to regulate the methods on behalf of the OGC. The market is still very focused on training, with little recognition by buyers of accredited consulting organisations. Federal Government Agencies still readily take advice on the use of OGC management methods from contractors and consultants who are only qualified to Foundation level (and even those who are unqualified).



## Current Status of OGC Management Methods in Federal Government

There is a reasonable awareness of OGC management methods in Federal, and some State, Government Agencies, however, there are dramatic variations in the way the methods are applied. The application of OGC methods vary from quite effective to inappropriate, with most application falling somewhere in between. The points of application are discussed in detail below and provide some examples of how Agencies use the methods and some of the challenges faced.

### Quite Effective Use

Quite effective use is evident where Agencies understand the OGC accreditation and qualification system, and have made concerted efforts focused on appropriate application of the methods. These Agencies are characterised by:

- SES officers who understand the methods and in many cases have received executive training and/or coaching from an accredited organisation;
- Employees who are qualified Practitioners (as opposed to only being qualified to Foundation level);
- They have made good progress in embedding key paradigms such as,
  - **role-based management** - for cross-agency and Whole-of-Government working,
  - **benefits realisation management** - for translating strategic intent and outcomes into tangible, measurable targets, and
  - **product-based planning** - for clarifying exactly what is to be delivered.

### Typical Use

Typical use is often evident where Agencies have made some attempt to improve their project management capability yet have not had a clear strategy for doing so. Sometimes the focus is a single project, or group of projects, but more commonly the attempt is a more general initiative. Unfortunately, often the initiative is “owned” at EL2 or EL1 level, centered around ICT projects, and driven by a Project Management Office (PMO) with an unclear mandate within the Agency.

These Agencies are characterised by:

- The majority of project staff only trained to PRINCE2 Foundation level.
- Projects have had some success with PRINCE2 and the method has supporters.
- Problem are still evident and are often related to “death by template” where junior staff have misinterpreted the methods as being about form-filling and not thinking and communicating.
- Some SES staff believing that project management is just something project managers do and is not something requiring their involvement.



### **Inappropriate Use**

Inappropriate use is found in Agencies that claim they use the OGC management methods, however, this claim is actually very misleading. Such Agencies happily use large parts of the OGC copyright and intellectual property with no acknowledgement (this is contrary to OGC intent, and possibly illegal). Unfortunately it is fairly common to see the practice of using OGC copyright and intellectual property in “home-grown” project management frameworks within Agencies. These Agencies are characterised by:

- Staff and contractors who typically talk about “using the principles of PRINCE2”, “using PRINCE2 lite” [sic] and “cutting down PRINCE2”. Commonly, such individuals have no PRINCE2 training or qualification and have mistakenly interpreted the fact that PRINCE2 is comprehensively defined as an indication it is to be applied bureaucratically.
- Little or no understanding of the OGC accreditation and qualification system. This situation is often exacerbated by contractors, some of whom actually understand the system, yet deliberately play it down due to their own lack of OGC qualifications.
- Having few trained staff.
- Self-appointed “experts” who openly challenge the validity of the OGC management methods and instead put forward their own personal experience and models of the world as being a more proven basis for managing change. While some agency staff are guilty of this, of more concern is that there is a whole industry of contractors and consultants busily re-inventing the wheels instead of contributing to the Government’s commitment to deliver change and implementation of policy

As such, while OGC management methods are visible in Federal Government Agencies, usage is immature and the Government is a long way from realizing the true value these methods offer. Central agencies have been lukewarm towards the methods, and much of the debate is still about the validity of the methods, rather than about skilful application of the methods. Specific challenges include:

- The international OGC-APMG regulation system is geared towards regulation of suppliers and individuals who understand and respect the system including OGC copyright and IP. The system is not geared towards immature markets, such as Australia, where there is a need to educate buyers and suppliers about the existence of the system and permissible use of OGC copyright and IP.
- Some major consultancies and independent contractors – who are unaccredited and unqualified - are mischievous in the way they represent their own expertise in OGC management methods. Unfortunately uneducated agencies buy their services and accept their advice at face value, often resulting in poor implementation of the methods.
- There is a propensity for agencies to build their own frameworks for project and programme management. This results in considerable “re-invention of the wheel” and inappropriate guidance on use of the OGC management methods.
- Many SES officers do not recognise the pedigree of the OGC management methods, and are therefore unwilling to spend time to increase their awareness of, or skill in using, the methods. Tanner James acknowledges that there a number of SES officers who have taken time to attend formal training and/or briefings to inform themselves about the methods.



- OGC management methods are intended to ensure ICT programmes and projects are business-driven, however, several agencies see the methods as being ICT focused rather than enablers of strategic change.
- Most agencies still tend to manage programmes and projects within their line-management structures rather than embracing the role-based management approaches which offer huge potential benefits for true Whole-of-Government (Federal and State) management of strategic change and policy delivery.
- There is still a strong grants-based mentality in many areas of the Federal public service when it comes to implementation of Government programs. This often results in too much focus on inputs, insufficient focus on benefits and outcomes, and ineffective management approaches being used for program management. Many program managers approach the delivery of transformational change (eg. implementation of a new Government policy) the same way as they approach “business-as-usual” (BAU) (eg. payment of a routine subsidy). This lack of awareness of structured programme management (MSP) was evident at the recent National Program Managers Conference in Canberra.
- Agencies often approach the implementation of OGC management methods the wrong way round: First, they write a framework; then they tell people they have to use it; finally, they find they have to train people who have misunderstood the intent of the framework. Tanner James has proven that implementation is more successful to approach it the other way around: educate people as to why methods are required and train them in the methods; programmes/projects then apply the methods; and then the agency can standardise how it applies the methods based on lessons learned.
- The Federal Government has introduced the Gateway Review process, but has not made it clear how it relates to other OGC management methods (MSP, PRINCE2, P3M3). This manifests itself as confusion among SROs when the OGC methods are offered as appropriate ways to address weaknesses identified by a Gateway Review.
- The Federal Government has not expressed its policy in relation to OGC management methods and the central agencies have not put in place mechanisms to support their usage. Indeed, the central agencies appear to have little awareness of the OGC regulation system. For example, there are no common panels which offer accredited training services in MSP or PRINCE2, and most agencies have no appropriate mechanism for the purchase of such accredited services. This has seriously hampered the development of the competitive market of OGC accredited suppliers in Australia.



## Recommendations

Tanner James recommends that the Federal Government:

- Express its policy in relation to OGC management methods, and in doing so endorse the OGC management methods key tools for the delivery of change and implementation of policy (and not as ICT focused);
- Build closer executive and working relationships with the OGC and APMG Australasia in relation to the OGC-APMG regulation system and OGC management methods;
- Educates its buyers about the existence of the OGC-APMG regulation system, and permissible use of OGC copyright and IP;
- Discourage agencies that wish to build, or have built, their own frameworks for project and programme management from the ground-up;
- Educate SES officers about the pedigree of the OGC management methods;
- Encourage SES officers to spend time to increase their awareness of, and skill in using, the methods, through attendance at formal training and/or briefings;
- Embrace the role-based management approaches which offer huge potential benefit for true Whole-of-Government (Federal and State) management of strategic change and policy delivery;
- Approach the implementation of OGC management methods in the correct order: educate, train, implement, standardise;
- Clearly communicate how the Gateway Review process relates to other OGC management methods (MSP, PRINCE2, P3M3);
- Establish common panels which offer accredited training services in MSP and PRINCE2.

## Conclusion

APMG Australasia regulates the methods in Australia on behalf of the OGC, and the review team may wish to contact them to seek statistics or other information related to this submission.

If requested additional evidence by way of expanded written submission or interview can be provided, including provision of SES contacts that have had exposure to OGC management methods.



**John Howarth**  
**Managing Director**  
Tanner James Management Consultants Pty Ltd



## **Gershon Review – Implementation Recommendations**

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### **Use Managing Successful Programmes (MSP<sup>®</sup>) to manage implementation**

- MSP is the OGC non-proprietary approach to programme management.
- Sir Peter refers to implementation as a “major program of administrative reform and cultural change” requiring leadership and skills of the right calibre.
- MSP represents best-practice on how to implement a benefit-driven programme.
- Using MSP will demonstrate visible leadership through “practicing what is preached”.
- Rationale is *"We can't solve problems by using the same kind of thinking we used when we created them."* Albert Einstein.
- Sir Peter recommends establishment of a Program Board, a specific MSP construct.

### **Ensure the “Gershon Review Implementation Programme” (GRIP?!) Program Board is properly briefed on its role in the context of MSP<sup>®</sup>**

- APMG Australasia can identify an accredited trainer and/or consultant to brief the Program Board.
- Using MSP is not about reading a manual or filling in templates.
- The implementation program should be managed by a qualified MSP Advanced Practitioner (recognising it may take a few months for the individual to attain this qualification).

### **Undertake Programme Identification in November 2008 then Programme Definition in December 2008 - January 2009**

- Assumes Cabinet acceptance of the Gershon recommendations no later than 30 November.

### **Use PRINCE2 to manage central elements of the program as projects.**

- i.e. elements that will be done in one or more of the central agencies.

### **Encourage individual agencies to manage enhancement of their capability as an MSP programme (larger agencies) or a PRINCE2 or PMBOK project (smaller agencies).**

- Again, using these methods to implement these methods will demonstrate visible leadership through “practicing what is preached”.
- Again, rationale is *"We can't solve problems by using the same kind of thinking we used when we created them."* Albert Einstein.
- This concept is proven and indeed referenced in the new OGC P3O (Portfolio, Programme and Project Offices) method, a sibling to MSP, PRINCE2 and P3M3.

#### Author background:

These recommendations have been prepared by John Howarth, Managing Director of Tanner James Management Consultants, who is uniquely qualified to comment on the use of OGC methods in Australia. John used early versions of the methods when he worked for the UK Civil Service and UK public sector in the 1980s, then was personally responsible for introducing both PRINCE2 and MSP to the Australian market. John is a qualified PRINCE2 and MSP trainer and consultant and has personally trained and provided services to hundreds of Federal Government public servants. Tanner James is now the longest established and largest dedicated provider of accredited OGC services in Australia. Tanner James made a detailed submission to the Gershon Review.

# P3M3<sup>®</sup> Assessment Report

## P3M3<sup>®</sup> Assessment Report

Department of Human  
Services (DHS)

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**Version**

1.4

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**Date Created**

8 August 2014

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Friday, 26 September 2014

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Unclassified



**TANNER JAMES**  
•MANAGEMENT CONSULTANTS•

# Document Control

## Distribution List

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## Revision History

Date	Version	Modified By	Changes Made, Review History
8 Aug 14	0.a	Ray Ahern	Preliminary Draft (prior to completion of workshops)
18-19 Aug14	0.b	John Howarth	Further drafting following steps 1 and 2.
19-20 Aug14	0.c	Ray Ahern	Level 4 statements of maturity
21-22 Aug14	0.d	Ray Ahern	Integration of findings and recommendations, incorporation of DHS-provided consultation tables.
22 Aug 14	1.0	John Howarth	TJ approved first draft to DHS
10 Sep 14	1.1	Ray Ahern	Typos and formatting errors.
12 Sep 14	1.1	John Howarth	Final Draft Report.
16 Sep 14	1.2	██████████	Updates after discussion with Soraya
17 Sep 14	1.2	John Howarth	Final Report
24 Sep 14	1.3	Ray Ahern	Response to comments by Malissa Golightly
26 Sep 14	1.4	Ray Ahern	FINAL incorporating DHS comments

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Ms Emily Canning  
Chief Financial Officer  
Department of Human Services  
ACT 2600

17<sup>th</sup> September 2014

Dear Emily,

**P3M3<sup>®</sup> Independent validation**

I am writing in relation to the P3M3<sup>®</sup> capability assessment undertaken for the Department of Human Services (DHS) which was completed in August 2014.

Tanner James was engaged by DHS to assist the department in understanding the assessment process and in undertaking the assessment. This involved a partnership approach designed to ensure full understanding and ownership of the outcomes by DHS while still ensuring the assessment was conducted with full rigour and independence.

I was personally the Registered P3M3<sup>®</sup> Consultant who led this assessment, and hereby confirm that I can provide an unqualified assurance (i.e. independent validation) of the accuracy, reliability and completeness of the assessment as follows:

	Sub-model score	Process perspectives						
		Organisational Governance	Management Control	Stakeholder Engagement	Benefits Management	Financial Management	Resource Management	Risk Management
<b>Portfolio Management</b>	<b>4</b>	4	4	4	4	4	4	4
<b>Programme Management</b>	<b>4</b>	4	4	4	4	4	4	4
<b>Project Management</b>	<b>4</b>	4	4	4	4	4	4	4

I would like to congratulate the department on achieving and maintaining such high levels of maturity.

Please pass on our thanks to all DHS staff involved, especially to members of the Portfolio Program Office for their time and support. Every person we met was pleasant, helpful, and showed a real commitment to the assessment process.

Yours sincerely,



John Howarth  
**Chairman**  
**Tanner James Management Consultants Pty Ltd**

## EXECUTIVE SUMMARY

A P3M3® (Portfolio, Programme and Project Management Maturity Model) assessment of the Department of Human Services (DHS) ICT-enabled portfolio, programmes and projects was conducted during August 2014. This assessment was an Assisted Self-Assessment, which means that DHS took the lead in verifying usage of existing and new processes and structures. Tanner James has helped to guide and verify the overall assessment through a number of workshops and follow-up interviews, based to some degree on the DHS self-assessment of compliance. Tanner James, as the Accredited Consulting Organisation (ACO), has provided the independent assurance as required by the Department of Finance.

DHS has been assessed as having the following maturity levels:

- Portfolio Management sub-model Level 4
- Programme Management sub-model Level 4
- Project Management sub-model Level 4.

### Assessment Team Observations

DHS has continued a remarkable job of professionalising and embedding management disciplines for ICT enabled change. The Department has built on previous achievements and appears to be making logical progressions towards optimal performance in those areas where higher levels of maturity are sought. An important distinction here is that the Department is not merely addressing weaknesses identified in previous reports but is implementing a cohesive and coherent improvement programme to reinforce existing strengths as well as addressing areas for improvement.

DHS has very strong leadership in this area with a clear focus and accountability upon effective delivery of initiatives and the realisation of benefits.

In particular, the benefits management and realisation process is well established across all DHS change initiatives. High-level accountabilities ensure that benefits are owned and actively measured, managed and realised. Programmes appear to be consistently applying a rigorous approach incorporating lessons learnt in previous implementations.

Future target ratings for DHS in Portfolio, Programme and Project Management Maturity, including strategies for organisational capability improvement, will be developed separately from this report.

DHS is progressing well in achieving the maturity targets it set out for itself at the end of 2013 in its Capability Improvement Plan. DHS has targeted a number of Level 5 maturity levels within the CIP (for specific process perspectives, not at a sub-model level).

The “key observations and recommendations” sections in this report contain broad recommendations as to what DHS would need to address in order to attain Level 5 maturity.

Tanner James notes that DHS has set some ambitious targets for P3M3 maturity at the end of 2015. Tanner James recommends that in pursuing these targets DHS considers, in response to the report, what benefits are sought from organisational P3M capabilities.

Where assessments are provided against these targets it should be noted that comments identifying gaps are not to be taken as criticism. Indeed few, if any, organisations in the world have reached this level of maturity consistently.

# P3M3® Assessment Report

## 1 INTRODUCTION

### 1.1 Background

In September 2009, P3M3® was selected by the Secretaries ICT Governance Board (SIGB) as the capability measurement methodology for the Australian Government. In December 2009, the Secretary of Finance instructed all FMA Agencies (now known as non-corporate entities) to undertake a P3M3® Capability Maturity Assessment by December 2010.

The P3M3® model allows organisations to identify the key practices that need to be fully embedded to achieve the next maturity level in organisational capability. P3M3® is an overarching capability maturity model containing three sub-models, Portfolio Management Maturity Model (PfM3), Programme Management Maturity Model (PgM3) and Project Management Maturity Model (PjM3). The Model and its component sub models are defined in Section 2.7 Key Definitions.

### 1.2 Report Purpose

The purpose of this report is to:

- Support a DHS self-assessment of ICT-enabled initiatives covering Portfolio, Programme and Project Management maturity; and
- Provide external validation of DHS current P3M3® Ratings by an Accredited Consulting Organisation in accordance with Department of Finance requirements.

### 1.3 Scope

#### Scope Inclusions

The P3M3® assessment covered the portfolio, programme and project activities across DHS. This included sufficient programmes and projects to create a representative sample of DHS ICT-enabled change initiatives. The assessment covered both internally and externally funded projects and programmes within DHS. In accordance with the P3M3® model:

**a portfolio** is the total set of ICT-enabled change governed by the DHS Executive Committee;

**a programme** is a strategic change to DHS that is ICT-enabled and is comprised of a set of related projects;

**a project** is a project that:

- is managed by DHS (not externally); and
- has an ICT component.

DHS is currently running 6 major programmes:

- Service Delivery Reform,
- Household Assistance Package Payments (HAPP).
- Child Support System Reform
- Aged Care Reform
- Optimising Online Healthcare Services for Healthcare Providers
- Shared Services.

DHS also manages a number of minor ICT-enabled programmes and around 100 active ICT-enabled projects.

# P3M3® Assessment Report

## Scope Exclusions

DHS Portfolio Agencies and Authorities have been excluded from this assessment.

## 1.4 Assessment Approach

### Assisted Self Assessment – partnership and transparency

The overall intent of the approach chosen for the DHS 2014 P3M3® assessment was for the assessors to work in partnership with DHS and be as transparent as possible, so that ownership and understanding of the assessment results resides within the department not with an external assessor.

DHS has developed a strong understanding of the P3M3® Model and has exceptionally strong process compliance and assurance functions. It was therefore appropriate that DHS chose an assisted self-assessment for the 2014 review. This means that Tanner James facilitated a number of workshops, conducted interviews, guided the scoring process and provides a level of assurance. For the 2014 assessment version 3 of P3M3 was used, which is designed to be backward compatible with version 2.

Assisted self-assessment does however mean that there is a degree of reliance on DHS assessment, particularly of compliance with stated processes. In Tanner James' opinion, DHS has strong regimes of self assessment and independent assurance which minimise any risks associated with the method of assessment.

There were four main steps to the P3M3 assessment:

1. Initial Assessment – identify processes, responsibilities and likely performance against P3M3.
2. Desktop Assessment – evaluate actual practices against P3M3.
3. Validation and Clarification – establish levels of compliance.
4. Report – document and communicate ratings, observations and recommendations.

These four main steps are described below in further detail.

### Initial Assessment – identify processes, responsibilities and likely performance against P3M3

The main purpose of the initial assessment was to make an initial judgement as to the likely level of DHS maturity, and to identify areas for further evaluation. It checked DHS has defined management processes that adequately address all seven process perspectives for each sub-model, and considered both likely organisational compliance and the arrangements for management of the processes.

To undertake the assessment the external assessors engaged with the process owners for each sub-model. This was predominantly the offices (PPO, PMOs) with relevant corporate staff involved. A few hours were spent with each of the three groups to assess whether DHS frameworks and processes adequately address the requirements set out in P3M3.

During these sessions the groups walked through the seven perspectives, to do an initial rating of maturity based on the P3M3 v3 descriptors. In setting the rating for each perspective within a sub-model the group:

- Was informed by the attribute questions related to processes, responsibilities and performance in the AXELOS enhanced online self-assessment tool;

# P3M3® Assessment Report

- Considered the associated observations and recommendations in the 2013 P3M3 Assessment Report, identifying any things that have changed, and also noting cases where the P3M3 v3 descriptor varies from the P3M3 v2 descriptor; and
- Identified areas for follow-up in the desktop assessment (e.g. questions, areas to probe, evidence sought).

## Desktop Assessment – evaluate actual practices against P3M3

The purpose of the desktop assessment was to make two judgements:

1. Is DHS managing its portfolio of ICT-enabled investment and constituent programmes and projects in accordance with defined management processes?
2. Are the defined management processes themselves being managed (i.e. controlled using metrics and quantitative techniques), and in areas where DHS aspires to Level 5 maturity, is there evidence of Optimisation?

DHS assessors (the PPO) had primary responsibility for item 1, and Tanner James had primary responsibility for item 2. The assessments focussed on items identified during the initial assessment, and were conducted as follows for each sub-model:

- The desktop assessment of whether portfolio management processes are being applied and whether the processes are being managed was undertaken by Tanner James working directly with the PPO and any other offices with portfolio management responsibilities.
- The desktop assessment of whether programme management processes are being applied was undertaken by the PPO conducting spot-checks on 2 of the 6 programmes. Tanner James reviewed the results of these spot checks, and worked with the PPO and Programme Offices to assess whether the processes are being managed.
- The desktop assessment of whether project management processes are being applied was undertaken by the PPO conducting spot-checks on 10 of the 96 projects. Tanner James reviewed the results of these spot checks, and worked with the PPO and Project Offices to assess whether the processes are being managed.

The desktop assessment included review of key documents as listed at Appendix B.

## Validation and Clarification – establish levels of compliance

The final step in the actual assessment process was to meet with key DHS people to:

1. Validate the findings of the desktop assessment and
2. Clarify levels of compliance in areas which impact the final assessment ratings.

Tanner James also met with the following independent assurers and advisers to validate and clarify practices in relation to some or all of the three sub-models.

- KPMG as independent assurers; and
- John Craven of Craven Innovation.

## Report – document and communicate ratings, observations and recommendations

The external assessors (Tanner James) created this first draft of the actual assessment report and provide it to DHS for comment. The approach taken to assessment, validation and clarification is designed to ensure that there were no surprises in the report. Where it is

# P3M3® Assessment Report

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deemed appropriate to include similar observations and recommendations to the 2013 P3M3 Assessment Report, DHS will be responsible for providing a soft copy of that content.

Feedback was received and incorporated into the report. None of the scores were changed as a result of the feedback.

Time has been allowed for DHS to promulgate the report to assessment participants, and to progress it through the appropriate Departmental committees.

Tanner James will remain available to meet with executives to answer questions and provide expertise on particular aspects of the assessment.

# P3M3® Assessment Report

## 1.5 Key Definitions

**P3M3®** is an overarching capability maturity model containing three sub-models, Portfolio Management Maturity Model (PfM3), Programme Management Maturity Model (PgM3) and Project Management Maturity Model (PjM3).

### Portfolio Management

A **portfolio** is defined as the totality of an organisation's investment (or a segment thereof) in the changes required for it to achieve its strategic objectives.

**Portfolio Management** describes the management of an organisation's portfolio of business change initiatives.

### Programme Management

A **programme** is defined as a temporary, flexible organisation created to coordinate, direct and oversee the implementation of a set of related projects and activities in order to deliver outcomes and benefits related to the organisation's strategic objectives. Programmes exist to manage the complexities involved in delivering beneficial change.

**Programme Management** is focussed on the areas of tension between strategic direction, project delivery and operational effectiveness.

### Project Management

A **project** is defined as a unique set of coordinated activities, with definite starting and finishing points, undertaken by an individual or team to meet specific objectives within defined time, cost and performance parameters as specified in the business case.

**Project Management** guides a project through a visible set of activities, from controlled start-up, through delivery, to controlled closure, and review.

### Process Perspectives

The **Process Perspectives** are the seven areas of management which P3M3® focuses on in all three models as the basis for assessing Maturity Levels. For the purposes of assessment the model provides specific attributes for each process perspective which are indicative of each maturity Level. Specific Attributes relate only to a particular Process Perspective.

### Further Information

Further definition of the model, process perspectives and maturity levels are provided at Appendix C of this report.

## 2 ASSESSMENT OVERVIEW

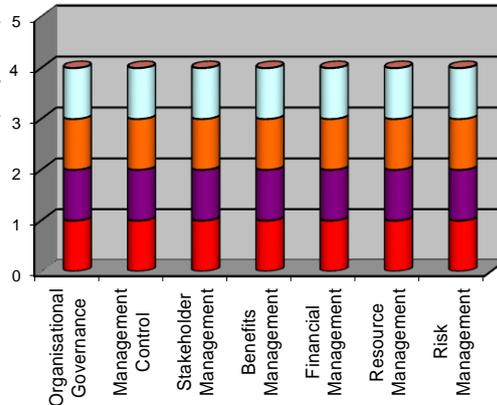
### 2.1 Portfolio Management (assessed as Level 4)

**Level 4 maturity definition:**

DHS obtains and retains specific metrics on its whole portfolio of programmes and projects as a means of predicting future performance. DHS assesses its capacity to manage programmes and projects and prioritises them accordingly.

**Assessment Headlines:**

DHS Portfolio Management was strong across all seven P3M3® perspectives, highlighted particularly impressive risk, benefits and stakeholder management processes. This supports prediction of future performance and effective prioritisation of change.



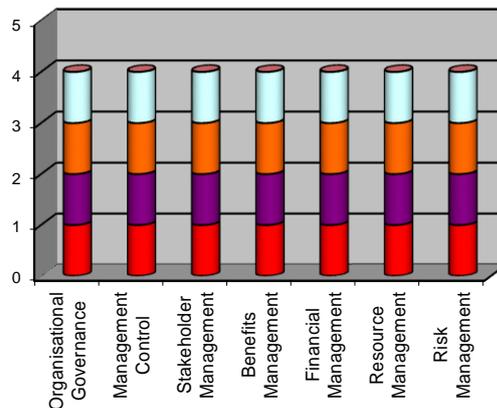
### 2.2 Programme Management (assessed as Level 4)

**Level 4 maturity definition:**

DHS obtains and retain specific measurements on its programme management performance and runs a quality management organisation to better predict future programme outcomes.

**Assessment Headlines:**

DHS Programme Management was assessed at Level 4 across all seven P3M3® perspectives. Particular strengths are apparent in the Management Control, Benefits Management and Finance Management perspectives. This provides a solid basis for ensuring value for money delivery of DHS programmes.



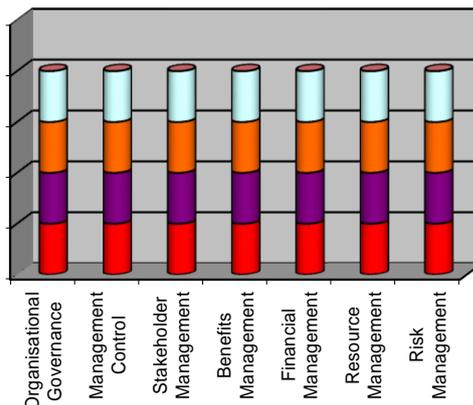
### 2.3 Project Management (assessed as Level 4)

**Level 4 maturity definition:**

DHS obtains and retains specific measurements on its project management performance and runs a quality management organisation to better predict future performance.

**Assessment Headlines:**

DHS Project Management was assessed at Level 4 maturity across all seven P3M3 perspectives. Particular strengths appear in the Stakeholder Management, Benefits Management and Risk Management perspectives. There is a very strong platform in these perspectives for further maturity improvement.



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## 2.4 Key Outcomes

In 2012, Tanner James remarked that DHS has done a remarkable job of professionalising and embedding management disciplines for ICT enabled change given the need to amalgamate three large agencies. In 2013, KPMG noted significant improvements in Portfolio and Programme Management that placed DHS in the top few Commonwealth agencies to have reached that maturity rating. This 2014 assessment makes it clear that professionalisation has continued and strengthened the Department's position.

DHS has been assessed as having the following maturity levels:

- Portfolio Management sub-model Level 4
- Programme Management sub-model Level 4
- Project Management sub-model Level 4.

Whilst these overall ratings are the same as the ratings achieved in 2013, Tanner James notes there appears to be consistent improvement and the Department is well placed to achieve targets outlined in its Capability Improvement Plan.

In summary the characteristics of P3M3® Level 4 maturity (managed process) which DHS has achieved are:

- Top management are proactively seeking out innovative ways to achieve goals.
- The organisation has defined processes that are quantitatively managed, i.e. controlled using metrics. There are quantitative objectives for quality and process performance, and these are being used in managing processes.
- Using metrics, management can effectively control processes and identify ways to adjust and adapt them to particular initiatives without loss of quality.

By way of comparison, in summary the characteristics of P3M3® Level 3 maturity (defined process) which is the highest level most other Federal agencies have achieved are:

- Management and technical processes are documented, standardised and integrated to some extent with business processes. There is some process ownership and a group responsible for maintaining consistency and delivering process improvements.
- Senior management are engaged consistently, providing active and informed support.
- There is an established training programme to develop individual skills and knowledge.

P3M3® maturity level scores are determined from a number of elements. The primary determinant for award of P3M3® maturity level is making a professional judgement against the relevant maturity description P3M3®, taking account of individual attributes that are specific to a process perspective. While not every single attribute was evidenced for every process perspective at the level achieved, the assessors are fully satisfied that DHS clearly meets the relevant maturity description for every process perspective at each level.

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## 2.5 Implications for Capability Improvement

DHS is progressing well in achieving the maturity targets it set out for itself at the end of 2013 in its Capability Improvement Plan. DHS has targeted a number of Level 5 maturity levels within the CIP (for specific process perspectives, not at a sub-model level).

Tanner James cannot provide definitive advice on Capability Improvement at this time for the following reasons:

1. Tanner James was engaged to provide support for a P3M3 self-assessment. A P3M3 assessment focuses on the 'here and now' and deliberately excludes potential future states. Capability Improvement Planning requires a thorough understanding of the organisation's desire, capacity and capability to improve. Tanner James' understanding of such desire, capacity and capability to improve is not current or complete.
2. P3M3 is not a methodology for managing Projects, Programmes and Portfolios but, rather, it is an assessment tool. There is an underpinning reality that if an organisation mandates, and uses, solid P3 methodologies such as PRINCE2®, MSP® and MoP® then it will most likely achieve maturity levels 2 and 3 in each sub model respectively. At maturity level 4 the requirement is for adaptation and integration of those models with the organisation's functions and regular review. As such it is more difficult to be precise about what mechanisms would be needed as the overall model will vary distinctly from one organisation to the next. Maturity Level 5 introduces far more abstract concepts such as continual improvement and 'optimisation' that will vary widely from one organisation to the next in their implementation.
3. Given that Maturity Level 5 has greater scope for interpretation than lower maturity levels, Tanner James can advise on paths that *might* lead to a Level 5 assessment but ultimately a P3M3 assessor will need to make a professional judgment in the future about the extent of maturity underpinning the implementation of such paths in the context of wider business operations.
4. Capability Improvement Planning should look first at the level of operating capability that is sought and then at all of the characteristics of a desired maturity level to determine if changes can and should be made.

However, Tanner James provides the suggestions throughout this report as to how the organisation might improve towards Level 5 Maturity subject to those points stated above.

The characteristics of P3M3® Level 5 maturity (optimised process) are:

- The Organisation will focus on Optimisation of its quantitatively managed processes to take into account predicted business needs and external factors. It will anticipate future capacity demands and capability requirements to meet delivery challenges (e.g. through portfolio analysis).
- Top managers are seen as exemplars, reinforcing the need and potential for capability and performance improvement.
- It will be a learning Organisation, propagating into other programmes and projects the lessons learned from past reviews. The Organisation's ability to rapidly respond to changes and opportunities will be enhanced by identifying ways to accelerate and share learning.
- The Organisation will be able to show that continuous process improvement is being enabled by quantitative feedback from its embedded processes and from validating innovative ideas and technologies.

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- There will be a robust framework addressing issues of performance management. The Organisation will be able to demonstrate strong alignment of Organisational objectives with business plans, and this will be cascaded down through scoping, sponsorship, commitment, planning, resource allocation, risk management and benefits realization.

Although DHS has not set (overall) Level 5 targets at the sub-model level, Tanner James would expect the characteristics described by P3M3 at the sub-model level to be in place in order to achieve Level 5 maturity for individual process perspectives. The Level 5 maturity definition is:

***Does the Organisation run continuous process improvement with proactive problem and technology management for {the portfolio / programmes / projects} in order to improve its ability to predict performance over time and optimise processes?***

The “key observations and recommendations” sections in this report contain broad recommendations as to what DHS would need to address in order to attain Level 5 maturity. Such recommendations have been provided where:

- a) The associated CIP target is set at Level 5, or
- b) In the opinion of the assessors DHS is already significantly progressed towards Level 5 and attaining Level 5 would potentially be of value to DHS.

## 3 ASSESSMENT DETAILS

### Legend

This part of the assessment report contains for each sub-model then within it the seven individual process perspectives:

- *Definitions from P3M3® (in italics)* of DHS's maturity level; and
- Key observations and recommendations made by the assessment team (in plain text).  
The following symbols are used in the report:

Observation symbol	Description
✓	Key Observation
→	Recommendation to maintain existing maturity
↑	Recommendation for future maturity improvement where level 5 maturity is a CIP target or recommended as a CIP target.

### 3.1 Portfolio Management Maturity Description

DHS's Portfolio Management maturity level is assessed as Level 4. A Level 4 assessment indicates that:

*DHS obtains and retains specific metrics on its whole portfolio of programmes and projects as a means of predicting future performance. DHS assesses its capacity to manage programmes and projects and prioritises them accordingly.*

#### 3.1.1 Key Summarised Observations for Portfolio Management

The leadership and governance provided by the DHS Portfolio Board - comprising of the Executive Committee (EC), Finance & Investment Committee (FIC) and ICT Governance Committee - continues to ensure that the ICT enabled change portfolio is effectively directed and prioritised accounting for the nature of requirements, strategic alignment, risk and capacity.

These decisions are supported by strong processes across all seven P3M3® perspectives of Portfolio management.

Stand-out features of Portfolio Management include Benefits Management and Risk Management which provide a strong basis on which the Portfolio Board can make decisions to balance 'risk and reward' across the change portfolio.

Portfolio-level financial controls include Benefits Realisation controls and are headlined by initial costing analysis, fully-costed and centralised business case approval and rigorous benefits control.

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Strong stakeholder management processes and controls for internal and external stakeholders including central agencies support negotiation of priorities and promulgation of key messages about change.

## 3.1.2 PfM Organisational Governance

**DHS's maturity level for Organisational Governance of its portfolio is assessed as Level 4.** A Level 4 assessment indicates that:

*The initiatives within the portfolio are prioritized in terms of their contribution to the Organisation's strategic objectives and overall level of risk.*

### 3.1.2.1 Key Observations and Recommendations

Observations from the assessment were:

- ✓ DHS shows continued commitment to the value of portfolio management and appears to effectively prioritise initiatives through a model that uses the Executive Committee (EC), Finance & Investment Committee and the ICT Governance Committee. These three committees effectively operate as the Portfolio Board, with clearly defined touch-points with the Customer Committee and People & Leadership Committee. Initiatives are clearly prioritised according to risk and contribution to overall objectives.
- ✓ Modelling of the impact of potential new changes is managed through top-down and bottom up analysis and the dashboards provided to the Committees provide a sound basis on which Portfolio level decisions are made. There is strong evidence that supportability/ sustainability of business decisions is considered using this analysis.
- ✓ The ICT pipeline process and associated capacity planning provides an impressive overview of impacts of new initiatives on a large and complex organisation. Additionally there is clear alignment of the portfolio initiatives to the organisation goals.

## 3.1.3 Pfm Management Control

**DHS's maturity level for Management Control of its portfolio is assessed as Level 4.** A Level 4 assessment indicates that:

*Portfolio management processes exist and are proven. Portfolio management has established metrics against which success can be measured*

### 3.1.3.1 Key Observations and Recommendations

Observations from the assessment were:

- ✓ The portfolio management processes are very clear, providing visible and agreed metrics across the spectrum of initiatives and processes. A range of regular review processes capture lessons learned, use independent assurance and/or react to evidence of potential problems to determine opportunities to improve processes.
- ✓ Authorities for Portfolio Management appear to be very clearly stated and work well. Executive accountability for the change portfolio appears to be embedded clearly into the business structures.
- ✓ The terms of reference for the Portfolio Program Office (PPO) have been reviewed and improved twice in the past which provides an example of review and adjustment of processes.

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- ✓ The reporting cycle is supported by strong data and sophisticated reports showing trends and highlighting potential issues.
- ✓ There is a strong flavour of internal and external review of both processes and outcomes with structured take-on of new ideas and adaptation to suit circumstances. It is particularly impressive that on identifying an increased potential workload arising from the 2013 change of Government, DHS implemented greater, and not reduced, governance and management control of its potential ICT projects to cope with that workload.

## 3.1.4 PfM Stakeholder Management

**DHS's maturity level for Stakeholder Management of its portfolio is assessed as Level 4.** A Level 4 assessment indicates that:

*Sophisticated techniques are used to analyse and engage the stakeholder community effectively, and quantitative information is used to underpin the assessment of effectiveness.*

### 3.1.4.1 Key Observations and Recommendations

Observations from the assessment were:

- ✓ Evidence was provided of a wide range of Stakeholder Engagement approaches and techniques employed to support the change portfolio and that these processes and the underpinning processes are regularly assessed for effectiveness and refined where appropriate
- ✓ Stakeholder Engagement and Communications Plans encourage consolidation of messages, analysis of stakeholders, co-ordination across projects and application of a transparent change management model. There is strong evidence of these plans being both created and implemented.
- ✓ There is strong utilisation of centralised communications to deliver the corporate messages and to consolidate messages being delivered to corporate stakeholders. The use of Region-based Change Managers in this context is stated as being highly effective.
- ✓ The organisation structure includes a range of touch points (such as the Region-based Change Managers and Senior Executive appointments) for ensuring that the needs of the portfolio's customers are met. This supports a Level 5 assessment against the Organisation attribute of Stakeholder Management. A full assessment (in 2015) should investigate the differentiation between business as usual and change portfolio stakeholders.

### 3.1.4.2 Target Level 5 Comments

**Level 5 Requirements Summary (Relating to the Change Portfolio):**

The following points summarise the requirements of Level 5 Maturity for this perspective:

- Forward looking stakeholder management effectiveness reviews (focusing on process effectiveness and efficiency).
- Proactive identification of potential barriers/problems to effective stakeholder relationships.
- Creation, sharing and transfer of stakeholder related knowledge.
- Embedded Change Management culture, processes and behaviours.
- Performance based supply forecasts with both cost and resource loading predictions.
- Knowledge bank to help optimise stakeholder approaches.

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- Real time analysis of stakeholder management effectiveness such as clustering and trending.

## Items not specifically observed:

Observed behaviours and reported comments support that there is significant retrospective analysis and adjustments to processes are made. However, no knowledge bank was presented and therefore forecasting, pro-active identification and planning is unlikely to satisfy level 5 requirements at this time.

## Possible Improvements:

- ↑ To achieve Level 5 DHS should consider establishing a knowledge tool that contains information about portfolio stakeholder management experiences, to allow DHS to share knowledge, regularly and systematically review trends, and learn from experience.
- ↑ Any system DHS adopts must differentiate portfolio stakeholders from other stakeholders (BAU stakeholders or programme/project stakeholders). To achieve Level 5, analysis of stakeholder reactions, and resultant proactive communications to further influence stakeholders, must be evident:
  - for portfolio stakeholders in their own right, and
  - specifically in relation to the portfolio.
- ↑ To achieve Level 5 DHS should establish a clear audit trail showing continual improvement of the portfolio stakeholder management process. This should cover proposing, evaluating and implementing evidenced-based changes to the established portfolio stakeholder management approach.

## 3.1.5 PfM Benefits Management

DHS's maturity level for Benefits Management of its portfolio is assessed as Level 4. A Level 4 assessment indicates that:

*The benefits realization and management process is well established, measurable and is integrated into how the Organisation manages itself.*

### 3.1.5.1 Key Observations and Recommendations

Observations from the assessment were:

- ✓ The Benefits realisation processes appear to have been maintained and improved and remain strong across the DHS change portfolio.
- ✓ There is good evidence of investigation of benefits management outcomes and the ensuing changes to processes. There are also established routines for reviewing those processes.
- ✓ A Portfolio Programme Office has clear responsibilities to maximise the contribution of the change portfolio to operational performance and strategic objectives. Performance metrics are consistently tracked across the business to measure improvements against baselines and targets.

### 3.1.5.2 Target Level 5 Comments

#### Level 5 Requirements Summary (Relating to the Change Portfolio):

The following points summarise the requirements of Level 5 Maturity for this perspective:

- Trending analysis for assets cost performance and risk used to support benefits identification

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- Whole of life decision criteria to optimise benefits from asset investment
- Benefits related assurance reviews to assure Executive of effectiveness of benefits management.
- Demonstrable relationship between portfolio plan and organisation strategies.
- Expected and whole of life cost/benefits analysed to inform future decisions.
- Benefits measurement informs future decisions.
- Knowledge bank enabling optimisation of benefits management approaches.
- Enterprise portfolio benefits management tools enabling trending and early warning analysis.
- Benefits skills embedded throughout leadership and development programmes.
- Externally recognised portfolio benefits management expertise.
- Process improvement is proactive based on real time trend analysis.
- Standards are continually improved using feedback from reviews and other sources.

## Items not specifically observed:

Many Level 5 behaviours were reported and exhibited. However, no tools were presented showing predictive analysis. Comments and evidence surrounding non-financial benefits and dis-benefits were mixed and did not present a convincing Level 5 case.

## Possible Improvements

- ↑ Non-financial benefits and dis-benefits should be managed with the same rigour as financial benefits.
- ↑ To achieve Level 5 DHS should regularly and systematically review aggregated benefits data for hotspots and trends.
- ↑ To achieve Level 5 DHS should establish a clear audit trail showing continual improvement of the portfolio benefits management process, based on trend analysis, lessons learned and process metrics.
- ↑ At Level 5 the process is also likely to be updated based on analysis of predicted benefits management performance, not only past performance.

## 3.1.6 PfM Finance Management

DHS's maturity level for Finance Management of its portfolio is assessed as Level 4. A Level 4 assessment indicates that:

*The Organisation has effective and robust financial control of its investment decisions and the approval and monitoring of initiatives. There is proactive, evidence-based management of the portfolio.*

### 3.1.6.1 Key Observations and Recommendations

Observations from the assessment were:

- ✓ The Business Case approval process includes strong costing and approval processes and this approach appears fully embedded across the organisation's change portfolio. Review is by a number of mechanisms including gates and performance analysis. This provides the basis of robust financial control which works hand in hand with benefits management processes to support evidence based management.

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- ✓ There is clear evidence of regular assessments of financial processes by the Portfolio Programme Office as well as through independent assurance. There is also evidence of the application of lessons learned and review outcomes to those processes.
- ✓ The change portfolio delivers within its forecasted spend profile consistently and demonstrates a clear understanding of under and over-spends for initiatives and their relationship to tolerances through a sophisticated reporting dashboard

## 3.1.6.2 Target Level 5 Comments

### Level 5 Requirements Summary (Relating to the Change Portfolio):

The following points summarise the requirements of Level 5 Maturity for this perspective:

- Analysis of asset costs supports optimised processes for asset investment decision making.
- Financial assurance that return on investments is optimal.
- Continual improvement of processes embedded through organisation.
- Optimised funding through understanding trends in supply chain costs.
- Cash flow is optimised through understanding trends in contracts and performance.
- Knowledge transfer (relating to finance processes) is an inherent behaviour.
- Enterprise wide portfolio management tool used for analysis such as trending and early warning.
- Externally recognised finance management expertise.
- Finance skills embedded in organisation leadership and management development programmes.
- Knowledge gained is managed, shared and used to optimise portfolio delivery plans.
- Adequate resources and funding for financial management improvement initiatives.
- Proactive process improvement based on trend analysis.
- Ability to flex appetite for financial risk to better align the change portfolio to meet organisational objectives.

### Items not specifically observed:

Many Level 5 behaviours and practices were reported and observed. No evidence was provided of pro-active, forecast-based process improvement. Whilst there are enterprise financial tools in use, the use of enterprise knowledge tools to support process optimisation was not observed or supported. No evidence was presented of conscious and pro-active risk appetite management.

### Possible Improvements:

- ↑ To achieve Level 5 DHS should regularly and systematically review aggregated financial data for hotspots and trends and use that information to adapt processes
- ↑ To achieve Level 5 DHS should establish a clear audit trail showing continual improvement of the portfolio financial management process, based on trend analysis, lessons learned and process metrics.
- ↑ At Level 5, DHS should demonstrate it is able to flex its appetite for financial risk to better align the portfolio to meet organisational objectives - e.g. flex financial tolerances for some initiatives as long as the portfolio of initiatives balances financial risk – for those elements of the portfolio where spending is at the departments discretion.

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## 3.1.7 PFM Resource Management

**DHS's maturity level for Resource Management of its portfolio is assessed as Level 4.**

A Level 4 assessment indicates that:

*The Organisation has established effective capacity and capability strategies and processes for obtaining, allocating and adjusting resource levels in line with medium and long term investment plans.*

### 3.1.7.1 Key Observations and Recommendations

Observations from the assessment were:

- ✓ DHS has established impressive capacity and capability mechanisms to support resource management including capacity and capability planning for both business and ICT.
- ✓ One threat to continued maintenance of a Level 4 assessment at the Programme and Project level arises from the Commonwealth-wide APS recruitment restrictions. Whilst this remains a threat at those levels, the DHS responses provide substantial evidence of strategies for obtaining resources based on the calculated and evidenced needs of change initiatives. Approaches such as being positioned at the front of the queue to redeploy personnel made redundant from other agencies with programme and project management experience and DHS' ability to demonstrate impacts of reductions on benefits give confidence that the organisation, at change portfolio level, is as well placed as possible to cope with staff freezes.
- ✓ There is clear evidence that accountability for resource reporting, governance and management is embedded within the organisation's structures.
- ✓ Sophisticated approaches exist to match resource supply and demand as well as to arrange additional resources when required.

## 3.1.8 PFM Risk Management

**DHS's maturity level for Risk Management of its portfolio is assessed as Level 4. A**

Level 4 assessment indicates that:

*The Organisation's appetite for risk and the balance of risk and benefit across the portfolio are continually reviewed and managed.*

### 3.1.8.1 Key Observations and Recommendations

Observations from the assessment were:

- ✓ There is a clear understanding of portfolio risk appetite across the stakeholders participating in the review and there is evidence that this is regularly and actively assessed for effectiveness.
- ✓ Risk processes are regularly assessed and there are strong examples of these being changed where areas for improvement have been identified. Examples appear to come from regular review and proactive identification of potential problems.
- ✓ There is active analysis of risk trends but this is reported as somewhat limited due to the lack of a central data source for risk. Those limitations aside, good evidence was provided showing the organisation is well aware of risk profiles at portfolio level and actively makes decisions, especially surrounding discretionary projects, based on risk.

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## 3.1.8.2 Target Level 5 Comments

### Level 5 Requirements Summary (Relating to the Change Portfolio):

The following points summarise the requirements of Level 5 Maturity for this perspective:

- Asset management risk criteria enable optimised asset management decision making.
- Risk assurance is provided throughout the executive relating to process effectiveness and efficiency.
- Desire for continuous improvement of risk management processes is embedded throughout the organisation.
- Commercial-related risk reviews support successful and efficient procurement.
- Risk data is analysed for trends to inform commercial strategies.
- Knowledge bank allowing sharing of experiences used to optimise risk management approaches.
- Knowledge transfer is an inherent behaviour (surrounding risk).
- A portfolio risk management tool is used enabling analysis such as trending and early warning indicators.
- Organisational risk management framework interacts effectively with change portfolio risk management.
- Organisational risk knowledge and processes enable portfolios to prepare optimised plans based on past experience.
- Process improvement is pro-active based on trends and emerging evidence.
- Organisation actively seeks to improve risk processes based on trend analysis.
- Formal portfolio gate reviews proactively assess and manage investment risk and make decisions based on their impact on the portfolio.

### Items not specifically observed:

Portfolio risks appear well understood but the lack of a central tool limits the availability of aggregated programme and project risk information to support that knowledge. No evidence was presented of a central knowledge tool supporting optimisation of processes or of underpinning knowledge transfer practices relating to risk processes. No claims were made relating to formal gate reviews per se, although it is understood there are structured executive reviews in place.

### Possible Improvements:

- ↑ To achieve Level 5 DHS should regularly and systematically review aggregated risk data for hotspots and trends with a view to optimising risk processes.
- ↑ To achieve Level 5 DHS should establish a clear audit trail showing continual improvement of the portfolio risk management process, based on trend analysis, lessons learned and process metrics. This is likely to include comparison with other organisations.
- ↑ At Level 5, DHS should demonstrate consistent application of the portfolio risk management process to both opportunities and non-financial risks.

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## 3.2 Programme Management Maturity Description

DHS's Programme Management maturity level is assessed as Level 4. A Level 4 assessment indicates that:

*DHS obtains and retain specific measurements on its programme management performance and runs a quality management organisation to better predict future programme outcomes.*

### 3.2.1 Key summarised observations for Programme Management

- ✓ DHS has developed and consistently used a sound set of program management processes, principles and governance arrangements, including benefits management and change management disciplines that allow it to obtain and retain measurements and predict outcomes.
- ✓ Performance across all seven perspectives of Programme Management is strong (with each assessed at Level 4) with particular strengths showing up in Benefits Management and Finance Management perspectives.
- ✓ Risk Management processes are very strong but to build to Level 5 maturity some form of centralised collection of risks, such as through a database, would be required. This could support predictive analysis required to reach Level 5.
- ✓ The maturity of Programme Management in DHS is well supported by strong leadership and a culture that integrates the disciplines into the business.

### 3.2.2 PgM Organisational Governance

DHS's maturity level for Organisational Governance of its programmes is assessed as Level 4. A Level 4 assessment indicates that:

*Programme and organisational governance are integrated with measurement and feedback used to refine programme governance as appropriate to make it more effective.*

#### 3.2.2.1 Key Observations and Recommendations

Observations from the assessment were:

- ✓ The primary stakeholders with roles in Organisational Governance for programmes appear to have significant, integrated roles in the range of Portfolio governance mechanisms. There are clear measurements applied to programme success, problem areas and process effectiveness that support evolutionary improvement in maturity improvement.
- ✓ As an example, the Executive Committee (EC) supported by the Finance & Investment Committee and the ICT Governance Committee is accountable for the establishment of programs to support budget funded initiatives. This is seamlessly integrated with the Portfolio Board approach. However there are very clear distinctions between Programmes and the Portfolio governance.
- ✓ Programme, and constituent project, approvals are accordingly made in the context of the wider portfolio.
- ✓ Examples were provided of continual review of authorisation approaches based on historical analysis of performance. This included changes to the SDR programme as a result of evident risk exposure and provision of seed funding to mitigate risks associated with approvals.
- ✓ The suite of programme controls, information and reporting provides a very clear view of which programmes are running, how they relate to strategic objectives and the impact of

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issues and risks on portfolio outcomes. There is substantial evidence of the use of forecasts, such as those provided in the dashboard reports, to direct programme realignment to corporate objectives.

## 3.2.3 PgM Management Control

**DHS's maturity level for Management Control of its programmes is assessed as Level 4.** A Level 4 assessment indicates that:

*The programmes' management control approach is integrated with the Organisation's control mechanisms, and uses measurement and analysis of performance to verify and refine the programmes' effectiveness across the Organisation.*

### 3.2.3.1 Key Observations and Recommendations

Observations from the assessment were:

- ✓ The provision of Program Status Reports to Programme Boards as well as the PPO and ICT PMO for maintaining portfolio level dashboards helps to integrate the programme's controls with the organisation's control mechanisms. Program Status Reports remain consistently used and are validated effectively, thus providing assurance to Programme Boards that the program and the projects within it are on track or to provide guidance on dealing with issues and risks. Metrics are used to monitor and control projects in quantitative terms and the concepts of tolerance setting and exception management are applied in a flexible and pragmatic manner.
- ✓ Performance Management approaches used include internal and external Health Checks as well as the use of Independent Assurance for a range of purposes. The organisation is proactive in establishing its review program based on emerging data trends.
- ✓ All programme management personnel have a range of measures built into job descriptions and performance agreements specifically relating to their programme role effectiveness. Programme Board effectiveness is internally and externally reviewed on a regular basis.
- ✓ The dashboard reports shown support the stated evidence that all programmes are delivering broadly within specified business case parameters. Where variances do occur they are highlighted through effective Exception Reporting and these appear to be actively managed.
- ✓ The creation and use of an Executive Command Centre to assist with complex transitions is a strong example of optimisation of structures to integrate programme and operational activities. This lends a strong argument in favour of Level 5 assessment for the Organisation attribute of Management Control. Whilst this does not cause the overall Management Control perspective to be assessed at Level 5, it is a logical first step towards that goal should DHS choose to add that to its Capability Improvement Plan.

## 3.2.4 PgM Stakeholder Management

**DHS's maturity level for Stakeholder Management of its programmes is assessed as Level 4.** A Level 4 assessment indicates that:

*The programmes' stakeholder management is integrated with the Organisation's stakeholder management approach and uses measurement and analysis of performance to verify and refine the programmes' effectiveness across the Organisation.*

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## 3.2.4.1 Key Observations and Recommendations

Observations from the assessment were:

- ✓ DHS demonstrates robust stakeholder management approaches and provided evidence that these processes are regularly assessed for effectiveness. As well as reviewing the communications, the outcomes of feedback exercises are actively fed into the programme structures and activities where possible.
- ✓ DHS uses an extensive range of communications channels and techniques to deliver messages tailored to the varied customer base and demographics. DHS have made a noticeable shift towards business readiness and benefits delivery which is evident through their engagement of both internal and external stakeholders. There is evidence of consistency, purposeful selection and regular improvement in these approaches.
- ✓ There are several mechanisms by which communication is consolidated and aligned to corporate messages. Consolidated media strategies are in place and these were reviewed in 2012. Twelve monthly change forecasting, the 3 month pack of detailed information on every change that is to be implemented and tools such as “Transformation Street” and the Change Info Hub provide horizontal integration of communications. These mechanisms could lend support to a Level 5 assessment of Stakeholder Management in the future.
- ✓ The wide range of feedback mechanisms used include mechanisms that show stakeholders consistently feel well engaged by programme teams.
- ↑ To achieve a Level 5 assessment, DHS might consider further integration of external and internal communications along with developing evidence of the use of knowledge management to support continuous improvement of programme communications. Use of such tools might help to provide evidence of optimisation of processes.

## 3.2.5 PgM Benefits Management

**DHS’s maturity level for Benefits Management of its programmes is assessed as level 4.** A Level 4 assessment indicates that:

*The programmes’ benefits management approach is integrated with the Organisation’s performance management and uses the measurement and analysis of performance to verify and refine the programmes’ effectiveness across the Organisation.*

### 3.2.5.1 Key Observations and Recommendations

Observations from the assessment were:

- ✓ Benefits identification and management at a program level is consistently undertaken and it is being used by all programs. The approaches used are consistent with and integrated in portfolio Benefits Management approaches. The central management of processes, tools and templates used for benefits management activities ensures consistent measurement and control as well as regular review of benefits processes.
- ✓ Convincing evidence was provided that there are defined and consistently used criteria for benefits and that these are linked clearly to organisation objectives. This evidence included a range of templates, dashboard reports and guidance.
- Evidence was not as convincing regarding criteria and processes for identifying and managing disbenefits. DHS may wish to review criteria for capturing and managing disbenefits to reinforce the existing rating and as a step towards possible achievement of Level 5 in the future.
- ✓ The organisational structure contains very clear responsibilities for achievement of benefits as do benefit profiles/assessments. This attribute borders on Level 5 which requires inclusion of specific responsibilities for pre-emptive interventions based on

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forecasting benefits performance. To achieve this level further use of consolidated knowledge management and centralised forecasting techniques could be beneficial.

- ✓ Evidence is provided in reports that programmes are delivering expected benefits consistently and that variations are actively managed.
- ↑ Whilst there will undoubtedly be associated costs and imposts, it would appear that a Level 5 assessment for the Benefits Management perspective of the Programme Management sub-model would be within reach of DHS if it chose to include this in the CIP. As for Portfolio Management, this would most likely require investment in knowledge management tools to support continuous and pro-active improvement of processes and enhance performance (along with supporting evidence).

## 3.2.6 PgM Finance Management

**DHS's maturity level for Finance Management of its programmes is assessed as Level 4.** A Level 4 assessment indicates that:

*The programmes' finance management is integrated with the Organisation's finance management approach and uses measurement and analysis of performance to verify and refine the programmes' effectiveness across the Organisation.*

### 3.2.6.1 Key Observations and Recommendations

Observations from the assessment were:

- ✓ DHS utilise a standard approach to program business case development that is consistent and integrated with corporate finance approaches. A consistent set of metrics and analysis of programme performance is applied across DHS programmes.
- ✓ The common finance management processes for programmes are regularly assessed and validated for effectiveness. There is evidence of processes being refined when required.
- ✓ The Organisation attribute of Financial Management is, prima facie, at Level 5 in that there is a clear view of forecast cost and funding requirements for all programmes within the portfolio.
- ✓ Evidence provided supports a Level 4 assessment of Finance performance for programmes in that nearly all DHS programmes deliver within their expected costs. Level 5 assessment for this attribute requires reliable prediction of cost profiles driving optimisation of funding.

### 3.2.6.2 Target Level 5 Comments

**Level 5 Requirements Summary (Relating to the all Programmes):**

The following points summarise the requirements of Level 5 Maturity for this perspective:

- Analysis of asset cost trends in order to optimise processes for investment decision making.
- Continually monitored programme assurance with a view to optimising programme finance processes.
- Desire for continuous improvement of finance processes is embedded throughout the organisation.
- Funding is optimised through understanding of supply chain costs.
- The mix of programme costs is optimised around factors such as funding arrangements and taxation.

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- Cash flow is optimised through understanding trends in contract terms and performance.
- Organisational knowledge is shared enabling optimisation of financial approaches.
- Finance tools forecast programme costs and funding requirements (real time).
- Lessons learned are used to optimise approaches, standards and processes across constituent projects.
- Finance skills are embedded in management and leadership development.
- Cost estimation techniques are continually reviewed (using actuals and forecasts) to improve control.
- Organisational knowledge is used to optimise plans.
- Process improvement is proactive based on (forward looking) reviews, feedback and analysis.
- Strategic business planning is embedded within programme business cases.
- Sophisticated techniques (e.g. discounted cash flow, NPV etc.) are common tools enabling investment optimisation.
- The organisation uses maturity assessments to optimise financial management capability.

## Items not specifically observed:

Many Level 5 behaviours and practices were reported and observed. No evidence was provided of pro-active, forecast-based process improvement. Whilst there are enterprise financial tools in use, the use of them or enterprise knowledge tools to support process optimisation was not observed or supported. No specific evidence was proffered supporting process 'optimisation'.

## Possible Improvements:

- ↑ To achieve Level 5 DHS should regularly and systematically review aggregated financial data for hotspots and trends.
- ↑ To achieve Level 5 DHS should establish a clear audit trail showing continual improvement of the programme financial management process, based on trend analysis, lessons learned and process metrics.

## 3.2.7 PgM Resource Management

**DHS's maturity level for Resource Management of its programmes is assessed as Level 4.** A Level 4 assessment indicates that:

*The programmes' resource management approach is integrated with the Organisation's capacity and capability management and uses measurement and analysis of performance to verify and refine programme effectiveness across the Organisation.*

### 3.2.7.1 Key Observations and Recommendations

Observations from the assessment were:

- ✓ There is a solid resource management approach for DHS programmes which is integrated with the organisations capacity and capability management approach. There is clear understanding of performance driven from a range of reports and metrics. There are strong review mechanisms to support verification and refinement of this approach.
- ✓ Resource management processes are reviewed from a number of perspectives and channels for identification of issues are open and well-used.
- ✓ DHS is able to provide a thorough picture of resource requirements and utilisation across its programmes and is regularly reviewing that balance to assess organisational capacity to deliver.

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- ✓ Clear evidence shows adjustments to delivery during the programme lifecycle to re- balance supply and demand. DHS is pursuing a range of risk mitigation measures to deal with the threatened impact of APS staff freezes and redundancies. These risks could impact maturity assessments if they eventuate to the extent that Programmes no longer have sufficient resources to deliver. However, it appears at this time that programmes consistently have sufficient resources to meet their scheduled targets. The sophisticated approach the Department is taking to meeting these risks helps to show the maturity of processes.

## 3.2.8 PgM Risk Management

**DHS's maturity level for Risk Management of its programmes is assessed as Level 4.** A Level 4 assessment indicates that:

*The programmes' risk management is integrated with the Organisation's risk management approach and uses measurement and analysis of performance to verify and refine the programmes' effectiveness across the Organisation.*

### 3.2.8.1 Key Observations and Recommendations

Observations from the assessment were:

- ✓ There is a consistent risk management approach applied across the portfolio, programme and project levels that supports measurement and performance analysis to verify programme effectiveness across the organisation.
- ✓ The processes and use thereof are assessed at least monthly. There is clear evidence of processes, business rules and guidance being refined to respond to identified issues.
- ✓ Risk roles are clearly assigned across the programmes and these include the capability to respond to identified risks. There is broad usage of these roles to leverage change within programmes to avoid threats. There appears to be some identification of opportunities but this does not appear as mature as the framework for threats.
- ✓ Programmes appear to be well able to handle unpredictable events through early warning and risk response mechanisms.

### 3.2.8.2 Target Level 5 Comments

**Level 5 Requirements Summary (Relating to the all Programmes):**

The following points summarise the requirements of Level 5 Maturity for this perspective:

- Asset risk criteria support optimal asset management decisions.
- Continual monitoring of Programme assurance supports optimisation of risk assurance functions and processes.
- The desire to continuously improve risk management processes is embedded throughout the organisation.
- The creation, sharing and transfer of risk management knowledge is an inherent behaviour.
- Risk data is analysed for trends to inform and optimise future contracting strategies.
- Commercial-related reviews assure the leaders of effective and successful delivery.
- Organisational knowledge and processes enable programmes to learn from each other to optimise their risk management approaches.
- Risk status reports are centrally analysed for improvement to approaches.
- An enterprise risk management tool is used that enables analysis such as trends for common risks.

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- Lessons learned are used to optimise risk approaches.
- Plans are optimised using past risk data.
- The organisation continually monitors the application of resources to risks.
- Risk policy is forward looking and seeks to anticipate (as opposed to reflecting past experiences).
- The organisation actively seeks to improve risk management standards.

## Items not specifically observed:

General use of risk management was strong and shows some maturity level 5 characteristics. Lack of a central, enterprise risk management tool limits the organisations ability to roll up project risks into programmes, to conduct analysis of effectiveness and thus predict future outcomes. No central knowledge tool was observed and this limits the ability to meet the continuous improvement aspects of Level 5.

## Possible Improvements:

- ↑ To achieve Level 5 DHS should regularly and systematically review aggregated risk data for hotspots and trends with a view to improving processes.
- ↑ To achieve Level 5 DHS should establish a clear audit trail showing continual improvement of the programme risk management process, based on trend analysis, lessons learned and process metrics. This is likely to include comparison with other organisations.
- ↑ At Level 5 the process is also likely to be updated based on analysis of predicted risk management performance, not only past performance.
- ↑ At Level 5, DHS should demonstrate consistent application of the programme risk management process to both opportunities and non-financial risks.

## 3.3 Project Management Maturity Description

**DHS's Project Management maturity level is assessed as Level 4.** A Level 4 assessment indicates that:

*DHS obtains and retains specific measurements on its project management performance and runs a quality management organisation to better predict future performance.*

### 3.3.1 Key summarised observations for Project Management

There has been direct investment in project management learning and development and practice management. We note that across all of the P3M3 participants there was an evident uplift in project capability compared to prior years.

The DHS Portfolio Office continues to have a direct impact on project management practices, consistent application of organisational standards and generally lifting the standard of project management across DHS. For example:

- Centrally controlled project management processes and techniques are being used to effectively manage the delivery of new or enhanced capability.
- Sound project governance arrangements are being applied consistently, often within the boundaries of a larger change program.

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- A resource pool of trained and experienced Project Managers is being developed by DHS to support current and future projects. This is supported by a focus on ongoing development for individuals in specific roles and the creation of forums to share organisational experience, lessons learned and knowledge across projects.

Strong Portfolio Management also has a positive impact on project management practices as the DHS senior executive begin to set higher Departmental expectations on projects and Project Managers.

## 3.3.2 PjM Organisational Governance

**DHS's maturity level for Organisational Governance of its projects is assessed as Level 4.** A Level 4 assessment indicates that:

*Project and Organisational governance are integrated with measurement and feedback is used to refine project governance as appropriate to make it more effective*

### 3.3.2.1 Key Observations and Recommendations

Observations from the assessment were:

- ✓ Project governance roles and processes are fully integrated with those of the organisation with approvals signed off at the Executive level, either through the Portfolio Board (Executive Committee informed by Finance & Investment Committee and ICT Governance Committee) or the ICT Governance Committee for internal ICT initiatives. This joint decision making process across business and ICT ensures balance between organisational performance and the change impact.
- ✓ The project approval processes clearly include criteria to assess the value in the context of the wider portfolio. The integration of approvals with programme approvals supports this type of assessment.
- ✓ The approach to authorisation has been assessed regularly and there is evidence of changes
- ✓ DHS has a comprehensive list of live projects that shows clearly their linkages with programmes and strategic objectives. A comprehensive dashboard reporting approach allows re-direction of projects to maintain alignment with corporate goals and there is evidence of this occurring.
- ↑ Evidence was presented to support a claim that the organisation attribute of Organisational Governance is at Level 5; that is "DHS actively tailors its approach to authorisation to suit the needs of internal and external environments". The overall assessment of Organisational Governance perspective remains at Level 4 in this assessment but this might be an area that DHS considers as a Target Level 5 for incorporation in the CIP.

## 3.3.3 PjM Management Control

**DHS's maturity level for Management Control of its projects is assessed as Level 4.** A Level 4 assessment indicates that:

*The projects' management control approach is integrated with the Organisation's controls and uses measurement and analysis of performance to verify and refine project effectiveness across the Organisation.*

### 3.3.3.1 Key Observations and Recommendations

Observations from the assessment were:

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- ✓ Project boards show high degrees of engagement with active decision making focused around setting strategies to improve delivery when required. The Project Boards are integrated with Programme and Portfolio management arrangements. Measurements and associated analysis is used to support these arrangements.
- ✓ Performance management is conducted through a range of approaches including health checks, independent review and the normal control routines. These highlight effectiveness of project controls and there is evidence of changes to processes as a result of such reviews.
- ✓ Performance appraisals of project personnel are integrated with the DHS Performance Appraisal framework and project role effectiveness is central within such appraisals.
- ✓ The nature of many projects as budget measures increases the importance of delivery on time, budget and to quality requirements. One manager put this as 'we must deliver budget measures to plan and we do'. This claim is supported by dashboard reports consistently showing red light indicators for only a small proportion of projects (often less than 5%) and these red lights are rarely persistent.

## 3.3.4 PjM Stakeholder Management

**DHS's maturity level for Stakeholder Management of its projects is assessed as Level 4.** A Level 4 assessment indicates that:

*The projects' stakeholder management is integrated with DHS' stakeholder management approach, and uses measurement and analysis of performance to verify and refine project effectiveness across the Organisation*

### 3.3.4.1 Key Observations and Recommendations

Observations from the assessment were:

- ✓ The project, programme and portfolio stakeholder engagement approaches are vertically integrated and there is solid examination of the effectiveness of projects' stakeholder management across the organisation.
- ✓ Regular review of the effectiveness of stakeholder management is evidenced by a recent review of the Governance Framework which coincided with a stakeholder management review with the same intent. Project closure reports also routinely consider stakeholder management effectiveness and lessons are transferred to Lessons Learned where appropriate.
- ✓ Stakeholder communications are effectively managed horizontally across multiple projects to enable consolidation and this borders on a Level 5 assessment which requires that communications across multiple projects optimise stakeholder engagement efficiency and effectiveness. Further metrics and evidence that engagement effectiveness and efficiency is optimised would support such an assessment for the 2015 P3M3® Review as planned.
- ✓ Likewise the performance attribute of Stakeholder Management is also approaching Level 5 maturity in that there is a clear view of which projects are engaging which stakeholder groups. Similar evidence about optimisation of effectiveness of internal and external stakeholder management would support a Level 5 maturity assessment in 2015
- ↑ Project Stakeholder Management would appear to be an area in which Level 5 maturity would be achievable with the introduction of improved, centralised knowledge management to drive continuous improvement along with additional evidence of *optimisation* of effectiveness and efficiency of communications.

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## 3.3.5 PJM Benefits Management

DHS's maturity level for Benefits Management of its projects is assessed as Level 4. A Level 4 assessment indicates that:

*The projects' benefits management approach is integrated with the Organisation's performance management and uses measurement and analysis of performance to verify and refine project effectiveness across the Organisation.*

### 3.3.5.1 Key Observations and Recommendations

Observations from the assessment were:

- ✓ There is a common benefits management framework across the portfolio, programmes and projects that allows measurement and analysis of benefits management performance across the organisation. The PPO has verified the continued usage of this framework across projects and provides ongoing support and review of the framework.
- ✓ There is a common range of criteria for benefits across DHS and these are clearly linked to the organisation's objectives, especially linkage to the delivery of budget measures. Dis-benefits are also included in the framework but there is less evidence of common usage.
- ✓ The organisation structure includes responsibility for pre-emptive interventions into existing projects to re-direct them based on forecasting benefits performance. As such the Organisation attribute of the Benefits Management perspective can be assessed at Level 5 maturity. To ensure maintenance of this level in support of the planned 2015 P3M3® full assessment, DHS might wish to consolidate evidence of forecasts vs actual benefit performance across the portfolio and records of intervention decisions.
- ✓ The PPO, via Project Specialists together with the Benefits Management Team in the Change and Project Coordination Branch, provide specific support to business project managers in defining, measuring, managing and reporting benefits. This assists in skills transfer and operationalisation of benefits management.
- ✓ The Performance attribute of Benefits Management also approaches Level 5 maturity which would require that DHS can reliably predict when projects will collectively deliver benefits. To achieve that level DHS would need to provide evidence of prediction of individual and collective delivery of benefits, assessment of those predictions for accuracy and corrective actions where needed.
- ↑ Overall the maturity of Benefits Management in the Project sub-model is assessed at Level 4 'with a bullet'. The refinement and embedding of performance metrics along with structured and evidenced continuous improvement (probably using some form of knowledge management system) would make maturity Level 5 an achievable target for the CIP. Refinement of the management of dis-benefits would also assist this improvement.

## 3.3.6 PJM Finance Management

DHS's maturity level for Finance Management of its projects is assessed as Level 4. A Level 4 assessment indicates that:

*The projects' finance management is integrated with the Organisation's finance management approach, and uses measurement and analysis of performance to verify and refine project effectiveness across the Organisation.*

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## 3.3.6.1 Key Observations and Recommendations

Observations from the assessment were:

- ✓ PPO spot checks have confirmed the previous observation that Business Cases are instrumental during the project assessment phase. They are generally used as a source of truth and reference point during initial discussions for project decision making. Cost management at the project level is fully integrated with the organisation's financial management functions
- ✓ This use of a standard approach to project business case development that is consistent and integrated with corporate finance approaches and is integrated with programme business Case approval provides a strong and integrated basis for Finance Management. A consistent set of metrics and analysis of programme performance is applied across DHS programmes.
- ✓ The common finance management processes for programmes are regularly assessed and validated for effectiveness. There is evidence of processes being refined when required. There is a valid argument for assessment of this attribute at Maturity Level 5 which would require pre-emptive interventions based on financial reporting forecasts to redirect existing projects. Implicit in the deeper attributes of this is evidence of structured trend analysis, audit trails and continuous improvement. Recommendations are provided below for the continued improvement of this maturity level.
- ✓ The Organisation attribute of Finance Management is at Level 5 maturity as the Project and Programme dashboards provide a clear view of forecast costs and funding requirements for all projects in the change portfolio.
- ✓ The project dashboard reports show clearly that the vast majority (usually greater than 95%) of projects are delivering on track.

## 3.3.6.2 Target Level 5 Comments

### Level 5 Requirements Summary (Relating to all Projects):

The following points summarise the requirements of Level 5 Maturity for this perspective:

- Analysis of asset cost trends in order to optimise processes for investment decision making for projects
- Continually monitored programme assurance with a view to optimising programme finance processes
- Desire for continuous improvement of finance processes is embedded throughout the organisation
- Funding is optimised in projects through understanding of supply chain costs
- Cash flow is optimised through understanding trends in contract terms and performance
- Organisational knowledge is shared enabling optimisation of project financial approaches
- Finance status reports are analysed by a central group for opportunities to improve approaches
- Finance tools forecast project costs and funding requirements across the organisation (real time)
- Finance skills are embedded in management and leadership development
- Cost estimation techniques are continually reviewed (using actuals and forecasts) to improve control
- Organisational knowledge is used to optimise plans

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- Process improvement is proactive based on (forward looking) reviews, feedback and analysis
- Strategic business planning is embedded within project business cases
- The organisation actively seeks to improve central finance management standards based on analysis of projects and markets.
- Projects use sophisticated techniques within business case to help optimise investment decisions at the programme and portfolio levels.

## Items not specifically observed:

Many Level 5 behaviours and practices were reported and observed. No evidence was provided of proactive, forecast-based process improvement. Whilst there are enterprise financial tools in use, the use of them or enterprise knowledge tools to support process optimisation was not observed or supported. No specific evidence was proffered supporting process 'optimisation'.

## Possible Improvements:

- ↑ To achieve Level 5 DHS should regularly and systematically review aggregated financial data for hotspots and trends with a view to process optimisation.
- ↑ To achieve Level 5 DHS should establish a clear audit trail showing continual improvement of the project financial management process, based on trend analysis, lessons learned and process metrics.

## 3.3.7 PJM Resource Management

**DHS's maturity level for Resource Management of its projects is assessed as Level 4.**

A Level 4 assessment indicates that:

*The projects' resource management approach is integrated with the Organisation's capacity and capability management and uses measurement and analysis of performance to verify and refine project effectiveness across the Organisation.*

### 3.3.7.1 Key Observations and Recommendations

Observations from the assessment were:

- ✓ PPO spot checks support the previous P3M3® finding that mature, robust and consistent processes, supported by the ICT PMO, exist to track and measure resource utilisation and efficiency within the ICT Portfolio. These processes leverage central resource management tools such as Primavera, the ICT Work Plan and TM1.
- ✓ Substantial evidence was provided that common resource management processes are regularly assessed and refined when appropriate.
- ✓ There is a central function to compile and aggregate resource requirements and to balance these with organisational capacity and capability. There is continued recognition, at various organisational levels, for the need to share critical and/or limited resources. Examples include the Project Management Competency Centre, the Business Analyst Competency Centre, PPO Project Specialists and the Project Risk Support Team.
- ✓ Resource supply and demand is re-balanced during the project life-cycle by both adjustments to the project and utilisation of resources between projects. From a business perspective the tracking and measurement of resource utilisation and efficiency is focused at the branch level and is critical to allow the movement of resources across initiatives as required.

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- ✓ As was evident for programmes, DHS is pursuing a range of risk mitigation measures to deal with the threatened impact of APS staff freezes and redundancies. These risks could impact maturity assessments if they eventuate to the extent that projects no longer have sufficient resources to deliver. However, it appears at this time that projects consistently have sufficient resources to meet their scheduled targets. The sophisticated approach the Department is taking to meeting these risks helps to show the maturity of processes.
- ✓ A training strategy remains in place to support capability development within Project Management. This is facilitated by the provision of various mechanism to support knowledge transfer and practical applications including:
  - classroom and e-Learning training courses;
  - project management forums;
  - induction and refresh sessions; and
  - ongoing coaching and mentoring provided by Project Specialists.

## 3.3.8 PjM Risk Management

**DHS's maturity level for Risk Management of its projects is assessed as Level 4.** A Level 4 assessment indicates that:

*The projects' risk management approach is integrated with the Organisation's risk management and uses measurement and analysis of performance to verify and refine project effectiveness across the Organisation.*

### 3.3.8.1 Key Observations and Recommendations

Observations from the assessment were:

- ✓ Risk management across the portfolio, programmes and projects is consistent and effective. There is substantial evidence of measurement and analysis of performance being used to refine project effectiveness across the organisation.
- ✓ Strong evidence exists to show regular assessment of the risk management processes for past effectiveness. Oral evidence was presented that the introduction of the PGPA Act has catalysed continuous improvement of Risk Management processes. This is supported by changes to the project processes whereby, for example, new and emerging issues and risks must be notified within 10 days. There is also evidence that use of Risk Management workshops is driving continuous improvement of processes.
- ✓ The Organisational structure includes responsibility for pre-emptive interventions to redirect existing projects based on identified risks. It is not as clear that opportunities are managed with the same rigour, however this is seen as an ongoing improvement that is underway and accordingly the Organisation attribute of Project Risk Management is assessed at Level 5 maturity.
- ✓ PPO spot checks confirm that standard risk management templates and tools, including risk registers, are used consistently and this shows that projects are generally able to handle events that were unpredictable through early warning and risk response mechanisms. The Performance attribute of Risk Management also approaches Level 5 maturity. However, evidence of *optimisation* of the project portfolio through understanding the risk profile would likely be achieved through the recommendations provided below.

### 3.3.8.2 Target Level 5 Comments

**Level 5 Requirements Summary (Relating to the all Projects):**

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The following points summarise the requirements of Level 5 Maturity for this perspective:

- Asset risk criteria support optimal asset management decisions.
- Continual monitoring of Programme assurance supports optimisation of risk assurance functions and processes.
- The desire to continuously improve risk management processes is embedded throughout the organisation.
- Risk data is analysed for trends to inform and optimise future contracting strategies.
- Commercial-related reviews assure the leaders of effective and successful delivery.
- Organisational knowledge and processes enable projects to learn from each other to optimise their risk management approaches.
- Risk status reports are centrally analysed for improvement to approaches.
- An enterprise risk management tool is used that enables analysis such as trends for common risks.
- Risk management skills are embedded in management and leadership development.
- Lessons learned are used to optimise risk approaches.
- Process improvement is proactive and based on analysis.
- Plans are optimised using past risk data.
- Centralised risk categories are continuously reviewed.
- The organisation continually monitors the application of resources to risks.

Risk policy is forward looking and seeks to anticipate (as opposed to reflecting past experiences).

The organisation actively seeks to improve risk management standards.

## Items not specifically observed:

Many Level 5-like attributes are demonstrated in evidence reviewed. However, projects consistently maintain an Excel spreadsheet based Risk Register. Whilst these are subject to central review and control and a degree of analysis, this appears to be a central limiting factor in progression towards Level 5 maturity assessment. It was also noted that there were some questions over currency of a few project risk registers when these were informally presented to reviewers. At Level 5 that question would simply not arise.

## Possible Improvements:

- ↑ To achieve Level 5 DHS should regularly and systematically review aggregated risk data for hotspots and trends with a view to process optimisation.
- ↑ To achieve Level 5 DHS should establish a clear audit trail showing continual improvement of the project risk management process, based on trend analysis, lessons learned and process metrics.
- ↑ At Level 5 the process is also likely to be updated based on analysis of predicted risk management performance, not only past performance.
- ↑ At Level 5, DHS should demonstrate consistent application of the project risk management process to both opportunities and non-financial risks.

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## 4 APPENDIX A – Assessment Participants

### Portfolio Management

P3M3® Role	Name	Title
Portfolio Director - CFO	Emily Canning	Chief Financial Officer
Portfolio Director - CIO	Gary Sterrenberg	Chief Information Officer
Head of Portfolio Office (PPO)	Soraya Weber	National Manager, Portfolio Programme Office
Head of Portfolio Office (ICT)	Elaine Ninham	National Manager, ICT Portfolio Management Office
Portfolio Management Process Owner (Benefits & Finance)	Rohan Wong	National Manager, Internal Budgets and Reporting
Portfolio Management Process Owner (Governance & Risk)	[REDACTED]	Director, Risk Management (for John Kalokerinos - National Manager, Governance)
Portfolio Management Process Owner (Stakeholder Management)	Alex Dolan	National Manager, Government Partnerships and New Work
Portfolio Management Process Owner (Resource Management)	Anna Ryan Andrea Paschalis	A/g National Manager, Workforce Planning National Manager, Learning and Development
Portfolio Office	Bianca Ruut	A/g National Manager, Change and Project Coordination
Portfolio Office (PPO)	[REDACTED] [REDACTED] [REDACTED] [REDACTED]	Director, Portfolio Design Support and Assurance Director, Portfolio Reporting and Support A/g Director, Portfolio Capability Development and Frameworks Director, Portfolio Risk Management

### Programme Management

P3M3® Role	Name	Title
Head of Programme Office (PPO)	Soraya Weber	National Manager, Portfolio Programme Office
Head of Programme	Michelle Wilson	General Manager, Disability, Carers and

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Office (ACR)		Older Australians Division
Head of Programme Office (CSSR)	Robyn Calder	A/g General Manager, Business Systems Design & Transformation Division
Programme Office (PPO)	[REDACTED] [REDACTED] [REDACTED] [REDACTED]	Director, Portfolio Reporting and Support A/g Director, Portfolio Capability Development and Frameworks Director, Portfolio Risk Management Assistant Director, Portfolio Design Support and Assurance
Programme Office (Business Change)	Bianca Ruut	A/g National Manager, Change and Project Coordination
Programme Office (Benefits, Finance, Governance & Risk)	[REDACTED] [REDACTED] [REDACTED]	Director, Departmental Benefits Management Section Director, Internal Budgets and Reporting Director, Risk Management
Programme Office	Susan Cartwright	National Manager, Budget Implementation Branch, Social Services
Programme SRO	Michelle Wilson	General Manager, Disability, Carers and Older Australians Division
Programme SRO	Robyn Calder	A/g General Manager, Business Systems Design & Transformation Division
Business Change Manager	Bianca Ruut	A/g National Manager, Change and Project Coordination

## Project Management

P3M3® Role	Name	Title
Head of Project Office	Soraya Weber	National Manager, Portfolio Programme Office
Project Office (ICT)	[REDACTED]	Director, ICT Portfolio Management Office
Project Office and Project Management Process Owners	[REDACTED] [REDACTED] [REDACTED] [REDACTED]	Director, Portfolio Reporting and Support Assistant Director, Portfolio Design Support and Assurance Director, Portfolio Risk Management Assistant Director, Portfolio Capability Development and Frameworks
Programme Office	Susan Cartwright [REDACTED]	National Manager, Budget Implementation Branch, Social Services

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Project Management Process Owners	Bianca Ruut  [REDACTED] [REDACTED] [REDACTED]	A/g National Manager, Change and Project Coordination  Director, Departmental Benefits Management  Director, Risk Management  Director, Internal Budgets and Reporting
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## Independent Assurance

Interview 1      Thursday 14<sup>th</sup> August 2014      10:30am – 11:30am

### Attendees:

KPMG

- Paul Coromandel
- Michael Adams

Department of Human Services

- Soraya Weber
- Elaine Ninham

[REDACTED]  
[REDACTED]

Interview 2      Monday 25<sup>th</sup> August 2014      2:00pm – 3:00pm

### Attendees:

Craven Innovation

- Mr John Craven

Department of Human Services

[REDACTED]  
[REDACTED]

## 5 APPENDIX B – INFORMATION PROVIDED TO ASSESSORS

### Portfolio Management

1. Portfolio Management Framework Manual
2. Portfolio Management Framework “At a Glance”
3. Portfolio Dashboard Reports July 2013 - June 2014
4. Group Dashboard Reports July 2013 - June 2014
5. Glossary

### Programme Management

1. Programme Management Framework “At a Glance”
2. Programme Management Framework Manual
3. Glossary
4. Registration Form
5. Programme Brief
6. Co-Design Service Intent Statement
7. Programme Business Case
8. Programme Blueprint
9. Service Blueprint
10. Programme Plan
11. Programme Strategy (Control Framework)
12. Interdependency Register
13. Benefits Guides and Templates
14. Stakeholder Engagement and Communications Plan
15. Risk Management Templates and Guides
16. Programme Exception Report Template
17. Programme Status Report Template
18. Issue Identification Form
19. Programme Closure Report Template
20. Post Implementation Review Template

### Project Management

1. Project Management Framework “At a Glance”
2. Project Management Framework Manual
3. Glossary
4. Registration and Project Profile Modelling Tool
5. Project Profiling Guide
6. Intent Statement

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7. Business Case Template
8. Project Management Plan Template
9. Project Management Logbook Tool
10. Stakeholder Engagement and Communication Plan
11. Benefits Management Templates and Guides
12. Risk Management Templates and Guides
13. Monthly Status Report Template
14. Exception Report Template
15. Change Request Template
16. End Stage Report Template
17. Issue Identification Form
18. Closure Report Template
19. Post Implementation Review Template

## ICT Project Management

1. ICT Project Management Framework “At a Glance”
2. ICT Project Management Framework
3. ICT Project Mandate
4. ICT Project Brief
5. ICT Project Management Plan
6. ICT Statement of Work
7. ICT Project Governance Arrangements
8. ICT Project Monthly Status Report
9. ICT Project Manager Logbook
10. ICT Deliverables Completion Document
11. High Level Requirements Document
12. Detailed Requirements Document
13. Requirements Management Plan
14. Project Change Request Template
15. Project Closure Report Template
16. Program/Project Post Implementation Review
17. Fact Sheet: ICT Project Management Framework
18. Frequently Asked Questions: ICT Project Management Framework
19. ICT Project Delivery - Initiation, Planning, Execution & Closure Phases Checklist
20. ICT In Flight Project Compliance Checklist - Tier 1, 2 & 3 Projects

## ICT Engagement Process

1. Business to ICT Account Management Relationships Matrix
2. Fact Sheet: ICT Engagement Process FAQ

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3. Fact Sheet: ICT Engagement Process Costing Justification Tips
4. Fact Sheet: ICT Engagement Process Questions to Consider When Costing and Approving
5. Role Definitions
6. ICT Contact List
7. ICT Governance Arrangements
8. Acronym Dictionary
9. ICT Proposed Solution Document Template

## Benefits Management

1. Benefits Management Framework Overview
2. Benefits Management Policy
3. Internal Guidelines
  - Departmental Benefits Section Offer of Services
  - Identifying / Defining Benefits
  - Governance
  - Planning / Managing Benefits
  - Appraisal / Valuing Benefits
  - Departmental Register
  - Report
  - Evaluate / Review Benefits
  - Lessons Learned
4. Benefits Map Template
5. Benefits Profile Template
6. Benefits Realisation Plan
7. Benefits (Project / Programme) Register
8. Benefits Roadmap Template
9. Benefits Map Guide
10. Benefits Profile Guide
11. Benefits Realisation Plan Guide
12. Example Benefit Map
13. Example Benefit Profile
14. Example Benefit Realisation Plan
15. Benefits Management Presentation
16. Benefits Management Induction Presentation
17. Benefits Management Communications Strategy

## Risk Management, Issues and Governance

1. Accountable Authority Instructions

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2. Enterprise Risk Management Framework
3. Enterprise Risk Management Policy
4. Enterprise Risk Management Strategy
5. Risk Management Plan Template
6. Guide to Completing the Risk Management Plan Template
7. Risk Assessment Matrix Guide
8. Quality Review Checklist
9. Group Risk Reporting Dashboard
10. Project Risk Management FAQ
11. Risk Management in Projects (Training Package)
12. Issues Management Process
13. Governance Framework
14. Escalation Coordination Policy
15. Strategic Planning and Reporting Policy
16. Strategic Planning and Risk Management (all SES training)
17. Governance Committees Charters and Terms of Reference

## Stakeholder Management

1. Intranet - New Work Team
2. Intranet - Agreements and External Relationships
3. Terms of Reference
4. DSS/DVA/PM&C Relationships Team
5. Service Delivery Policy - Emerging Issues
6. Discretionary New Work Processes
7. Bilateral Management Agreement - Between DHS and Department of Families, Housing, Community Services and Indigenous Affairs
8. Bilateral Management Agreement - Between DHS and Department of Education, Employment and Workplace Relations
9. New Work Proposal Form
10. External Costing Request
11. Head Agreement Template
12. Services Schedule Template
13. Head Agreement between Secretary - DHS and Commissioner of Taxation
14. Stakeholder Engagement and Relationship Management Presentation

## Resource Management

1. DHS People Strategy and Framework Matrix
2. People Metrics Scorecard
3. Job Family Project - Information Sheet

# P3M3® Assessment Report

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4. Work Level Standards
5. Portfolio People Strategy - Vision 2015
6. Employment Framework
7. Priority Learning Report
8. Training Investment Plan August to October 2014
9. Learning and Development Evaluation Strategy 2013 - 2016
10. Instrument of Delegation Authorisation for Human Resources Related Matters

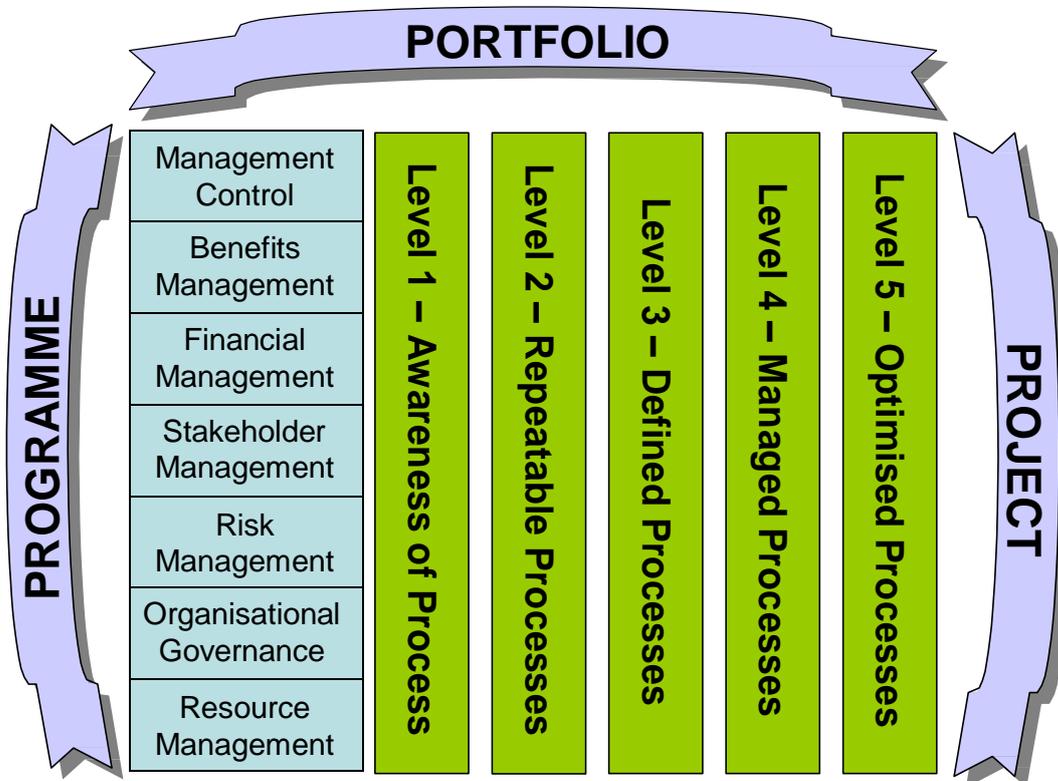
## Assurance Reports

1. KPMG Assurance Report 15 - Service Delivery Reform Programme Change (April 2013)
2. KPMG Assurance Report 16 - Service Delivery Reform Programme Governance and Financial Management (June 2013)
3. KPMG Assurance Report 17 - Child Support System Redesign Programme (July 2014)
4. Mid Stage Service Delivery Reform Programme Gateway Review (June 2013)
5. Mid Stage Child Support System Redesign Programme Gateway Review (November 2013)
6. 2013/14 KPMG High-Level Assurance Observations paper (June 2014)

# P3M3® Assessment Report

## 6 APPENDIX C – P3M3® OVERVIEW

P3M3® is an overarching model containing three sub-models, Portfolio Management Maturity Model



For each of the three sub-models P3M3® examines up to 7 different process perspectives (Management Control, Benefits Management, Financial Management, Stakeholder Management, Risk Management, Organisational Governance and Resource Management). Within each perspective 5 levels are used to describe maturity, these levels can be applied independently within each model, or across all three to assess overall P3M3® maturity.

### 3 Sub-models

Sub-model	Description
<b>Portfolio</b> (management)	An organisation's investment (or a segment thereof) in the changes required to achieve its' strategic objectives.
<b>Programme</b> (management)	A temporary, flexible organisation created to coordinate, direct and oversee the implementation of a set of related projects and activities in order to deliver outcomes and benefits related to the organisations strategic objectives.
<b>Project</b> (management)	A unique set of coordinated activities, activities, with definite starting and finishing points, undertaken by an individual or team to meet specific objectives within defined time, cost and performance parameters as specified in the business case.

# P3M3® Assessment Report

## 7 Process Perspectives

Process Perspective	Description
<b>Organisational governance</b>	This perspective looks at how the delivery of initiatives is aligned with the strategic direction of the Organisation. It considers how the start-up and closure controls are applied to initiatives and how alignment is maintained during the initiative's lifecycle.
<b>Management control</b>	This perspective covers the internal controls used by initiatives and how the direction of travel is maintained throughout the lifecycle, with appropriate breakpoints that enable initiatives to be stopped or redirected by a controlling body.
<b>Stakeholder management</b>	Stakeholder management includes stakeholder analysis and communications planning; the effective identification and use of different communications channels; and techniques to enable the achievement of objectives.
<b>Benefits management</b>	The benefits management perspective is focused on ensuring that the Organisation defines and manages the value that it anticipates gaining from the investment. It covers the initial definition of requirements through to the release of benefits or value. The perspective is active from the start and plans may continue past the closure date of initiatives.
<b>Resource management</b>	Resource management covers the management of all types of resource required for delivery of the initiative. These include human resources, deployment of building infrastructures, information technology, and access to key assets and tools.
<b>Finance management</b>	Finance management ensures that the likely costs of the initiative are captured and evaluated within a formal business case and that costs are categorized and managed over the investment lifecycle.
<b>Risk management</b>	The risk management perspective reviews the way the Organisation manages threats to, and opportunities enabled by, the initiative.

## 5 Maturity Levels

Maturity Level	Description
<b>1 - Awareness</b> of process.	Processes are mostly un-documented.
<b>2 - Repeatable</b> process.	The organisation can demonstrate, by reference to particular initiatives, that basic management practices have been established.
<b>3 - Defined</b> process.	Processes will be documented, standardized and integrated with some other business processes.
<b>4 - Managed</b> process.	Processes are managed using metrics and quantitative techniques.
<b>5 - Optimised</b> process.	The organisation focuses on optimising its processes account for changing business needs and external factors.



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Establishing a robust  
management framework for  
FaHCSIA's management of the  
**Closing the Gap** agenda





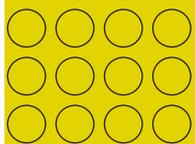
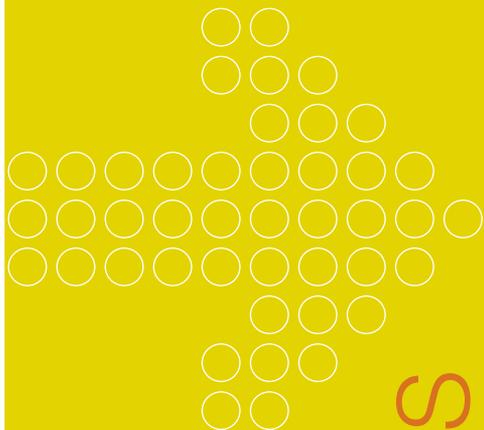
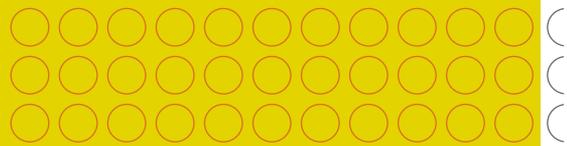
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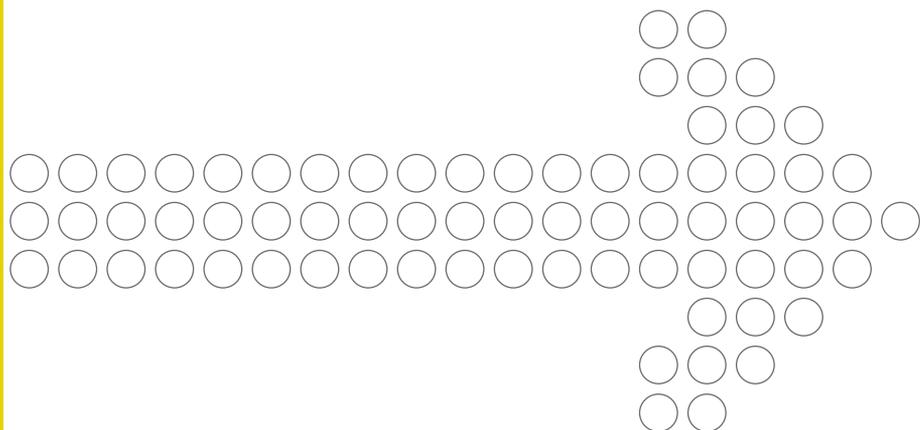
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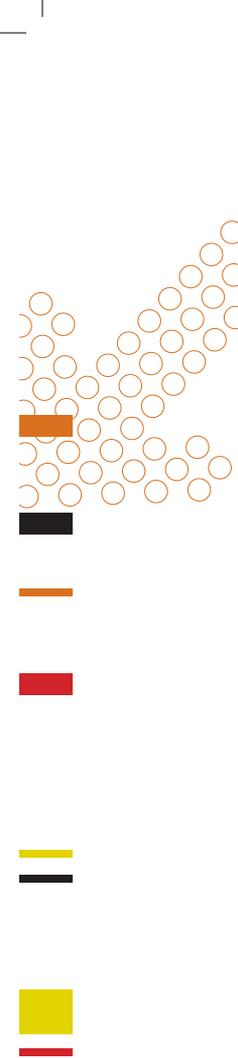
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agenda



## Executive Summary

*‘ The successful delivery of government programs requires the projects that underpin their implementation to be well-managed from the point of inception through to full implementation.’*

Ian McPhee, Auditor-General

This was the opening statement in the Auditor-General’s foreword to a new publication *Planning and Approving Projects—an Executive Perspective*, published by the Australian National Audit Office (ANAO) as part of its Better Practice Guide series.

There is a temptation for agencies to develop a new approach to cater for ‘complex’ programmes and projects. In fact, approaches to manage these complex initiatives already exist, have been developed over several decades, are in use by thousands of organisations and supported by internationally accredited training. Complex project management does not have to be complex if proven methods are used.

OGC methods are ideally suited to help FaHCSIA establish a robust management framework that reflects the complexity, size, scope and nature of the CtG agenda and FaHCSIA’s lead agency role in its delivery.

An approach driven by text books, jargon, processes and templates will not make the grade. The management framework must be implemented and applied in a manner which genuinely allows Indigenous communities and their representatives to take their rightful management role in planning and delivery.

OGC methods already have a strong foundation in Australian Governments and entities working with public service agencies at a federal and state level. FaHCSIA does not need to re-invent a management framework for Closing the Gap to overcome known shortcomings— instead it can build on existing APS investment in OGC methods and shift the focus to best apply these methods to manage CtG.

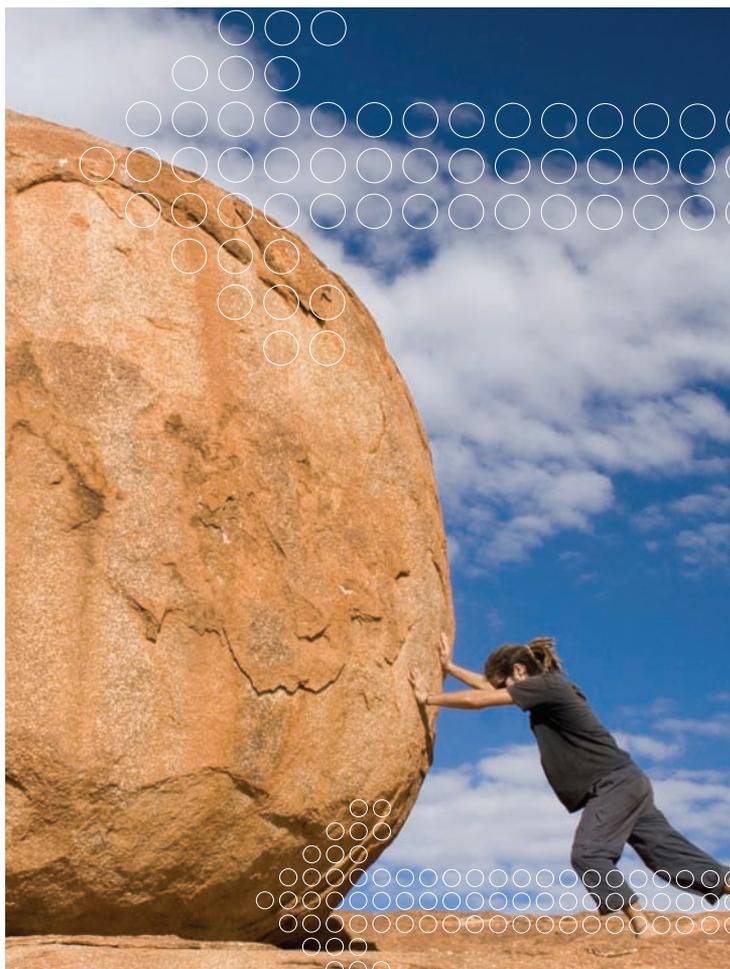
International examples demonstrate how OGC methods have been tailored to suit non-government organisations delivering projects in remote communities. Tanner James has provided advice to the National Congress of Australia’s First Peoples on tailored use of these methods.

OGC methods offer a practical way to refine the management approach to CtG during implementation, without stopping or impeding on-the-ground progress, and without having to take any risky leaps-of-faith. The methods are well structured, professionally published and easy-to-understand.

As part of engaging with local communities our approach will provide the opportunity for Indigenous artists in local communities to use the visual arts to express how CtG issues affect people living in remote areas, and their aspirations for the future.

COAG agreements represent at the highest intergovernmental level, an agreed mandate for policy change and the associated programmes of work to begin. These changes in policy inevitably require issues to be addressed from a different perspective and challenges can arise when the associated programmes of work represent a significant change. Change programmes require a different approach to that used in the management and planning of business as usual activities. It is important to operate across established agency internal 'silos' and clearly plan for and manage the transition of this change into normal agency operations.

COAG initiatives provide a foundation for our nation's future prosperity. The success of these initiatives depends on ensuring they are 'well-managed from the point of inception through to full implementation'. Proven tools exist for this implementation.



The effectiveness of an existing approach to managing large government initiatives can be tested by assessing how benefits are identified, tracked and managed. COAG initiatives and agreements have provided an overview of the high level outcomes (benefits) that are desired, but it is the role of the departments, and particularly the lead agency, to track how the effort and significant resourcing is progressing.

With a greater focus on accountability, departments now need to ensure that they can clearly identify the desired recipients of these benefits, how risks are being managed, and what real progress is being made to realise the benefits of the governments' investment. This is possible by the use of OGC methods that provide proven approaches to managing large scale and complex initiatives



# Why this approach?



Tanner James Management Consultants Pty Ltd, working with our strategic partners Oakton Ltd wish to offer FaHCSIA a best practice approach to establishing a robust management framework for the *Closing the Gap* agenda (the CtG agenda).

FaHCSIA has previously sought our expertise to map all CtG activities across the Department and advise on management practices and tools that may be useful in managing the CtG agenda. This advice also included advise to the recent internal audit on the implementation of the CtG which recommended the development of a robust management methodology. Much work was completed and implementation is the next step.

This approach articulates our advice for FAHCSIA's Secretary and the CtG Committee to actively manage identified key risks impacting on the delivery of the CtG agenda.

Tanner James is a specialist services provider. Our mission is enhancing our clients' programme and project management capability. We have third-party accreditation to help organisations use the non-proprietary international best practice Office of Government Commerce (OGC) methods. These include Managing Successful Programmes (MSP<sup>®</sup>), Projects In Controlled Environments (PRINCE2<sup>®</sup>) and Portfolio, Programme and Project Offices (P3O<sup>®</sup>)<sup>1</sup>. Oakton is also an accredited consulting organisation capable of delivering OGC methods.



**OGC methods are ideally suited to help FaHCSIA establish a robust management framework that reflects the complexity, size, scope and nature of the CtG agenda and FaHCSIA's lead agency role in its delivery**

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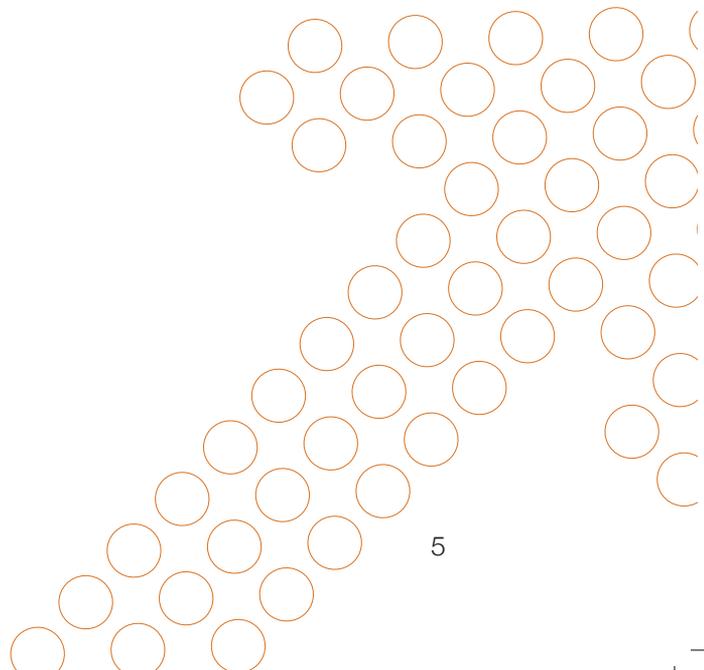
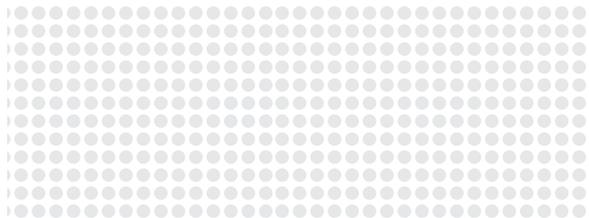


**OGC methods are:**

- » non-proprietary international best practice
- » consistent with the most recent ANAO Better Practice Guide (June 2010)
- » consistent with the approach recommended in the comprehensive reform agenda outlined in *Ahead of the Game: Blueprint for Reform of Australian Government Administration* and, as such, has potential to be used as a pilot activity for strategic policy delivery.

**This approach:**

- » acknowledges and integrates the findings and recommendations of the June 2010 *Internal Audit Report into FaHCSIA's Management of the Closing the Gap Agenda*
- » maximises the involvement of Indigenous communities and their representatives in the management framework
- » builds on existing investments by government in management and organisational capability—whole-of- FaHCSIA and whole-of-government (including states and territories)
- » empowers and up-skills the Australian Public Service (APS).





# Our understanding

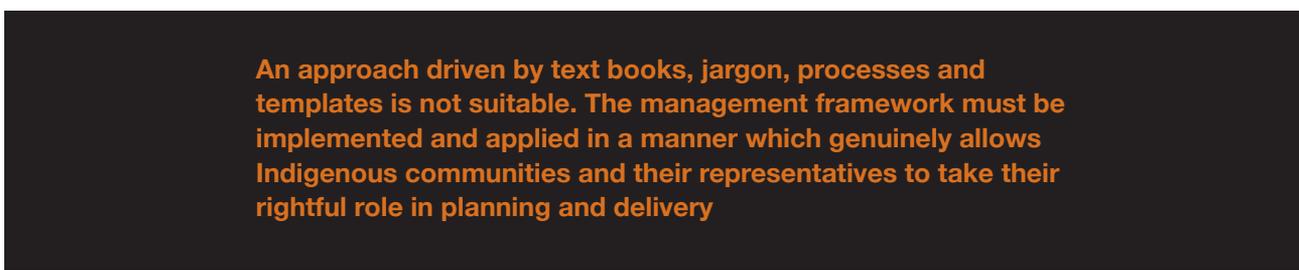
## of FaHCSIA's management requirements for the CtG agenda



We understand that CtG represents a significant financial investment that carries a high level of expectation. It involves coordinating the work of several Australian Government agencies and other entities to deliver benefits to reduce Indigenous disadvantage. This agenda attracts a high level of public interest and scrutiny.

The complexity, size and scope of the CtG agenda is extraordinary. The agenda is a unique challenge of translating strategic COAG intent through various government agreements and programs into real-world benefits for Indigenous Australians, many of whom are located in diverse and remote communities.

The management framework therefore needs to be best practice to meet the National challenge.



**An approach driven by text books, jargon, processes and templates is not suitable. The management framework must be implemented and applied in a manner which genuinely allows Indigenous communities and their representatives to take their rightful role in planning and delivery**

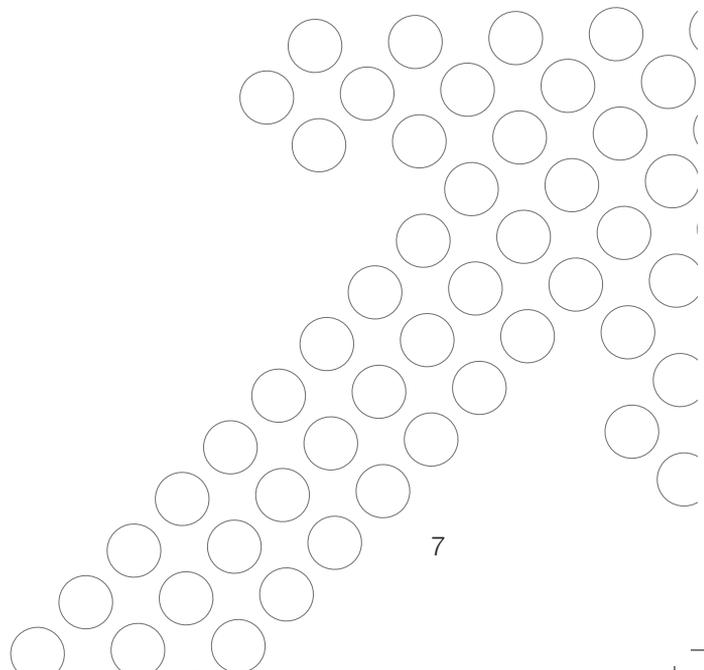
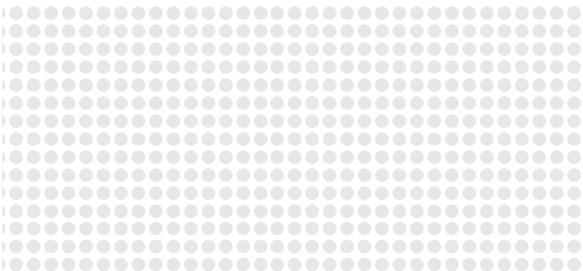




To meet the challenge, the management framework must be best practice and address:

- » governance and organisational structure
- » stakeholder engagement and communication
- » benefits management
- » planning and control
- » financial management
- » resource management
- » monitoring and reporting
- » risk and issues management.

To succeed, these elements must be implemented in a way that is embraced by Indigenous representatives as useful and understandable, provides decision makers with clear information, approaches the work in a flexible, segmented but interlinked way, and adds real value.





A robust CtG

# Management Framework

A robust CtG management framework must be:

strategic

empowering

cohesive

innovative

practical

realistic.

Strategic

Empowering

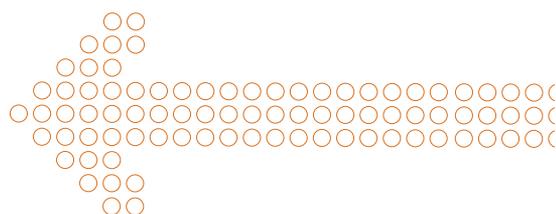
Cohesive

Innovative

Practical and

Realistic.





## Strategic

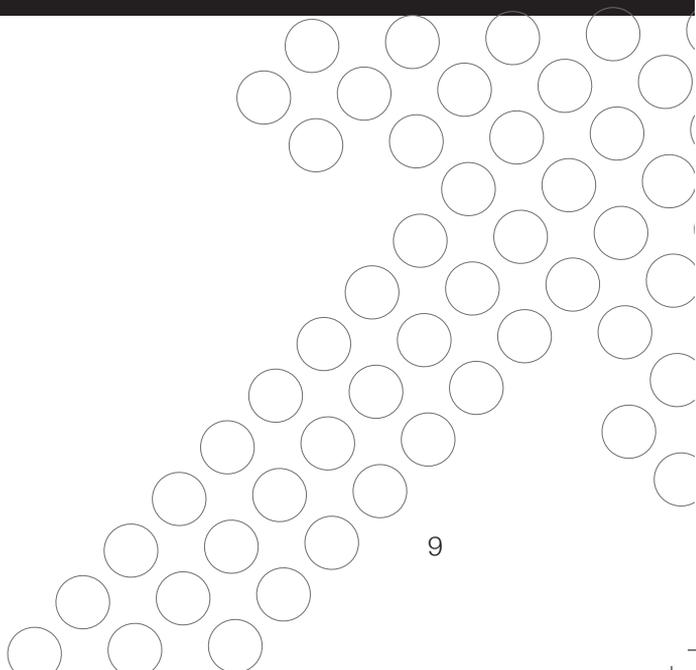
The strategic focus of OGC methods is the delivery of benefits.

These methods are practical and proven, having being adopted by more than 20,000 organisations in 150 countries. A management framework based on OGC methods immediately overcomes the problems of how multiple entities from the government and private sectors can work together. These established methods provide a common, teachable, repeatable and understandable approach.

The governance strategies and role-based organisational structures detailed in the methods offer an unequalled degree of precision with flexibility, ideally suited for managing the delivery of strategic change on this scale. FaHCSIA can use these clear and well considered concepts to refine arrangements for managing CtG.

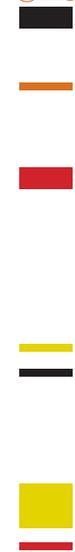
Ultimately what matters is whether or not the expenditure results in measureable improvements, arising from outcomes that are perceived as advantageous from the Indigenous perspective.

**FaHCSIA does not need to re-invent a management framework for Closing the Gap to overcome known shortcomings—instead it can build on existing APS investment in OGC methods and shift the focus to best apply these methods to manage CtG**





**International examples demonstrate how OGC methods can be tailored to suit non-government organisations delivering projects in remote Indigenous communities. Tanner James has provided advice to the National Congress of Australia's First Peoples on a tailored use of these methods**



## Empowering

OCG methods strongly emphasise stakeholder engagement and communication. When properly applied, these key elements of the management framework will help assure appropriate involvement of Indigenous communities and their representatives. The methods also easily accommodate FaHCSIA's engagement protocols and strategies; stakeholder engagement is embedded into a contemporary and repeatable management framework.

However, our approach goes further: we want to work with Indigenous representatives in regional areas to train them in relevant OGC methods in a way that is useful and can be directly applied to finding solutions to local challenges and issues.

Providing such management training will enable people at the local level to better engage with what can be perceived as 'Canberra-centric' agencies, by promoting deeper understanding of management elements. This will maximise the involvement of Indigenous communities and their representatives in the management framework.

Using OGC methods as the foundation for the management framework also up-skills APS officers. The approaches are internationally renowned and non-proprietary with an established market of third-party accredited professional service providers who deliver training and consulting services. This focuses external providers on helping the APS, rather than seeking to do all the work for the APS.

We propose an integration of the FaHCSIA's successful Graduate Program into this approach will provide new graduates with a unique insight into the leading role FaHCSIA is playing in the CtG agenda. It will also provide the graduates with practical experience and first-hand understanding of how a diverse range of activities can be managed by OGC methods. Training received during this period is internationally accredited and provides a valuable foundation to an APS career.

Similarly, it is proposed that nominations are invited from the successful FaHCSIA Indigenous Leadership Program for training in project management and involvement in piloting the use of these OGC methods. This is the first step towards the goal of increasing the number of Indigenous Project Managers available to help coordinate and manage CtG initiatives. It also complements the start of a Tanner James initiative to offer an annual scholarship for mentoring and sponsoring the first Indigenous PRINCE2 trainer in Australia

## Cohesive

Cohesiveness will be achieved by the use of the OGC management hierarchy—a Portfolio of Programmes and Projects—which provides for line-of-sight accountability right across CtG, from the National Indigenous Reform Agreement to community infrastructure projects in remote areas.

The OGC methods use role-based organisational structures to overcome the inherent challenges associated with delivering cross-functional change across multiple government agencies and other entities.

Using OGC methods provides FaHCSIA with a single management framework to effectively manage the Department's separate but interwoven responsibilities as an agency in its own right, and as the lead agency for whole-of-government delivery of the CtG agenda.

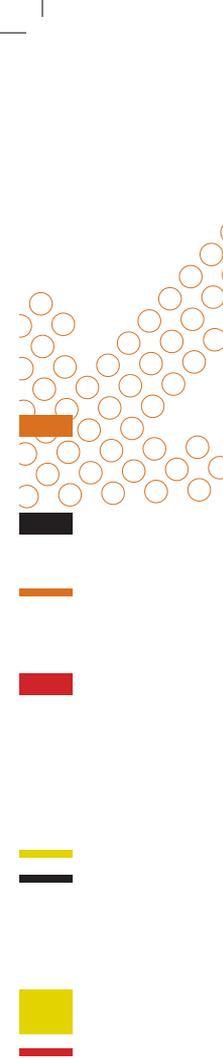
## Innovative

It is often said that taking the same action usually will produce the same result. However, using OGC's Portfolio of Programmes and Projects approach to reframe the way the APS and other parties consider how best to manage CtG, will create a different focus. It will sharpen attention on envisioning and creating a better future—identifying benefits, mapping, managing risks and eventual realisation, and on designing and delivering a coherent solution.

Using the OGC management methods is innovative, because it takes disciplines for delivering strategic change and applies them in a new way: to the whole-of-government implementation of government policy.

While this approach is innovative, it is also well-proven and safe. The methods are tried and tested as suitable for all types and sizes of programmes and projects. OGC methods are referenced in ANAO guidance and viewed positively by the Cabinet Implementation Unit in the Department of Prime Minister and Cabinet (PM&C). FaHCSIA is aware of, and has some experience with, OGC methods—several people within the Department have significant experience in the use and application of these methods.

FaHCSIA is specifically mentioned in two cases studies in an international text on PRINCE2. These case studies highlight how FaHCSIA has used a PRINCE2 approach to assist with project management.



## Practical

It is one thing to document a set of management methods and another to bring them to life in a way that adds value and creates order and clarity. CtG is much more than an idea on paper—it is a substantial initiative already underway, involving multiple governments, hundreds of organisations, thousands of people and billions of dollars. It takes significant work just to collect and report the data required to track global progress in CtG.

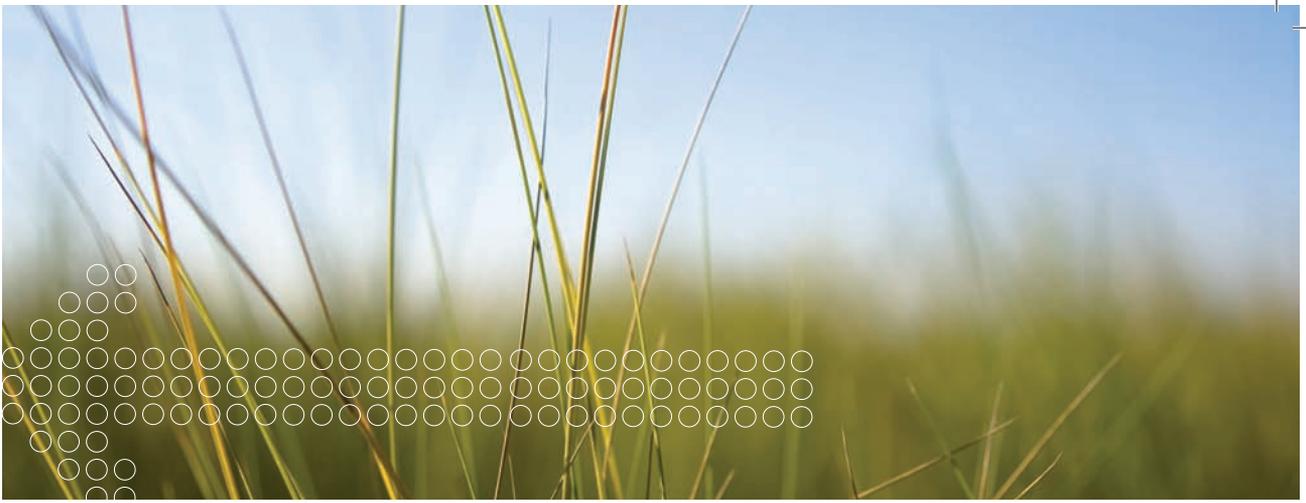
Communication of the methods is based on need, and can range from a conversational explanation, through to formal training or executive briefings. Internationally recognised qualifications can be attained by APS and on-the-ground staff, as an assurance of professional capability.

## Realistic

FaHCSIA executives need to ensure an appropriate management response to the findings and recommendations of the June 2010 *Internal Audit Report into FaHCSIA's Management of the Closing the Gap Agenda*. A realistic response cannot be piecemeal. Adopting a management framework based on OGC methods is a holistic and strategic response that will ensure remedial actions have a depth and credibility founded on international best practice.

The structure of OGC methods includes elements that clearly match the audit findings. This will empower FaHCSIA to structure remedial actions in a way that will clearly establish a robust overall CtG management framework.

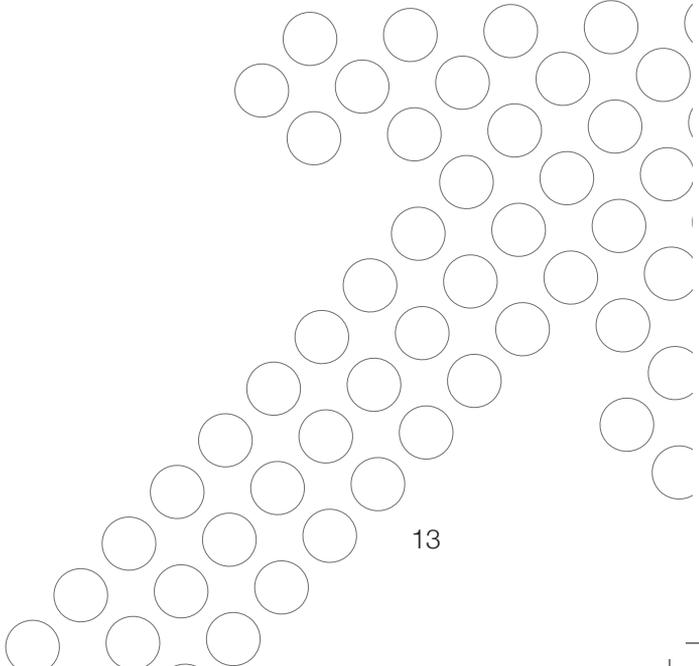
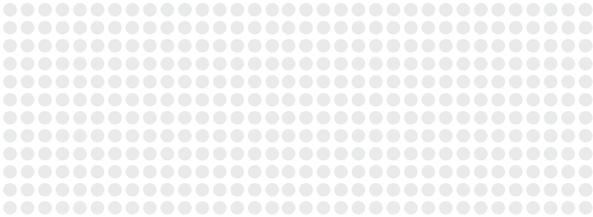
**OGC methods offer a practical way to refine the management approach to CtG during the project, without stopping or impeding on-the-ground progress, and without having to take any risky leaps-of-faith**

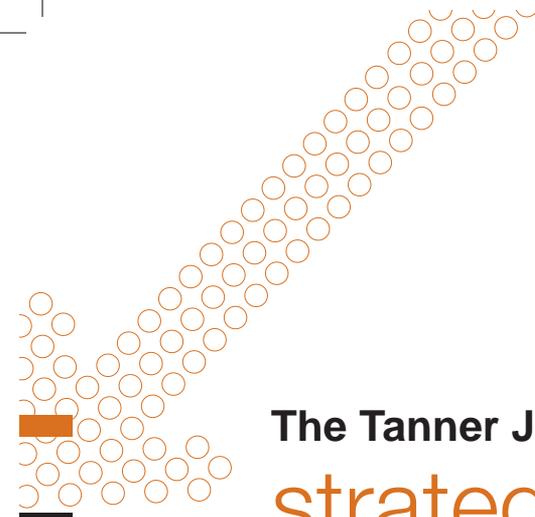


This approach is also realistic, as it builds on existing government investments in management and organisational capability, both at a federal and state level (for example, the Queensland Government has standardised the use of OGC methods).

OGC methods are structured in a way that enables practical implementation for the CtG management framework: The nested nature of portfolio management enables FaHCSIA to pilot the approach to minimise risk and to demonstrate results, then control the timing of further implementation based on how rapidly executives wish to see similar results across all delivery elements of the CtG agenda.

This approach is also realistic, as it builds on existing government investments





## The Tanner James – Oakton strategic partnership



Tanner James Management Consultants Pty Ltd was established in Canberra in 1994 as a specialist provider of programme and project management training and consultancy services accredited by the UK Office of Government Commerce (OGC). We introduced OGC methods PRINCE2 and MSP to the Australian market and we are now the longest established and largest provider of accredited OGC services in Australia. (See Appendix A for details of the OGC methodologies and accreditations.)

Tanner James was the world's first Accredited Consulting Organisation in MSP. We are a Registered Training Organisation under the Australian Qualifications framework and are accredited by the UK Office of Government Commerce for both training and consulting services.

Tanner James and Oakton formed a strategic partnership in April 2010 to help Australian Government agencies respond to the Department of Finance and Deregulation's P3M3<sup>® 2</sup> (Portfolio, Programme and Project Management Maturity Model) mandates.



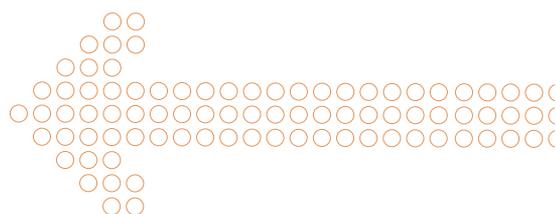
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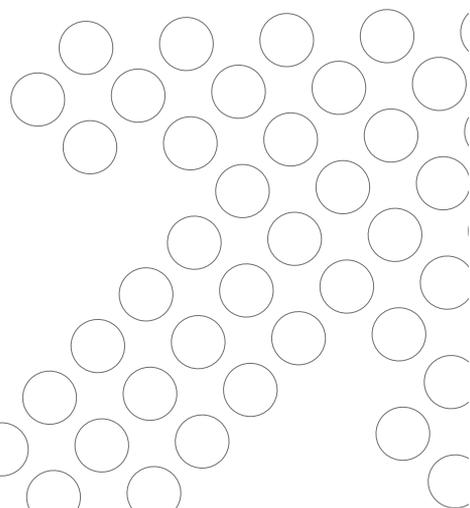


Having introduced PRINCE2 and MSP to Australia, and with our long history working with the Australian Government, this partnership positions us as the leading supplier of P3M3, PRINCE2 and MSP services.

Oakton and Tanner James are OGC Accredited Consulting Organisations and have assisted agencies to pilot and evaluate P3M3 (2009). Following the Department of Finance and Deregulation's endorsement of P3M3, and advice to FMA agencies (November 2009), Oakton and Tanner James have undertaken P3M3 assessments and capability improvement planning for several Australian Government agencies.

Oakton has a track record of successful project and program delivery in the private and public sector. Recent examples include the Australian Customs and Border Protection Service Project Management Office and the Department of Human Services Basics card program. Both assignments received awards for excellence.

this partnership  
positions us  
as the leading  
supplier of OGC  
services





## Our proposed

# implementation approach

### Staged

**We propose three stages to establish a robust CtG management framework:**

#### Stage 1 Reorientate

**(indicative timing two months, for example Oct - Nov 2010)**

- » Complete the investment mapping work started in 2009.
  - » Implement the traffic light reporting, issues and risk templates started in 2009.
  - » Design and implement governance and support structures consistent with the role-based governance and organisational structures in OGC methods.
  - » Deliver executive briefings and practical training to executives and managers who will fill key MSP and PRINCE2 roles.
  - » Commence project management training for nominees from FaHCSIA's graduate and Indigenous Leadership Program.
- » Identify two or more National Partnership Agreements (NPAs) to pilot MSP as a program management approach. Conduct a gap-analysis to establish which MSP principles, governance themes and management information are inadequately addressed. Agree a remediation plan to define and implement these elements for each NPA.
  - » Create regular assurance checkpoint forums where independent nominees/ organisations with assurance roles provide feedback to programme/ teams. This provides a mechanism for stakeholders outside the existing government structure to question, exchange information and provide feedback.
  - » Establish a process for the sponsorship of two PhD candidates to research the use of the OGC methods for CtG—providing a way of comparing this approach to use in other international arenas and establishing a foundation for evaluating this approach.



## Stage 2 Pilot

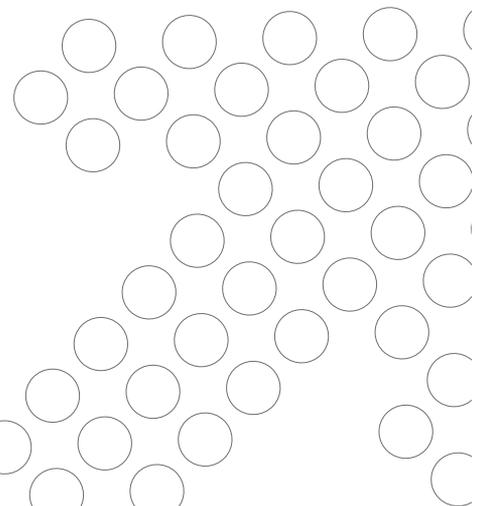
(indicative timing three months, for example Dec 2010 - Feb 2011)

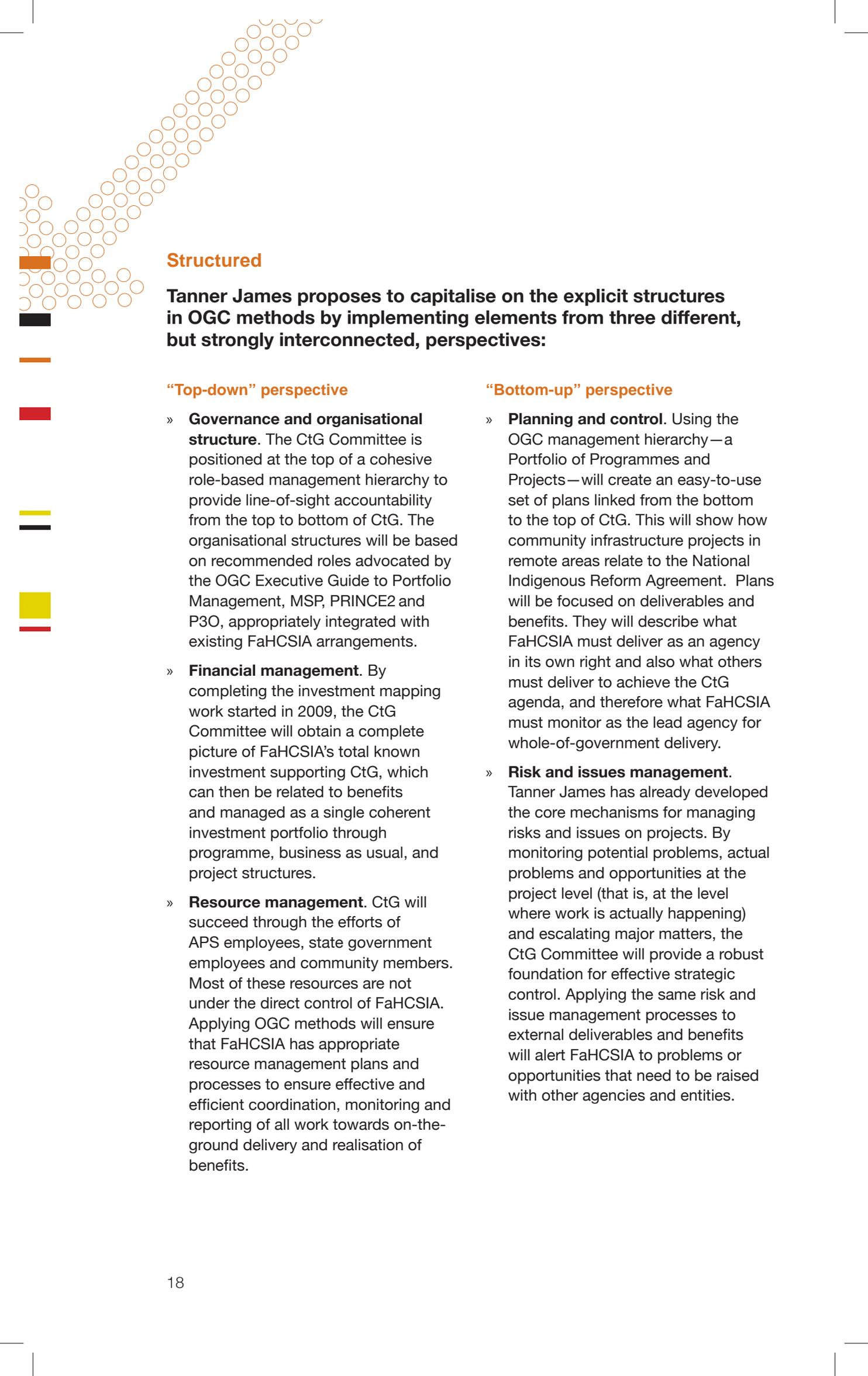
- » Execute the remediation plans for the two pilot NPAs to define and establish them as programmes.
- » Ensure the two pilot NPAs are properly underpinned by effective business as usual and project-level governance, plans and controls.
- » Engage with Indigenous representatives and bodies to pilot new and creative approaches that will ensure a) genuine Indigenous understanding of, and engagement in, the CtG management framework and b) ensure on the ground outcomes, efforts and local plans are visibly matched to strategic intent and government funding.
- » Begin a call for PhD candidates.
- » Obtain third party assurance— ANAO, PM&C (COAG Secretariat) and representative Indigenous body as to the effectiveness of the approaches being piloted as well as commencement of the assurance checkpoint forums.
- » Based on the above advice, the CtG Committee would determine broader implementation, adjustment or cessation of the CtG management framework using OGC methods.

## Stage 3 Embed

(indicative timing five months, for example March - July 2011)

- » Conduct a gap-analysis for all CtG NPAs to establish which MSP principles, governance themes and management information are inadequately addressed. Agree a remediation plan to define and implement these elements for each NPA.
- » Any other actions as recommended by third party assurance.





## Structured

**Tanner James proposes to capitalise on the explicit structures in OGC methods by implementing elements from three different, but strongly interconnected, perspectives:**

### “Top-down” perspective

- » **Governance and organisational structure.** The CtG Committee is positioned at the top of a cohesive role-based management hierarchy to provide line-of-sight accountability from the top to bottom of CtG. The organisational structures will be based on recommended roles advocated by the OGC Executive Guide to Portfolio Management, MSP, PRINCE2 and P3O, appropriately integrated with existing FaHCSIA arrangements.
- » **Financial management.** By completing the investment mapping work started in 2009, the CtG Committee will obtain a complete picture of FaHCSIA’s total known investment supporting CtG, which can then be related to benefits and managed as a single coherent investment portfolio through programme, business as usual, and project structures.
- » **Resource management.** CtG will succeed through the efforts of APS employees, state government employees and community members. Most of these resources are not under the direct control of FaHCSIA. Applying OGC methods will ensure that FaHCSIA has appropriate resource management plans and processes to ensure effective and efficient coordination, monitoring and reporting of all work towards on-the-ground delivery and realisation of benefits.

### “Bottom-up” perspective

- » **Planning and control.** Using the OGC management hierarchy—a Portfolio of Programmes and Projects—will create an easy-to-use set of plans linked from the bottom to the top of CtG. This will show how community infrastructure projects in remote areas relate to the National Indigenous Reform Agreement. Plans will be focused on deliverables and benefits. They will describe what FaHCSIA must deliver as an agency in its own right and also what others must deliver to achieve the CtG agenda, and therefore what FaHCSIA must monitor as the lead agency for whole-of-government delivery.
- » **Risk and issues management.** Tanner James has already developed the core mechanisms for managing risks and issues on projects. By monitoring potential problems, actual problems and opportunities at the project level (that is, at the level where work is actually happening) and escalating major matters, the CtG Committee will provide a robust foundation for effective strategic control. Applying the same risk and issue management processes to external deliverables and benefits will alert FaHCSIA to problems or opportunities that need to be raised with other agencies and entities.

**We want to see Indigenous artists in local communities using the visual arts to express how CtG issues affect people living in remote areas, and their aspirations are for the future.**

### Indigenous perspective

- » **Stakeholder engagement and communication.** Genuine Indigenous partnership should be at the forefront of CtG management. This means engaging and equipping Indigenous communities and their representatives so their vision for a better future, the benefits they seek, and the plans they have, are fully articulated and managed as the real drivers of CtG expenditure.

Tanner James proposes to explore novel ways Indigenous communities and their representatives can express what they seek from the delivery of CtG programmes and projects.

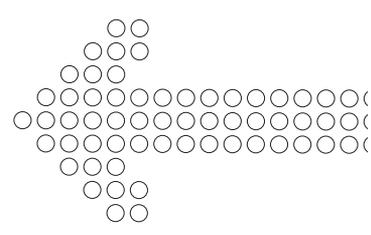
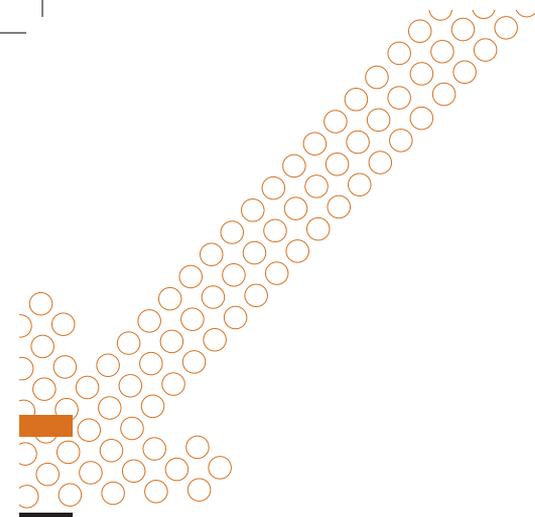
We have staff with expertise and experience in engaging artists in field studies in association with innovative work undertaken by The Australian National University in this area.

- » **Benefits management.** The OGC methods define a benefit as 'the measureable improvement resulting from an outcome perceived as an advantage by one or more stakeholders'. We believe that Indigenous communities and their representatives are the primary stakeholders, and therefore they must have a central role in defining, measuring and monitoring the benefits that underpin the objectives, outcomes and performance measures set out in the National Indigenous Reform Agreement.

There must be clear bottom to top traceability between on-the-ground benefits as defined by Indigenous stakeholders and the six specific COAG targets of:

- closing the life expectancy gap within a generation
- halving the gap in mortality rates for Indigenous children under five within a decade
- ensuring all Indigenous four-years-olds in remote communities have access to early childhood education within five years
- halving the gap for Indigenous students in reading, writing and numeracy within a decade
- halving the gap for Indigenous students in Year 12 attainment or equivalent attainment rates by 2020
- halving the gap in employment outcomes between Indigenous and non-Indigenous Australians within a decade.

OGC methods provide an effective framework for integrating stakeholder and desired government benefits.



## Skilful

The elements that we propose must be implemented and applied such that:

- » The management framework is embraced by Indigenous representatives as a powerful tool for engaging Canberra-based senior APS officers and others to ensure efforts and expenditure reap real on-the-ground benefits.
- » The information available and tools used in the pilots, provide decision makers and stakeholders with easy-to-understand and useable representation of complex variables.
- » The approach is broken into interrelated and manageable chunks.
- » The scope of work remains flexible but always controlled and linked to benefits.
- » The management framework adds real value, rather than another layer of bureaucracy, and creates clarity not confusion.

The Tanner James – Oakton partnership delivers a unique skill base, nationally recognised as a leader in OGC implementation, supported by a team that has worked closely with FaHCSIA at many levels.

To ensure that OGC methods are tailored to suit the needs of CtG, the approach:

- » Places an emphasis on ensuring FaHCSIA Executives have a clear understanding of how the OGC methods can be tailored through briefings and mentoring.
- » Ensures operational staff receive internationally accredited training in methods with follow up mentoring and guidance.
- » Caters for the needs of APS graduates and ensures FaHCSIA is providing new graduates with a practical insight into approaches endorsed by the ANAO and PM&C.
- » Respects the need of Indigenous partners through tailoring, mentoring and training on the use of these methods via delegates involved in the Indigenous Leadership Program.

To achieve this, our approach will use a range of skilled people personnel from the Tanner James – Oakton partnership, with proven (and independently accredited) experience as Registered Trainers and Consultants in the use of the OGC methods.

Involvement in this approach will not be restricted to a ‘classroom’ education model. This approach also offers other innovative methods that are proven, backed by scholarly research, and internationally recognised.

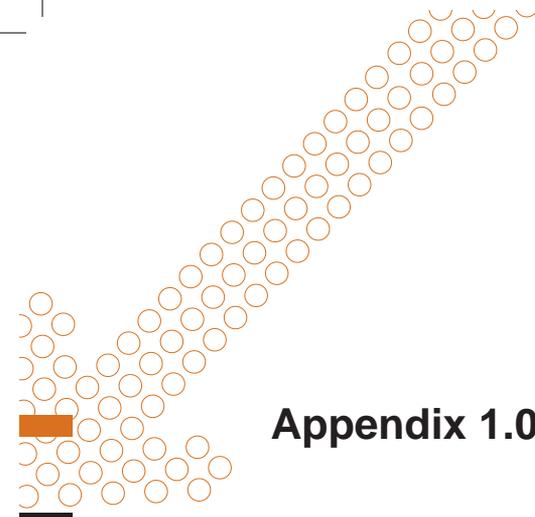


Some of these additional methods include, but are not limited to:

- » engaging artists to capture existing perceptions and a vision of the future benefits and overall vision
- » providing computer-based training for remote participants, backed up by video conferencing for tutorials and group mentoring
- » using social media tools to assist with the capturing and sharing of knowledge
- » conducting innovative workshops to help plan communication strategies and supporting tactical plans
- » using workshops to assist with practical application of specific processes required in the OGC methods, and to establish how these processes can be tailored to suit practical application
- » creating regular assurance checkpoint forums where independent nominees/ organisations undertaking an assurance role provide feedback to programme/teams
- » creating a short-term knowledge exchange process within the APS where specific expertise can be harnessed and shared to improve gaps in knowledge
- » sponsoring by the Australian Government of two PhD candidates to research the use of the OGC methods for CtG – comparing this approach to use in international arenas and establishing a foundation for evaluation.

Benefits of the use of this approach are that it is:

- » based on current best practice, which delivers real and measurable benefits to clients
- » reinforced by internationally accredited training
- » aligned with the current FaHCSIA internal audit recommendations
- » building on existing CtG work undertaken by FaHCSIA
- » using expertise that is Canberra based with a unique and proven skill base
- » staged to ensure that the approach meets stakeholders needs
- » bringing together key elements in a cohesive manner.



## Appendix 1.0



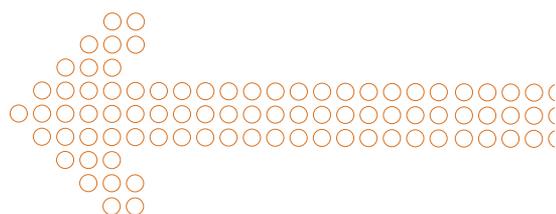
### Office of Government Commerce

The Office of Government Commerce (OGC) is an independent office of HM Treasury, established in 2001 by the Blair Government to help government deliver best value from its spending. The OGC works with central government departments and other public sector organisations to ensure the improvement of central government capability in procurement, project and program management, and estates management through the development of people skills, processes and tools.

How OGC achieves its goals:

- » It provides policy standards and guidance on best practice in procurement, program, projects and estate management.
- » It monitors and challenges departments' performance against these standards, grounded in an evidence base of information and assurance.
- » It promotes and fosters collaborative procurement across the public sector to deliver better value for money and better public services.
- » It provides innovative ways to develop government's commercial and procurement capability, including leadership of the Government Procurement Service.





## OGC methods

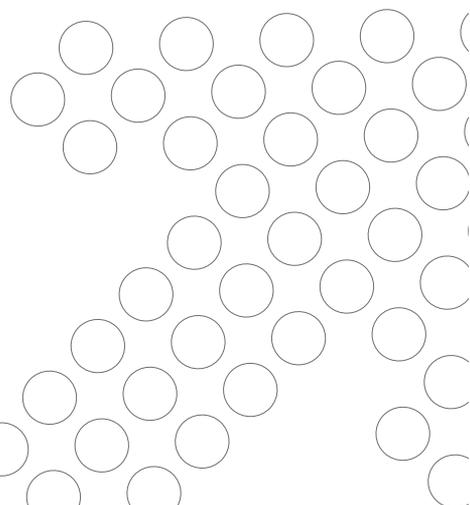
The OGC methods, which are non-proprietary, comprise:

- » PRINCE2 (Projects IN Controlled Environments)— a process-based approach for project management providing an easily tailored and scalable method for the management of all types of projects.
- » MSP (Managing Successful Programs)—an OGC-developed best practice guide on program management. The guide comprises a set of principles and a set of processes for use when managing a program. MSP is very flexible and is designed to be adapted to meet the needs of local circumstances.
- » ITIL (IT Infrastructure Library)—the only consistent and comprehensive documentation of best practice for IT Service Management. ITIL is used by hundreds of organisations around the world. A complete ITIL philosophy has developed around the guidance contained within the ITIL books and the supporting professional qualifications scheme.

These three methods are siblings to the *Gateway Review* process currently used by the Australian Department of Finance and Deregulation to better test policy and implementation options of major policy initiatives proposed by Australian Government agencies.

In addition to these three methodologies, the OGC has developed:

- » P3M3—a maturity model, which provides an organisational capability assessment tool to allow organisations to identify the key practices that need to be fully embedded within the organisation to achieve the next maturity level.
- » From the perspective of a strategic planning activity, P3M3 assesses ‘where we are NOW’ as the base from which an organisation needs to move to achieve strategic re-alignment with an envisaged future level of capability.
- » P3O (a Portfolio, Program and Project Office)—the latest best practice guidance from OGC to bring together a set of principles, processes and techniques to align the OGC methodologies to set-up an improvement project, set up a PMO, train people and provide initial support.





## OGC methods—accreditation and the role of the APM Group (APMG)

To maintain the integrity of these methodologies the OGC has established a formal accreditation process for qualification of both individuals and organisations.

- » APM Group Ltd (APMG) is the sole accreditation body worldwide for all services offered in the marketplace associated with OGC methods.
- » APMG-Australasia accredits organisations that deliver consulting and training services in OGC methods and administers the examination and qualifications system.

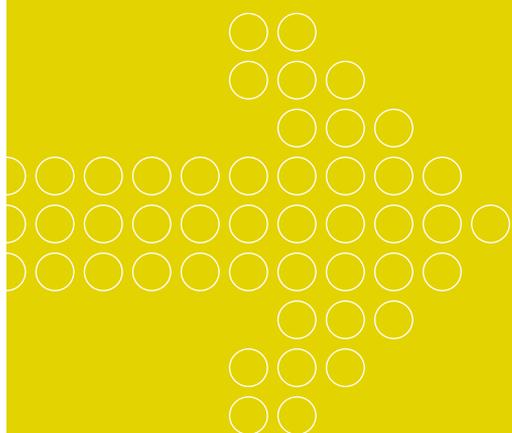
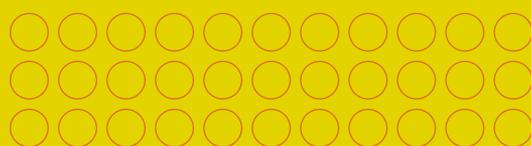
## Organisation and Accredited Training Organisation

- » Achieving Accredited Consulting Organisation (ACO) status requires a thorough competence-based assessment of an organisation and each registered consultant.
- » Achieving Accredited Training Organisation (ATO) status is an additional qualification to that of Registered Training Organisation under the Australian Qualifications framework.
- » All ATOs and Approved Trainers are formally re-assessed on a three-yearly cycle as well as being subject to ad hoc monitoring by APMG.

## OGC Accreditation is internationally recognised

- » APMG maintains working relationships with all industry bodies including the Institute of Project Management in Australia and the Global Alliance for Project Performance Standards.
- » APMG accredits training organisations and training materials that conform to specific technical and management standards, and which have been developed and agreed by the Independent Examination Board. This accreditation process has been assessed by the United Kingdom Accreditation Service to verify that it conforms to European Standard EN45011.

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# How to improve your chances of policy implementation success

(A brief synopsis to introduce the tagged version of the Shergold Review report)

I am pleased to have been a contributor to the report “Learning from Failure”<sup>1</sup> by Professor Peter Shergold AC, which was published in early February 2016. On page one of the report he says:

*“Leadership begins with finding the courage to say, ‘I accept personal responsibility for contributing to the failure to which I was a party’. That recognition can steer the resolve to make changes, try again, and do better. Acknowledging errors publically is a form of self-improvement, not self-abnegation. Failure, and how we respond to it, is where leadership is born.”*

This synopsis is for SES officers who wish to make changes, try again, and do better with programmes<sup>2</sup> and projects.

Note 1: Content in italics has been sourced directly from this ASPC publication. This material is licenced for reuse under a Creative Commons BY Attribution 3.0 Australia licence. The Tanner James version of the report is identical to the original, we have simply bookmarked it and highlighted elements of the text to enable you to quickly assimilate the key points.

Note 2: The report uses the spelling “program”. As an AXELOS provider Tanner James uses the spelling “programme”. We hope you share our opinion that how the word is spelled is unimportant.

## Where to begin?

You may have read the review, but how closely did you look at the front cover? Apart from the title “Learning from Failure” it contains two descriptors of what lies within:

*“Why large government policy initiatives have gone so badly wrong in the past and how the chances of success in the future can be improved”* and

*“An independent review of government processes for implementing large programs and projects”*

There is a strong implication here: large government policy initiatives should be implemented as programmes and projects.

Given this implication I recommend that you begin by contemplating what departmental policy initiatives should be managed using programme and project management disciplines, taking a much broader view than you might previously have done.

## What are the key points for you?

In his review Professor Shergold identifies 10 key lessons to be learned:

1. *Policy is only as good as the manner in which it is implemented.*
2. *Policy advice can only be frank and fearless if it is supported by written argument.*
3. *Deliberations, oral and in writing, need to be protected.*
4. *Deliberative documents need to be preserved, whether written on paper or delivered by digital means.*
5. *It is up to ministers, not officials, to make policy decisions.*
6. *The effective management of risk is just as important in the public sector as in the private—perhaps more so.*
7. *As the public service fully commits itself to measuring results by outcomes, program management needs to be accorded far greater professional status.*

8. *Good governance increasingly depends on collaboration across sectors.*
9. *The APS needs to be further opened up.*
10. *An adaptive government can respond rapidly to changing circumstances without taking unnecessary (and unforeseen) risks.*

He made 28 proposals for improvement, in the form of conclusions, grouped under 7 main headings:

- A. *Providing Robust Advice.*
- B. *Supporting Decision Making.*
- C. *Creating a Positive Risk Culture.*
- D. *Enhancing Program Management.*
- E. *Opening Up the APS*
- F. *Embracing Adaptive Government.*

### What do I need to do next?

If you are an SES officer involved in policy implementation I recommend ensuring that you and your SES colleagues read the pdf version of the Shergold Review Report that Tanner James has created.

The pdf version is identical in content to the original, we have simply added bookmarks and highlighted text to enable you to quickly assimilate the key points.

### Want to know more?

If you would like to know more about, please call me personally on **0407 404 688** or email me at [john.howarth@tannerjames.com.au](mailto:john.howarth@tannerjames.com.au) . I would be very happy to come to meet you, answer questions and provide further information on topics such as:

- The difference between programme management and project management, and what considerations apply when determining what departmental policy initiatives should be managed using these disciplines;
- The programme management and project management methods available to you, and how they need to be tailored for the APS context and nature of initiatives with which you are involved.

# Learning from Failure

**Why large government policy initiatives  
have gone so badly wrong in the past and  
how the chances of success in the future can be improved**

An independent review of government processes for implementing  
large programs and projects by Professor Peter Shergold AC

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# Letter of Transmittal

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The Hon Greg Hunt MP  
Minister for the Environment  
Parliament House  
CANBERRA ACT 2600

Dear Minister

In accordance with the Terms of Reference issued to me on 24 December 2014, I have undertaken an independent review of government processes for implementing large programs and projects, including the roles of ministers and public servants.

As requested, the review has taken account of the findings and recommendations of the Royal Commission into the Home Insulation Program, the report of the Independent Audit of the NBN Public Policy Processes (the Scales Review), and best practices in Australia and internationally.

I have pleasure in presenting you with my report, *Learning from Failure: Why large government policy initiatives have gone so badly wrong in the past and how the chances of success in the future can be improved.*

I very much appreciate the opportunity you have given me to consider such important issues. You will note that whilst I have come to conclusions as to how to improve the management of major projects I have not made recommendations to the Government. My strong preference is that the review be made widely available for public comment and discussion. I hope, in particular, that the views of the Australian Public Service on its proposals will help to inform the Government's response.

In preparing this report I was assisted by a secretariat drawn from a number of Australian Government agencies. I record my appreciation for their insights, commitment and enthusiasm. I also express my thanks for those who met with me and the secretariat over the course of the review, and I am particularly grateful to the peer reviewers who commented on an earlier draft of this report.

Yours sincerely



Professor Peter Shergold AC  
12 August 2015

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## Terms of Reference

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1. The Government has asked Professor Peter Shergold AC to lead an independent review of Government processes for the development and implementation of large public programmes and projects, including the roles of ministers and public servants.
2. The Review will make practical recommendations to enhance the capacity of the Australian Government to:
  - a. Design and implement large public programmes and projects;
  - b. Develop robust and effective governance and accountability arrangements for such programmes and projects;
  - c. Understand the broader environment in which programmes and policies are design and implemented (including through effective public consultation and harnessing external expertise);
  - d. Identify, understand and manage risks; and
  - e. Provide accurate, timely, clear and robust advice to ministers and within the APS.
3. The Review will take account of the findings and recommendations of the Royal Commission into the Home Insulation Program, and the report of the Independent Audit of the NBN Public Policy Processes (the Scales Review).
4. It will take account of best practices on the nature and effectiveness of public policy processes and the implementation of large public programmes and projects in Australia and internationally.

24 December 2014

## The Future: Avoiding Repetition of Failure

---

### **Ian Hanger AM QC**

*“I do not think the deficiencies I have identified are ones that could only have occurred in the specific circumstances of the Home Insulation Program. Several systemic or fundamental shortcomings can be identified which not only are capable of repetition ... but which might be avoided through diligence and the taking of some additional measures.*

*I would recommend that the Australian Government use the experience of the Home Insulation Program as a means by which to learn from the mistakes identified in the report, many of which can be traced to overconfidence and unrealistic optimism.” (2014)<sup>1</sup>*

**Ian Hanger AM QC was the Royal Commissioner who led the Royal Commission into the Home Insulation Program in 2014**

## Executive summary: 28 proposals for improvement

### A PROVIDING ROBUST ADVICE

Good government is founded on good policy, and good policy depends on good advice. One of the Australian Public Service's (APS) core roles is to provide advice to support the government of the day so that it can deliver its policy agendas and priorities. Senior public servants

advise not only on the design, but on the delivery and evaluation of major programs and projects. They recognise that they should be held accountable to their ministers for the quality of advice that they provide. The APS holds a position of unique access to ministerial decision-making. It enjoys positional authority. Nevertheless, it must deliver well-argued and persuasive advice if it is to maintain influence with government. Counsel must be responsive and timely. It needs to acknowledge political direction. It must be strategic, providing a wider context for particular decisions. It must be frank and fearless.

#### Ian Hanger AM QC

*“The APS ought to reinvigorate its willingness to provide, in writing, advice that is as frank and robust as the advice it is willing to give verbally. . . What the process has revealed is a quite inadequate system of document management and record keeping.”<sup>2</sup>*

Good advice is factually accurate and backed by evidence. It presents proposals based upon considered interpretation of alternative viewpoints and often reflects multiple perspectives. On occasion the APS appropriately provides a range of options to government, but it must not be afraid of taking a position on what is regarded as the best path forward. Fortitude is required. Sir Humphrey Appleby, in his inimitable style, would counsel against action by describing a proposed ministerial decision as ‘courageous.’ In truth, it is Secretaries who must be willing to exhibit courage.

Openness and transparency are fundamental to good government. There is room to further improve public access to information that is held by government. There is a strong public interest case for citizens being able to know the basis of decisions that affect their access to services. There is considerable value, too, in publishing as much publicly-collected data as possible and making it available to citizens to use and apply as they want through a ‘Creative Commons’ license. This is the basis on which this Review is released.

At the same time, it is imperative that governments be allowed a measure of confidentiality in the policy-making process. Without free and uninhibited exchange of views between ministers and senior public servants, good public policy is jeopardised. Policy debate depends upon mutual trust and respect between both sides. That depends on arguments taking place in private. Deliberations on matters of policy, whether oral or in writing, need to be kept in confidence.

Where there is a risk of advice being made public, sensitive topics are less likely to be the subject of full and frank written briefing. This increases the risk that decisions will be made

on partial information, feebly presented. It means that there will be an incomplete record of the decision-making process. The *Freedom of Information Act 1999* should be amended to provide an explicit exemption from release for information that would compromise the ability of public servants to provide ministers with frank advice. Such changes would apply to only a very small proportion of government information.

Advice on significant matters must be written down. There will rarely be a single document. The development of policy (as any good public servant knows) is an iterative process of argument, counter-argument, negotiation and compromise. Records of deliberative discussions in all forms, including emails and texts, should be retained.

## **CONCLUSIONS | Providing robust advice**

**A.1** Public service advice is vital to good government and, to this end, Secretaries should be held accountable for the quality of advice provided to ministers by their departments.

**A.2** Whilst acknowledging the value of frank and fearless oral discussions, the Australian Public Service Commissioner should issue a Direction that significant advice also be provided to ministers in writing. Ministers should insist on receiving frank written advice from the APS, noting that it is generally their decision whether to accept or reject all or part of the advice.

**A.3** The Freedom of Information Act should be amended to ensure that advice and opinion provided to support the deliberative processes of government policy formulation remain confidential.

**A.4** An APS-wide policy on record keeping should provide practical guidance about when and how records must be created, including that records of deliberative discussions in all forms, including digital, should be retained.

## **B SUPPORTING DECISION MAKING**

Ministers operate in an environment of high pressure, fast pace, intense scrutiny and great complexity. They are responsible for making decisions—individually, and collectively as members of Cabinet—that have significant and far-reaching effects on individuals, businesses and communities. The importance of ministerial decision-making, and the circumstances under which it occurs, underscore the need to have well-functioning support systems in place for ministers.

**Ian Hanger AM QC**

*“Ministers and their advisors must not, by subtle suggestion or otherwise, dictate what advice they receive.”<sup>3</sup>*

Cabinet processes support government decision-making. When functioning properly they provide an important safeguard against rushed, uninformed or poorly conceived decisions. Individual ministers have ownership of the proposals that they bring to Cabinet. They need strong support both from their staffers (on the one hand) and their public service departments (on the other). Good working relationships between departments and advisers depend on unambiguous rules of engagement. Clarity on the responsibilities of each is critical to ensuring that ministers can do their jobs well.

## **CONCLUSIONS | Supporting decision making**

**B.5** To acknowledge ministerial ownership of Cabinet proposals, submissions should open with a personal Ministerial Statement outlining the policy's purpose, expected outcomes and anticipated implementation risks.

**B.6** In preparing Cabinet documents, Secretaries should ensure that the arguments presented reflect the viewpoint of their ministers. Assisted by government coordination processes, they also need to make certain that all relevant considerations for government are addressed in a clear and succinct fashion.

**B.7** The Statement of Standards for Ministerial Staff should be tightened to provide explicit and unambiguous statements that advisers must not direct public servants without ministerial authorisation nor seek to make executive decisions.

**B.8** Joint forums for ministerial advisers and APS senior executives should be conducted regularly to raise the efficacy of their working relationship and build mutual respect and understanding of the importance of their respective roles.

## C CREATING A POSITIVE RISK CULTURE

Governments take risks for the good of the people of Australia. Delivering new policy initiatives—changing taxation structures, reforming the welfare payments regime, building public infrastructure or delivering major new programs—is necessarily perilous. Governments strategically intervene where there are perceived to be market failures, and invest taxpayers' money to drive outcomes that they believe the private sector is unwilling or ill-equipped to deliver.

The political risks of such activities will inevitably be at the forefront of a minister's mind: perhaps less obvious are the financial, operational and strategic risks. Yet no matter how brilliant the policy, and however clever its political goals, poor design and ineffective delivery will harm governments. Ministers need an APS that can help them identify their appetite for strategic risk, identify its characteristics and mitigate the possibility of failures.

Ian Hanger AM QC

*"The identification and management of risks under the HIP was seriously deficient."*<sup>4</sup>

On paper, the APS has significantly advanced its management of risk in recent years. The *Public Governance, Performance and Accountability Act 2013* (PGPA Act) and associated *Commonwealth Risk Management Policy* have established an outcomes-based framework to integrate risk oversight and management activities within the core business of government. It needs to be implemented with vigour. Progress has been too slow. In the two years since the Act was passed, its underlying ethos of 'earned autonomy' is a long way from being realised.

Most public service agencies still have a way to go in moving from reactive, defensive risk management to proactive, performance-focused risk engagement. Too often there remains a tendency to focus on compliance (have payments to aged care providers been properly acquitted?) rather than on performance (is the aged care system providing options that result in better health outcomes, improve the quality of life of senior citizens and deliver greater consumer choice?). There remains too much focus on looking backwards, relying on evaluation and audit to identify problems after the event. There is not enough looking forward to prevent mistakes occurring.

The management of risk, whether of particular major projects and programs or across the entire government, needs to be improved. New organisational structures and workplace systems can contribute to this goal, but the major challenge is to embed new approaches within a strong risk culture. APS agencies continue to struggle to instil a risk culture and behaviours across their workforce so that every employee fully appreciates that they have a role to play in identifying and managing areas of uncertainty.

## CONCLUSIONS | Creating a positive risk culture

**C.9** To inform and improve policy design, departments and major agencies should gauge their ministers' appetites for risk on individual programs and across their portfolio, and reach agreement on how implementation challenges will be identified, accepted and managed within agreed resources.

**C.10** Departments and major agencies should appoint a Chief Risk Officer, at a senior executive level, who will be responsible for embedding a strong risk culture and behaviours across all levels of the organisation.

**C.11** All major Cabinet proposals should be supported by a minister's endorsed Risk Management Plan, submitted to PM&C and the Department of Finance, and available for perusal by other Cabinet ministers.

**C.12** In order that governments remain aware of the cumulative impact of their decisions, the Department of Finance should facilitate a bi-annual whole-of-government Risk Assessment for the Cabinet, analysing the system-wide impact of operational, financial, strategic, legislative and procurement risks faced by government.

## D ENHANCING PROGRAM MANAGEMENT

Program and project management are too often seen as control activities based on templates and Gantt charts. They are actually creative processes. In practice, they require a collaborative approach to aligning multiple delivery tasks to achieve agreed objectives in the most effective way, within time and budget constraints. They require discipline in maintaining single point accountability while being open and flexible to the opportunities of networked governance structures. That calls for professional expertise. The APS needs to build a stronger cohort of skilled and experienced program and project managers rather than relying on the 'accidental' practitioners who are often selected when no-one with greater ability is available. Some experts already work in the APS, but their experience and qualifications are still not sufficiently recognised and their professional status and career development rarely receive the attention they deserve.

Public servants need to value program management skills. APS recruitment practices should better recognise the strategic relationships between design, delivery and evaluation in order to promote more diverse experience among senior executives. Increasing core capability, mobilising expertise and valuing leadership in program and project management will strengthen the APS as an effective, professional and resilient institution that—supported as necessary by outside help—has the capacity to deliver the agenda of the government of the day.

## CONCLUSIONS | Enhancing program management

**D.13** The Australian Public Service Commission should work with industry associations to develop standards of proficiency for public sector project and program managers, with agencies committing to support these staff through career development opportunities, continued education and participation in professional communities of practice.

**D.14** For all projects and programs, there needs to be a clear understanding about who accepts end-to-end responsibility for managing implementation, wields delegated authority and where accountability resides.

**D.15** The APS should establish a ‘tiger team’ capacity by which service-wide expertise can be harnessed to assist Senior Responsible Officers in the management of high risk, large-scale projects.

**D.16** Whilst acknowledging that different departments have different workforce needs, Senior Executive Service selection criteria should place greater emphasis on program leadership when considering a candidate’s demonstrated breadth of experience.

## E OPENING UP THE APS

Private and public sector organisations around the world have come to recognise that diversity of perspectives in the workplace and the boardroom improves performance. Diversity increases critical analysis of information, results in better decision-making and challenges ‘groupthink’. A mix of backgrounds, viewpoints and experience can, wielded together, generate more creative processes and better service. Productivity is enhanced.<sup>6</sup>

### Ian Hanger AM QC

*“Before Government intervenes in a market in which it has previously had almost no involvement, it needs first properly to understand the industry. . . [and] end users or deliverers.”<sup>5</sup>*

The APS leads the private sector in the representation of women on boards and in senior executive roles.<sup>7</sup> It also maintains a commitment to the employment of Indigenous Australians, people with disabilities and those from non-English speaking backgrounds.<sup>8</sup> Whilst complacency must be resisted, this comparative advantage provides a positive foundation upon which to build. However, diversity cannot be created by demography alone. The challenge for the APS is that, for all its heterogeneity, it can remain inward-looking. It can become too comfortable with its own way of doing things. Diversity—in the sense of welcoming the views of the private and the community sectors—needs to be enhanced. The APS must open itself to a wider diversity of perspectives.

There is a need to build a more permeable public sector, providing greater opportunities for mobility within the APS, between jurisdictions and across sectors. People should be enabled to move in and out of the public service more easily. This will increase cross-sectoral collaboration in designing and delivering public policy, facilitate better partnerships and broaden the range of experiences that the public sector can call upon. For some people the APS will remain a lifetime career: for others, it will be a place to work temporarily on projects that capture their interest. The APS needs to be opened up.

### **CONCLUSIONS | Opening up the APS**

**E.17** Secretaries should support their staff to undertake career development opportunities outside the APS in order to gain beneficial experience.

**E.18** Building on existing departmental initiatives, an Australian Public Service Scholarship should be established that provides financial support for ten APS leaders each year to undertake an important project in the business or community sector for up to 12 months.

**E.19** A highly prestigious Public Sector Fellowship should be established to provide financial support each year for ten exceptional leaders from the business, community and academic sectors to contribute to significant initiatives in the APS for up to 12 months.

**E.20** For high priority large-scale projects, departments should actively source specific talent from outside the APS on a temporary basis to provide a wide range of relevant skills, experience and entrepreneurial energy.

**E.21** Program advisory groups should be established within departments that include representation drawn from outside the APS in order to capture a broader diversity of perspectives and knowledge.

**E.22** A Prime Minister's Public Service Advisory Committee should be established that includes leaders from business and community organisations, to support the Australian Public Service Commissioner build a more open, collaborative and outward-looking public service.

## **F EMBRACING ADAPTIVE GOVERNMENT**

The work of government is hard. Its challenges are wicked. Problems do not always have defined boundaries, solutions can (and should) be contested and authority is ambiguous. Political change can occur unexpectedly and at breakneck speed. Administrative change generally takes place in an almost imperceptible fashion but can be transformative in nature. These challenges are exacerbated by the rapidity and level of scrutiny that is now brought to bear by the 24-hour news cycle, the increasing influence of social media and the 'hyper-

connectivity' of community networks enabled by the internet.<sup>9</sup> Both politicians and public servants must grapple with unrealistic citizen expectations and low levels of public trust.<sup>10</sup>

The market is also becoming more competitive on a global scale. In response to the pace, complexity and connectedness of modern life, successful organisations are learning to function differently. Their operating environments are becoming increasingly unpredictable. Well-established companies suddenly find their business models undermined by emerging providers snapping at their heels. They discover that their customers are attracted by new services delivered in different ways. Companies rise to prominence quickly and amass great value rapidly—but many fail with equal speed. The organisations that thrive are flexible. They seize opportunities, learn rapidly and recognise that partners will be needed to deliver long-term goals. When they enter uncharted territory—or find themselves under threat from new forms of competition—they respond fast, start small, test new approaches, watch market responses, learn from doing, scale-up their activity or, if necessary, try again.

**Ian Hanger AM QC**

*“Nothing ever becomes real, as Keats said, ‘’til it is experienced”.*<sup>11</sup>

Most importantly, they are honest about failure. They recognise that mistakes happen, interrogate why they occurred and set in place remedial measures to ensure that they perform better next time. Failure and its lessons are an inevitable part of entrepreneurial life but are also central to maintaining the corporate competitiveness of well-established businesses. It is true as much for social enterprises as for companies. Competition for the philanthropic dollar is relentless.

The Australian Government can be informed by the organisational agility required for survival in the private and community sectors. It is true that the APS has a larger market than the vast majority of Australian companies and not-for-profit organisations and, for both better and worse, has been more protected from market pressures. That legislative and regulatory shelter is now under threat: citizens demand better services and greater choice and governments want more flexibility and higher productivity. Without abandoning the traditions of public service, new approaches need to be embraced that acknowledge that the delivery of government programs is increasingly contestable. These propositions can be usefully grouped under the conceptual framework of adaptive government.<sup>12</sup>

Adaptive government involves directing performance towards the achievement of outcomes in an increasingly competitive environment. To the extent that performance-based outcomes can be agreed and measured, the process allows contracted providers much greater flexibility in how they undertake delivery. This does not mean less oversight. Monitoring will still be required to assure not only that outcomes are being achieved, but that the process by which they are pursued has the integrity and accountability that public spending demands. Nevertheless, done properly, there will be less need for prescriptive red tape.

Adaptive government calls for greater organisational flexibility. It demands more willingness to experiment—starting small, testing what works and (in the worst case) failing quickly. It is premised upon facilitative leadership, in which collaborative partnerships are formed with others to deliver results. It requires much more agility than the traditional structures and workforce systems of public administration allow. It demands whole-hearted acceptance of the virtual world by which government can better engage with citizens.

Some of this is already happening in pockets of the APS. Such initiatives need to be embraced with greater enthusiasm. An adaptive approach has the potential to create momentous change in the effectiveness of public service. It can help to restore confidence that governments can meet the expectations of their citizens. 'One APS' needs to reimagine itself as an adaptive organisation—flexible, experimental, facilitative and agile.

## **CONCLUSIONS | Embracing adaptive government**

**F.23** The default position that new policies proceed straight to large-scale roll-out should be reversed and instead new policy proposals should include a trial or demonstration stage, allowing new approaches to be developed fast and evaluated early.

**F.24** Staged decision-making for large projects should incorporate the allocation of seed funding to agencies to develop a business case and proof-of-concept, which can be tested before the project moves to a further stage.

**F.25** The Australian Government should fund an innovation competition to encourage experimental, innovative community and business proposals for improving the delivery of programs and services.

**F.26** In order to improve contestability and citizen choice, departments should facilitate the ability of contracted providers to take their own approaches to the delivery of agreed performance-based outcomes.

**F.27** As part of continuing effort to reduce red tape, greater efforts need to be made to engage with communities and businesses to understand how contractual conditions and administrative guidelines can be less prescriptive, making it easier to work with government.

**F.28** The APS should promote new forms of civil participation, including digital and deliberative democracy techniques, in order to enhance consumer-directed care, improve customer service, encourage greater citizen engagement and inform the public economy.

## Reflections on Failure

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No matter how objective an inquiry intends to be, it necessarily reflects the distinctive perspective that the reviewer brings to the task. This report is no exception. I have been drawn to the task because I am genuinely interested in how government processes for implementing large public programs can be improved. The question is important. I am well aware that the review has been prompted by the manifold failures identified by the Royal Commission into the Home Insulation Program (HIP), undertaken by Ian Hanger AM QC, as well as by the array of problems associated with the design and delivery of the National Broadband Network (NBN). But, as my terms of reference suggest, similar issues have been evident in other national projects. Of course, the challenges are not confined to Australia. *The Blunders of Our Governments*, published in 2013, catalogues three decades of big, failed projects in the United Kingdom.<sup>14</sup>

### **Peter Shergold AC**

*“Leadership begins with finding the courage to say, ‘I accept personal responsibility for contributing to the failure to which I was a party’. That recognition can steer the resolve to make changes, try again and do better. Acknowledging errors publically is a form of self-improvement, not self-abnegation. Failure, and how we respond to it, is where leadership is born.” (2015)<sup>13</sup>*

**Peter Shergold was the Secretary of the Department of the Prime Minister and Cabinet from 2002 to 2007**

With the help and assistance of a dedicated Secretariat team, I have sought to reflect critically on the lessons that need to be learned by public servants about how to execute such programs more effectively in the future. I have arrived at conclusions, informed by discussions that have been held with present and former members of the APS, as well as by suggestions made by those in the business and community sectors who have experience of working closely with governments. I am particularly grateful to the peer reviewers who provided their insightful comments on a draft of this report. Many of my sentiments have been expressed already by politicians and public servants (as is evident from the boxed quotations). Indeed a number of my proposals are already in train. They need to be pursued in a systematic way with greater vigour.

It is important to emphasise, however, that the report reflects my own conclusions. It has been drafted from the viewpoint of someone who has been a senior public servant, who remains deeply engaged with matters of public policy and who believes profoundly that the quality of public administration is of great consequence to the manner in which Australia is governed. It would be foolish not to admit up-front that the judgements at which I arrive have been significantly influenced by my own experience. They are one perspective, but I hope a useful one.

I had the singular good fortune to be a senior public servant in the Australian government for two decades. I enjoyed extraordinary opportunities to contribute, in large and small ways, to matters of great public importance. Of course, even when I exerted positional authority, I was

on occasion frustrated in my ambitions by the lumbering scale of administrative hierarchy. The APS, I came to realise, is a brilliant creation, delivering a huge number of transactions every day in an efficient and ethical manner. Yet it remains shaped by its origins as an industrial scale, command-and-control organisation. A century ago it mostly delivered letters: today, mostly welfare payments. Officialdom still weighs heavily on it. Bureaucratic processes, just as much as drawn-out political negotiation, can slow the way in which things are done. Innovation can be stymied. Yet I could always discern the significant purpose of the job, enjoy the chance to make a difference and recognise the need to exercise influence with integrity.

Such attitudes are not limited to the senior ranks of the APS. The ethos of public service runs deep. Indeed, I have been frequently inspired by those more junior public servants, often outside Canberra, who have greater direct contact with citizens and for that very reason find their jobs rewarding and fulfilling. They often display considerable ingenuity in seeking creative ways to improve the service that they offer. Do not imagine that they are paper-pushers, dedicated to circumlocution. Rather, think of frontline workers as talent spotters for new ideas and discerning critics of existing approaches. To a very large extent, they are the face, or voice, of public service to the 'customers' of government.

Public service was not my lifetime career. I had worked for a long period as a university historian before I entered the APS. Since leaving the Service, I have spent eight years developing a portfolio career of non-executive positions in private, public, community and academic governance. But on reflection I realise that public service was my vocation. I slowly came to discern its challenges. To take a silent vow of non-partisanship in order to offer impartial advice and to serve successive governments with equal commitment is not a decision to be taken lightly. It involves sacrifices. For most public servants in senior positions, it can be a tough gig. There is a personal cost that goes with wielding influence from the inside.

Yet, too rarely recognised in educational textbooks, an apolitical public administration is fundamental to the good health of Westminster-style democracy in Australia. First-year university students of political science soon learn that the exercise of executive authority by the government of the day is constrained by the need to wield it through the legislative authority of the Parliament, and that its decisions are subject to the scrutiny of an independent judiciary with its own powers. They are introduced to the complex and ambiguous relationship of Commonwealth, State and Territory jurisdictions operating in a Federal structure, founded on a written Constitution.

Generally, much less attention is devoted to the role of professional public administration in a participatory democracy, and the manner in which it influences power. Perhaps that is because much of what senior public servants do is necessarily hidden from view. The role of appointed departmental Secretaries, their executive teams (and increasingly their middle

managers) is to provide advice to the elected ministers they serve. On occasion, to employ a well-worn cliché, that needs to be done in a frank and fearless fashion.

Yet—and here’s the rub—however forceful and robust the advice that is conveyed to ministers or their political advisers in private, it is vital that once government casts its judgement, its policies should be implemented with energy and dedication. Cabinet decisions need to be given effect, administratively or through legislation, by public servants. No matter whether the policy proposal has emanated from the APS or the minister’s office; no matter whether public service advice has been accepted, adopted, adapted or ignored; no matter whether public servants think that the outcome is brilliant or foolish (or even, perhaps, courageous)—their immediate task is to execute decisions on time, on budget and to the government’s expectations.

Equally important, a political Opposition or an enquiring media should not be able to discern from words or actions a senior public servant’s views on the wisdom of the policy. A government should be judged by the public for the decisions that it makes, rather than for the decisions it might have made had it been more persuaded by the informed entreaties of its administrators. In short, confidentiality lies at the heart of the democratic processes within which policy is deliberated upon. Without it, government decision making and public policy outcomes will be the poorer—outcomes like the HIP will be more likely.

In contrast, the manner in which ministers and public servants administer policy is appropriately subject to intense scrutiny. At the Commonwealth level, they face rigorous scrutiny before a range of Parliamentary bodies, not least at regular hearings of the Senate Estimates Committees. An independent Auditor-General routinely evaluates departmental performance in delivering programs or overseeing projects and, on occasion, the assessments have been scathing. Individual citizens, on occasion with the support of the Commonwealth Ombudsman, and through the use of Freedom of Information (FOI) laws, are able to gain access to the basis of decisions that directly affect them. The Ombudsman will investigate their complaints to see if those decisions were wrong, unjust, discriminatory or just plain unfair. Citizens can also challenge the decisions to which they have been subject before the Administrative Appeals Tribunal (AAT), an institution which promises to provide prompt review with as little formality and technicality as possible. They can seek redress through the courts.

This is as it should be. Public servants exert considerable power over the public that they serve, and it is important that they are held accountable to the Australian community for their actions, within the framework of ministerial responsibility. Mistakes can be costly, and not just because taxpayers’ funds may be wasted, misapplied or used profligately. Poor administration can, on occasion, deprive citizens wrongly of their liberties, constrain the application of their rights, fail to inform them of their responsibilities or even, tragically, cost them their lives. Public servants need to answer for their actions. They remain accountable

even when, as now, so many government services are delivered under contract by outsourced providers.

Policy sits at the interstice between what is confidential (the development of policy) and what is public (its delivery). For that reason, when things go wrong, as they did so profoundly in the HIP, it is often difficult to attribute responsibility. I have an instinctive sympathy for public servants who find themselves subject to criticism and perhaps disciplinary action for their failures. That is not just because when big but unintentional mistakes occur, one looks at one's own career and thinks quietly, "there, but for the grace of God, go I". It is also because memories of what exactly happened are notoriously unreliable, especially when the written record of decision-making is sketchy. In an environment in which decision-making is too often opaque and responsibility diffuse, it can be difficult to attribute blame. Indeed, the attempt can create a sense of injustice that inhibits a proper understanding of the array of reasons why events went so terribly wrong. Public servants are often aggrieved by accounts of their avowed incompetence: often they feel that they have worked around the clock on a large project, had their good advice ignored, done their best to implement the government's decisions and then borne the blame when things went awry.

The hearings held by the Royal Commissioner show clear evidence of this tendency. In general, when projects turn out well, one's mind will naturally tend to ascribe a greater significance to one's own role; and when decisions go badly, it can be comforting to think that one's actions were of relatively minor consequence in a system-wide organisational failure.

Yet it is crucial that organisations and individuals are able to learn from their mistakes. Thankfully the evidence that is available from enquiries into the design and delivery of the HIP, the roll-out of the NBN, the construction of school buildings as part of the Building the Education Revolution (BER) policy—and from a range of other major government programs that have been marked by managerial shortcomings—suggests that there are a number of common factors that reduce the chances of success. There are also measures that can enhance the prospect of positive outcomes. Understanding both threats and opportunities can help to increase the likelihood of effective implementation of major projects in the future.

Over the past few months I have read, discussed and thought about these matters, focusing on the delivery of large programs and the development of the policies that underpinned them. I have come to the conclusion that there are ten key lessons that emerge and that can be learned. These are the matters that this review seeks to address.

**First, policy is only as good as the manner in which it is implemented. The development of a policy and its delivery are inextricably linked. Implementation should be integral to policy design.** A policy cannot be elegant if its execution is poorly communicated, ineptly administered or inadequately evaluated. The proof of the pudding is in the eating.

**Second, policy advice can only be frank and fearless if it is supported by written argument.** Good government is founded on good policy, and good policy depends on forthright advice. Ministers look to their public servants (although not to them alone) to provide or challenge ideas. Discussion of proposals should be robust. Yet oral advice, however strongly it is conveyed, can too easily be ignored or misinterpreted. Worse, it becomes possible to argue about whether it was actually given or received.

**Third, deliberations, oral and in writing, need to be protected.** Ministers (and their advisers) and Secretaries (and their senior executives) need to have complete trust that public service advice will remain confidential. If private discussions become public, mutual respect will be eroded. If confidentiality is not assured, public servants will be tempted to temper their counsel and ministers will prefer to receive advice only orally. That's a bad outcome for governance. Anodyne advice undermines effective decision-making. Oral advice leaves no trace of the reasoning behind the decisions that were made.

**Fourth, deliberative documents need to be preserved, whether written on paper or delivered by digital means.** Nothing symbolises significance more than handing a minister a sheet of signed advice. Increasingly, though, policy is developed in real time by email and text message communication between departments and ministers' offices. These important electronic documents need to be managed as confidential records. They are the files of the future. They are our protection against 'digital amnesia'.

**Fifth, it is up to ministers, not officials, to make policy decisions.** The important role of senior public servants is to ensure that Cabinet ministers make their decisions with eyes wide open. Advice should seek to identify the risks, envisage unintended consequences, indicate threats to successful implementation and proffer alternative options. Public servants should not seek to impede a government's ambitions but to help it find the best way to give them effect, ensuring that ministers are cognisant of the full ramifications of their decisions and the impact that they will have on business and community interests and on the general public.

**Sixth, the effective management of risk is just as important in the public sector as in the private—perhaps more so.** Governments need to be apprised of the strategic, financial, operational, regulatory and political risks to the implementation of major projects. This is particularly the case when successful implementation depends on the co-operation of other tiers of government and/or delivery by third-party agents. Public servants need to indicate how risks can be mitigated or accepted, not avoided. Problems often emerge a long way from Canberra. Risk culture and behaviours need to be embedded across the whole department, from the departmental Secretary to the most junior regional officer. Prevention is the first line of defence.

**Seventh, as the public service fully commits itself to measuring results by outcomes, program management needs to be accorded far greater professional status.** The *Public Service Act 1999* places equal emphasis on members of the Senior Executive Services

(SES) exhibiting the capacity to provide policy advice or deliver programs. That is not reflected in cultural attitudes or behaviours. Too often in the APS, policy advice is accorded significantly greater status than program delivery. In truth, conceptual, analytical and strategic skills (the foundation of SES selection) are just as important to program management as they are to policy design. **Project and program managers need to be recognised as a community of practice in the public service, with attributes as important as those who possess legal, accounting, medical or veterinary skills. Capability needs to be progressively enhanced across the APS in a systematic fashion.** In the past, public servants tended to administer by the prescription of process. Management directed its attention to the distribution of allocated inputs. Today the focus is far more heavily on performance-based outcomes. Results matter. **New professional skills are required.**

**Eighth, good governance increasingly depends on collaboration across sectors.** The private and community sectors are now central to the construction of public infrastructure and delivery of public programs. They are commissioned to deliver government services. The public market is becoming contestable, offering citizens greater choice. **Unfortunately, too often the relationship with providers is conceived merely in contractual terms. Their expertise is not given full expression.** Public servants need to facilitate the engagement of business leaders, not-for-profit CEOs and senior academics in the design of major projects. They should be seen as partners rather than as stakeholders. Their experience should be tapped. That will help to ensure that there is more evidence-based policy and less policy-based evidence. **The key to transforming the delivery of major projects is to focus less on contract compliance and more on collaborative performance.**

**Ninth, the APS needs to be further opened up.** More opportunities should be found for those who work in business and community organisations to work in the public arena. This is not to suggest that public servants are second class. An increasingly graduate workforce is probably more qualified and capable than ever before. However, there is considerable benefit in increasing the diversity of perspectives brought to public administration. Conversely, public servants should be actively encouraged to undertake periods of relevant work in companies, social enterprises or universities. Greater experience will enhance their performance when they return to the APS. There is significant advantage in enabling people to stand in the shoes of others, appreciating the different constraints under which they operate, and learning new approaches. Such exchanges will not undermine the public sector ethos but reinvigorate it.

**Tenth, an adaptive government can respond rapidly to changing circumstances without taking unnecessary (and unforeseen) risks.** On occasion, governments have an appropriate desire to act quickly. Public servants are often seen as an impediment. They can be perceived as cautious, guarded, even unimaginative. They can seem risk-averse. Yet their circumspection is based on the knowledge that the rollout of major national programs is fraught with danger. With wicked, complex and deep-seated public problems, it is uncertain exactly what policies will work, or how they should be delivered in the most effective way.

There are benefits to experimentation: often it is more sensible to test out ideas on a small scale rather than across the whole nation. More attention should be given to using trial or demonstration sites to begin implementation expeditiously, trialling different delivery options and learning by doing. Success can be demonstrated early. Failure can be addressed fast.

These views frame the report that follows. It endeavours to do justice to the perspicacious insights of the Royal Commissioner, Mr Ian Hanger AM QC, and others who have reviewed the mistakes made by those who have designed and executed major government programs. I have sought to listen empathically to the responses of public servants to these swingeing criticisms. I have tried not to cast judgement on individuals. I admire and respect the APS. While I have not shied away from frankness in acknowledging its past failures, I hope that the conclusions at which I have arrived will help the process of improving the manner in which the APS wields its significant power in the future.

Several of my conclusions reflect a need for the APS to critically examine and reshape how it does its business. In places I have recommended new structures, not for their own sake but as means to an end. New tools, administrative structures and bureaucratic positions can too easily become red tape. Anything that becomes routinised in government process can invoke a compliance mindset. Some of my suggestions will sit awkwardly with established culture and practices. They point to the need for changes that some will find uncomfortable, but which need to be pursued. These are not superficial changes. They will be demanding and even at times troubling. The goal is to build a more mature culture, a more constructive environment and a more sophisticated public sector approach. The end result, while it will take time, will be worth it.

This report, whilst transmitted to the Australian Government, is intended to open up 'strategic conversations' across public services. I hope that its arguments will inform public discourse, and perhaps even stimulate heated debate. If so, my review will in large measure have achieved its objectives.

## Lessons from the Past

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### Why do we need to learn from the failure of the HIP

The HIP was a major project, the design and delivery of which involved massive failures and led to tragedy. The large-scale program was beset by far-reaching errors. Mistakes were manifold: irreconcilable policy objectives, flawed program design, rushed implementation and inadequate monitoring. Mediocre record-keeping makes it difficult to tell the full story of which public servants provided what advice to ministers when, and to what effect. Responsibility for decision-making was diffuse and opaque. Accountability for consequences was unclear. Yet it is apparent that the advice provided by public servants to ministers was, in many instances, poorly given, poorly received and poorly communicated. Consultation across government, between jurisdictions and with industry bodies was all but absent. Citizens were not consulted on what they wanted and installers were not asked how it would be best to deliver those aspirations.

The development and delivery of the HIP was not just marked by a plethora of mistakes: the consequences were stark. Four young workers lost their lives, houses caught fire and long-standing businesses were destroyed.<sup>15</sup> It is important that the lessons of the tragedy are learned. It is vital that when governments decide to instigate large new initiatives in the future, that the process of execution has been improved. I hope that ministers, advisers and public administrators will be able to say that “we will never have another HIP: we have learned the lessons from what went wrong”.

The Royal Commission into the HIP was established on 12 December 2013. Mr Ian Hanger AM QC was appointed as the Royal Commissioner and delivered his report on 29 August 2014. There had already been a number of other reports into the HIP, notably by Dr Allan Hawke AC in his 2010 *Review of the Administration of the Home Insulation Program* and by the Australian National Audit Office (ANAO) in its *Performance Audit Report No. 12 (2010—11)*. The program, and others explored in this review, provides a catalogue of lessons for governments here and around the world. They allow us to learn from failure.

### The HIP was designed to stimulate the economy

In late 2008, Australia was facing a severe economic downturn. The Global Financial Crisis (GFC) threatened to end an era of prosperity. In response, the Australian Government deployed a range of measures to stimulate the economy.

On 3 February 2009, the Prime Minister, the Hon Kevin Rudd MP, announced a \$42 billion Nation Building and Jobs Plan.<sup>16</sup> Included in this plan was an Energy Efficient Homes Package, of which the Homeowners Insulation Program (later renamed the Home Insulation Program or HIP) was a major component. Around \$2.7 billion was allocated for the installation of insulation into the ceilings of some 2.7 million existing Australian houses over a period of two and a half years.<sup>17</sup> The HIP was extremely ambitious in its scale. Prior to the announcement there were only about 200 businesses installing insulation into just under

70,000 homes annually.<sup>18</sup> The HIP aimed to achieve a fifteen-fold increase in the number of installations carried out each year.<sup>19</sup>

The objectives of the HIP were to create employment for thousands of low-skilled workers in the building industries, whilst delivering improvements to the energy efficiency of housing, and contributing to a reduction in Australia's carbon emissions.<sup>20</sup> These competing objectives made the execution of the HIP difficult. Hanger emphasised the tension between the economic stimulus objective of the policy, which required the need for expedited progress, and its environmental objectives, which in normal circumstances would have been far more carefully pursued.

**The HIP was developed quickly and without the usual safeguards of the Cabinet process**

Things went wrong from the very start. The pre-announcement design of the HIP was rushed, with two officials required to develop a policy proposal over the Australia Day long weekend in January 2009. They were given express instructions “... not to contact industry and not to speak with colleagues”.<sup>21</sup> This set the tone of achieving speed by stealth.

Many government decisions on the HIP were not subjected to the usual procedural safeguards provided by Cabinet process. Indeed much of the initial program development was overseen only by a sub-set of four ministers which, extraordinarily, did not include the minister responsible for the delivery department, the Department of Environment, Heritage, Water and the Arts (DEWHA).<sup>22</sup>

**Implementation design was flawed and was done without consultation**

The Prime Minister announced that the HIP would commence on 1 July 2009. That left just five months from its announcement to develop and begin to implement the program. In keeping with an ethos of supporting construction projects that were ‘shovel-ready’, the aim was to get public funds out of the door and pink batts into roofs as fast as possible. The start date was perceived as non-negotiable.<sup>23</sup> Political imperatives dominated.

According to many witnesses to the Royal Commission, this led to “crucial and material compromises to the proper design and implementation of the HIP”.<sup>24</sup> **Concessions were made in the name of expediency and had disastrous consequences:** they included relaxing training requirements for workers, and assigning the skill competencies to supervisors rather than those performing the installation. This “unnecessarily exposed workers, particularly inexperienced ones, to an unacceptably high risk of injury or death”.<sup>25</sup> These late changes to the delivery model were imposed on DEWHA by the (now defunct) Office of the Coordinator General (OCG) in the Department of the Prime Minister and Cabinet (PM&C). Under political pressure, the OCG seems to have been driven by a ‘can-do at any cost’ mentality. The Royal Commission concluded that, “if given an extended timeframe [DEWHA] could have delivered the regional rollout program on which it was working”.<sup>26</sup> However, no evidence was found that a formal written request for a time extension was ever sought by any public servant.<sup>27</sup>

It was not just that judgement was poor. Hanger found that DEWHA was ill-equipped to deliver such a large and complex program, even if it had not been rushed to deliver at scale from the outset.<sup>28</sup> DEWHA's development and implementation of HIP coincided with a significant expansion of the department's responsibilities. It had little experience of delivering programs. It was unprepared for the task. **Post-implementation reviews of the HIP identified problems with the department's governance structures, program design capability, corporate administration, risk management behaviours, audit and compliance mechanisms, and effective monitoring.**<sup>29</sup> When the Hon Greg Combet AM became Minister for Climate Change and Energy Efficiency in September 2010, he found that the APS had been ill-equipped to run the HIP program: "As a consequence, given the lack of systems—administrative, IT and financial—running that from Canberra was easily penetrated by fraudsters."<sup>30</sup> Unsurprisingly, given the mood at the centre of government, DEWHA did not consult widely. There was insufficient consideration given as to how government intervention would impact a relatively small and largely unregulated industry. The Commonwealth abrogated responsibility for industry compliance and licencing activities to State and Territory governments but without listening to their frontline experience. Officials failed to talk to local government. Warnings from international experience were not heeded.<sup>31</sup> In-house expertise was not developed and external advisers were inadequately briefed on their responsibilities.<sup>32</sup> Time was not made available to organise pilots to test the suitability of the program design.<sup>33</sup>

**Accountability was blurred and risk poorly understood**

**Confusion reigned. Roles within the Project Control Group (PCG) were not clearly articulated or understood. A deference to 'team-work' diffused responsibility for decision-making.**<sup>34</sup> Critical decisions, such as lowering training and competency requirements, were taken by the PCG in a committee environment which discouraged members from being active participants in the deliberative process. The outcomes failed adequately to address risks to the safety of installers.<sup>35</sup> The perceived problems with the change to the delivery model by the OCG, which significantly increased implementation risks, were not communicated to senior officials and did not get updated in the risk register.<sup>36</sup> Similarly, while safety concerns were raised early in the HIP's implementation by industry representatives, they were not added to the register, and did not inform the risk management strategy.<sup>37</sup> Warnings appear to have been ignored. Even in the late stages of the HIP, when the Australian Government had received specific advice about the risk of injury to installers and had the information necessary to make a decision to ban unsafe products and procedures, it was far too slow to act.<sup>38</sup>

Of course, the responsibility of government for the proper design and implementation of the program in no way obviates the responsibility that businesses also had in implementing safe work practices for their staff. However, as program designers and contract managers, public servants should have made far more effort to manage a greater proportion of the risk of failure, particularly for project implementation and monitoring. Government, too, must take responsibility. All Cabinet ministers should have been involved in discussions of such a major project, including managing the risks. Ministerial advisers should have alerted their ministers to the changes. Senior public servants, too, should have exhibited greater fortitude

in advising ministers and insisted on having their advice recorded, and (in the event that they could still not persuade government to agree to a more realistic timeframe), should have collaborated with State, Territory, local governments and industry associations to identify and mitigate the program's major risks.

As evidence accumulated on emerging problems, the HIP was formally suspended on 19 February 2010. Dr Allan Hawke AC was commissioned to undertake a review of the HIP. He recommended against its continuation. On this basis the Government formally terminated the program.

**The consequences of failure were great**

The fallout from the HIP was considerable. The consequences were tragic. The failure of the Australian Government to identify and manage the risk of injury and death to installers until very late in the HIP was a major cause of four young men dying whilst they worked on the program: Matthew Fuller, Rueben Barnes, Marcus Wilson and Mitchell Sweeney.<sup>39</sup> This is a consequence that their families will live with forever. Some workers and home owners were injured and have ongoing health issues.<sup>40</sup> It contributed also to house fires attributable to poorly installed (and unchecked) home insulation.<sup>41</sup> Previously viable businesses became insolvent and many business owners lost their livelihoods.<sup>42</sup> **Large sums of public money were wasted on delivering a major project ineffectively.** The government also found itself having to commission, assist and respond to eight inquiries into the program.<sup>43</sup>

There was also a large financial impact on the Australian taxpayer for remediation. On termination of the HIP, two safety programs were established.<sup>44</sup> These programs were implemented at a cost in excess of \$100 million. In addition, two industry assistance schemes were established.<sup>45</sup> The total cost of remediation was well over \$400 million.<sup>46</sup>

In late 2014, the Coalition Government instigated further measures in response to the Royal Commission.<sup>47</sup> These included making payments to the families of the deceased installers; providing financial compensation to pre-existing insulation businesses adversely affected by the HIP;<sup>48</sup> improving safety for workers in roof spaces; ensuring future Commonwealth programs would minimise work health and safety risks; and addressing APS Code of Conduct matters relating to the of the roles and responsibilities of individual public servants during HIP.

My review of government processes for implementing large programs and projects is part of the suite of actions that have been set in train. The Minister for the Environment, the Hon Greg Hunt MP, has asked for an independent assessment of the failures identified in the Royal Commission (as well as the Independent Audit of the NBN Public Policy Processes). **The review is to identify what lessons can be learned both by ministers and public servants and to provide practical recommendations to enhance the capacity of the Australian Government to deliver large programs and projects. The starting point is clear: HIP was an unmitigated disaster that need never have occurred. The capacity of the**

Australian Government needs to be enhanced. Ministers, their advisers and public servants should all heed the lessons.

#### What went wrong with the National Broadband Network

The review is also to consider the design and delivery of another large public program, the NBN. The idea of the NBN was taken to the 2007 federal election by the Labor Opposition, with the ambition of providing all Australians with fast broadband to their homes and businesses.<sup>49</sup> In government, Labor sought to implement its mandate. It proved difficult. The NBN implementation design had to be changed quickly and substantially after a tender process conducted in April 2008 did not result in any viable proposals.<sup>50</sup> A revised approach was developed in January 2009, with the establishment of a new Government Business Enterprise (known as NBN Co). At that stage, the legislative and regulatory framework of the program was still undefined.<sup>51</sup>

The 2014 Independent Audit of the NBN Public Policy Process, conducted by Mr Bill Scales AO, identified significant failures. Many echo and reinforce the problems identified with the HIP. They relate to 'closed-door' policy design. Scales emphasised that the process for the development of the revised design of the NBN did not involve any consultation with industry. The proposal did not include any cost benefit analysis or business case.<sup>52</sup> There was poor understanding of risk and its management was sub-standard. Scales saw the development of the NBN as a program that never clearly defined the problem that it was trying to solve: instead, it assumed that the answer was already at hand.<sup>53</sup>

Common to the development of both the HIP and NBN was a poor comprehension of the operating environment for the programs. There existed little or no understanding of industry dynamics and regulatory frameworks, nor of the manner in which government intervention would affect businesses.<sup>54</sup> Scales found that NBN Co was not fit for purpose. In comparison to established telecommunications companies, it did not have the capacity to deliver outcomes in the timeframe determined by the government.<sup>55</sup> Furthermore, the APS was unable to influence the discussion of risks with the government. Scales suggested that the issues which he identified were characteristic of a deeper problem within the public service.<sup>56</sup>

#### What went wrong with Building the Education Revolution

The HIP and NBN are not the only large government projects that have been marked by poor design and/or inadequate implementation. They are simply the two most recent egregious examples. The BER was another part of the then Government's economic stimulus package.

Administered by the Department of Education, Employment and Workplace Relations (DEEWR), most of the \$16.2 billion program was designed to provide schools with new and refurbished school halls, libraries and classrooms.<sup>57</sup>

Following fierce public controversy about whether the program was delivering quality outcomes, the Government established a BER Implementation Taskforce in April 2010. The Taskforce, headed by Mr Brad Orgill, presented its final report in July 2011. Whilst the report found that the projects were successfully delivered, it also identified significant variations in

infrastructure cost, with public schools in Queensland, New South Wales and Victoria paying an average of 25% more than Catholic schools and 55% more than independent schools.<sup>58</sup> Mr Terry Moran AC, who was Secretary of PM&C at the time, was of the view that the BER should have been undertaken in tranches to create flexibility and, if necessary, halt the process. In the absence of staged implementation the program, according to the political commentator Paul Kelly, “was inefficient, failed to deliver value for money, and its waste became a political issue... quotes were inflated and the work was often sub-standard.”<sup>59</sup> A 2014 academic study examined whether the BER was “another case of government failure”. It concluded that it represented a case study of how governments should *not* pursue large-scale expenditure programs.<sup>60</sup> The BER, it was argued, failed to deliver value-for-money.

**Many other programs here and overseas have failed**

Beyond the HIP, NBN and BER failures, there are lessons to be learned from many other major projects, both in Australia and overseas. Many involve the introduction of new information technology. The implementation of the former Australian Customs Service’s Cargo Management Re-engineering Strategy was woeful. According to the ANAO, “the management framework that Customs had in place to support the project lacked many of the basic fundamentals necessary to successfully implement a large ICT project.”<sup>62</sup> From 1999 to 2006, costs blew out from \$30m to \$205m and recurrent failures resulted in severe adverse business consequences for importing industries. Because of the incompatibility of importers’ legacy software with new cargo management systems, coordinating cargo became extraordinarily difficult.<sup>63</sup> Similarly, the disastrous opening of London Heathrow’s Terminal 5 in 2008 saw thousands of bags caught up within the airport’s handling systems. The backlog was attributed to a lack of thorough and realistic operational planning for the launch and inadequate staff training in new ICT systems.<sup>64</sup> **Over-optimism and inadequate appreciation of the complexities inherent in implementing ICT systems seem to be recurring causes of project failure.**<sup>65</sup> In fact, only 6 per cent of large software projects from an international sample between 2003 and 2012 were on time, within budget, and had satisfactory implementation.<sup>66</sup>

**But let's remember what's going right**

Reading reviews of failure can be a dispiriting exercise. It can also create a distorted perception of reality. Reform of the implementation of large programs and projects should not just be based on a litany of what has gone wrong. **Many things go right and, for that very reason, go unnoticed. It is important to acknowledge what has worked in Australia and around the world and looked for what the common drivers of success seem to be. These are reflected in my conclusions.**

**Jane Halton AO PSM**

*“I think we have a fantastic quality of public servant in Australia and I do think our history of innovation and our history of staying at the cutting edge is an important legacy that we need to honour, so the opportunity to look at how we do our business and to improve it is a terrific opportunity and I think everyone should embrace that.” (November 2014)<sup>61</sup>*

**Jane Halton is the Secretary of the Department of Finance**

It is important to emphasise that the APS has not been waiting passively for this report, steeling itself for its recommendations. Already, significant new approaches are in train to improve the quality of public administration. Since the HIP, the Department of the Environment (DEWHA's current successor) has made deliberate improvements to its program management capability, particularly in gauging pressures and risks in early program design, monitoring the challenges that emerge during implementation, and setting an expectation of high-level management attention and strong collaboration with external stakeholders.<sup>67</sup> There is widespread recognition of the need for continued reform across the APS. In some areas things are moving too slowly: in many instances, public servants themselves would like to progress faster. I hope that I have been able to capture the underlying frustration of many public servants: that it is difficult to make the key changes which they believe can improve the influence of the innovative ideas they have; strengthen the advice that they provide; enable them to be more responsive; and enhance their capacity to deliver and evaluate major projects that the government instigates. Progress would be enhanced if the Government was explicitly to authorise and encourage the change process. The six reform directions identified in this review seek to provide a coherent framework for a structured conversation on the failures that have occurred, the lessons that are being learned and how they can be most adequately pursued.

## A | Providing Robust Advice

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### PROBLEMS EXPOSED

The program design and implementation of the HIP and the NBN were compromised by the APS failing to provide robust advice. Public servants did not draw sufficiently on external views and expertise,<sup>68</sup> and the partial evidence they did muster was unable to exert influence through its advice to ministers.<sup>69</sup> There was a failure to provide sufficiently frank and forthright advice to ministers on important elements of policy design and risk.<sup>70</sup> There was a significant gap between the inadequate levels of candour displayed in written advice and that reportedly conveyed in oral briefings. Public servants failed to keep detailed records of key decisions and how they were arrived at, nor did they put into writing concerns regarding design features of the program, despite testimony that this was raised orally with ministers.<sup>71</sup> The APS, Hanger concluded, “ought to reinvigorate its willingness to provide, in writing, advice that is as frank and robust as the advice it is willing to give verbally.”<sup>72</sup>

Ministers themselves frequently bemoan the quality of the advice that they receive. There have been recurrent complaints over recent years from ministers about their departments’ apparent lack of innovative ideas and inadequate standard of advice. This may not be the experience or perspective of most ministers, but it is a complaint that I have frequently heard. “Don’t public servants have interesting ideas?”, I am asked, usually accompanied by, “Why do they always tell me that things can’t be done?”. The answer, I hope, is that public servants do like to contribute to good public policy but need to be encouraged to present their views forthrightly on a confidential basis.

Providing advice to ministers has long ceased to be the exclusive domain of the public service. Ministers have access to a wider range of sources than ever before, including their party colleagues, political advisers, industry lobbyists, community advocates, policy think tanks and academia. They also hear from their constituents and individual citizens. This is a good thing: being able to draw on more information and multiple perspectives supports better decision-making. Public servants need to have the capacity to argue their case against alternative views.

Even in this contested environment, the APS remains in a position of strategic importance at the centre of government. Public servants are privy to ministerial decisions in a way that others are not. While outsiders may engage at different points in the policy process, the APS’s involvement spans every stage—from bouncing around ideas, setting agendas, formulating policy and undertaking design to delivering, monitoring and evaluating a program’s implementation. Continuous proximity to political power contributes to the unique role of public servants. They are privy to many (but not all) of the important conversations. But these advantages do not guarantee influence or relevance. For this, public servants—individually and collectively—must establish and maintain a reputation for reliably delivering the best-argued and most persuasive advice.

## PROBLEMS ADDRESSED

### **Good advice should be responsive and timely**

Good advice should be responsive and timely. Responsiveness requires public servants to be sensitive to government priorities and alert to the intent and direction of policies. Advice and options should be based on an understanding of ministers' expectations, but also identify their unintended consequences and what alternative approaches might help a minister to deliver their goals more effectively. Responsive advice needs to be politically astute. It should recognise the choices and constraints ministers face and include options to address them. It is also proactive, vigilant for opportunities and anticipating problems. Good advice reflects an understanding that policy development often takes a long and circuitous path, progressively adapting to the unexpected twists and turns of political debate, discussion and circumstance. Over-responsiveness—where public servants hold back on giving critical advice in a display of undue deference to their ministers' views—can be fatal to good policy outcomes. When a minister says “jump”, the response should not be “how high?”. Nor should it be “no”. A better question is “in what direction and for what purpose?” Advice that is contrary to ministers' expectations is justified where it is based on a solid grasp of the government's objectives and aimed at supporting their achievement in the best way possible. It must reflect departmental knowledge, obtained by thorough analysis and consultation, of the likely benefit of alternative approaches. It should be informed by a clear assessment of what can go wrong, because there is a good chance that it will.

Ministers frequently lament that advice from the public service is too slow. I have, on occasion, been the recipient of such remarks. The APS needs to prevent advice getting weighed down by process. Hierarchical processes can play an important role in ensuring quality control and ethical standards. On the other hand, taken too far, the burden of bureaucratic process can create unnecessary delay and crush innovative ideas. Papers sometimes go through a long succession of clearances by progressively more senior public servants before they are deemed ready for submission to a minister's office. The time lost is generally greater than the quality added. At the same time, it needs to be recognised that the preparation of good advice on complex issues can take time. This is more likely to be the case when governments are forging new policy directions, or are taking on functions with which they have had little experience. Uncharted waters take longer to navigate safely. In such circumstances, establishing demonstration projects may afford useful opportunities to learn by doing, rather than taking the risk of rolling out an untried program nationally.

### **Good advice should be factually accurate, supported by evidence and shaped by experience**

Advice needs to be analytically rigorous, carefully balanced and unbiased in its assessment of evidence and options. This does not mean that it cannot be succinct. Conclusions should not be based upon—or worse, hidden within—voluminous appendices. A good public servant, from training and experience, should be sufficiently skilled to

transform mountains of information into pinnacles of knowledge. Advice should be informed by the latest thinking and practice from around the world while being alert to the Australian context. Assumptions and uncertainties need to be made explicit.

The gathering of evidence should not stop once initial design decisions are made. It must be ongoing. Often interventions do not work as planned when they are implemented. Always the objective of early stages of program delivery should be to learn from the experience of doing. Policy makers need to be attuned, responsive and ready to make the adjustments necessary to ensure that the best possible approach is put in place.

Advice should present a range of viable options and set out the potential unforeseen or unintended consequences of each, together with a delivery strategy and a risk management plan. Implementation must be properly considered throughout the policy cycle.

Execution should be built into policy design rather than treated as an afterthought. Too often delivery matters are given tokenistic treatment, or settled without proper consultation with those who best understand the environment in which a policy will be delivered—often the public servants or community representatives on the frontline. Departments should ensure that ministers are briefed on strategic implementation issues, including on what options exist for implementation. In many instances that will require consideration of whether responsibility for delivery should be commissioned to providers outside of the APS. That will involve benchmarking and seeking alternative implementation mechanisms.

#### **Mike Pezzullo**

*“Will this era be seen as one of... a close partnership between effective governments, high-calibre public servants working diligently together, and in partnership with civil society, industry partners and others?... These days departmental advice has to be highly influential and compelling. It has to be based... on strong evidence, ... it has to be actionable, it has to be clear, and it has to relate to a clear public policy problem that's been defined, [and] we have to be completely conscious of the fact that our advice and our views are going to be impacted, and properly so, by contested views.” (April 2014) <sup>73</sup>*

**Mike Pezzullo is the Secretary of the Department of Immigration and Border Protection**

#### **Good advice considers a range of perspectives**

The public service has a role as a broker of information, perspectives and opinions. It must exercise the leadership of facilitation by consulting, arranging expert discussions, collaborating with business and not-for-profit organisations and ‘crowdsourcing’ a broad range of community views. Advice should be as open as possible to outside experience, with alternative ideas considered and assessed rather than ignored or peremptorily dismissed. Advice should harness knowledge from across government, other sectors and the public.

Consultation on large government programs and projects is often conceived far too narrowly. Good policy should harness the views of those likely to be impacted by the proposal. It needs to reflect a willingness to ‘co-design’ with those from other sectors who have on-the-

ground experience of delivering major projects. As performance-based commissioning of public services becomes more commonplace, it will be increasingly important to ensure that program design and implementation are ‘co-produced’. The possibility that there may be perceived conflicts of interest in involving community and business organisations that, in the future, may wish to tender to deliver government services, can be carefully managed.

**Frank and fearless advice is written down**

Most importantly, good advice is frank and fearless. Good advice is not only responsive—but also responsible. It is forthright, honest and impartial. It should seek to be as objective as possible. This can mean telling ministers things that they may not wish to hear, but of which they need to be aware. Only then can we be assured that decisions are made in full knowledge of all the facts. Governments should act with eyes wide open. At that stage, even if the Secretary believes the government is acting unwisely, the answer is necessarily, ‘Yes, Minister’. Only very occasionally will the response of a Secretary have to be firmly in the negative to ensure that their minister operates within the law, in accordance with parliamentary conventions or in line with established policy.

Giving frank and fearless advice can be difficult. It can be complicated by the desire to preserve good working relationships with ministers. There can be pressure to be ‘pragmatic’ and act in a way that is expedient or convenient. The community’s legitimate expectation that the APS serves the public interest with integrity requires more than this. It can require steely resolve. More generally, it requires innovative ideas and strategic thinking in order to present ministers with alternative options to meet their political objectives. Fearlessness should never become obstructionism.

Courage in giving ministers robust advice may be required regardless of whether it is delivered face-to-face or in a written briefing. Yet I have come firmly to the conclusion that fearless advice delivered orally is not the same as frankness written down. Oral advice can too easily give rise to misinterpretation or misunderstanding. It is more easily dismissed or forgotten. Committing advice to writing requires more coherent articulation of arguments and helps assure a shared understanding. For these reasons, policy advice can only be truly frank and fearless if it is supported by written argument. Ministers should demand that advice on the most challenging issues they face should be presented in written form. Ultimately, they should be able to expect that the advice received from their departments, whilst written in the interest of supporting them

**Michael Thawley AO**

*“I don’t think there is any reason not to give direct advice to government. People outside the public service talk about frank and fearless advice as if there was a state of perpetual hostility, but that’s not right. Public servants are interested in getting the right outcome and will do their best to persuade. Their interest is in the outcome, not a fight. If the government likes the advice it will choose it. If the government decides otherwise, it may reflect on our ability to provide a convincing argument or there may be other factors. It is not our business if there is a political reason.”  
(April 2015)<sup>74</sup>*

**Michael Thawley is the Secretary of the Department of the Prime Minister and Cabinet**

to achieve their objectives, is also forthright. Done well, this should enhance rather than erode an effective relationship between ministers and officials.

**Accountability for the quality of advice begins and ends with Secretaries**

Responsibility for raising the bar on the quality of advice rests with all APS employees. However, some problems will only be overcome by the exercise of strong leadership at the highest levels. Ministers are entitled to expect that Secretaries will be proactive in ensuring that the preconditions for robust advice exist within their agencies, take responsibility for maintaining high standards, and be clear and decisive in responding where organisational performance falls short. For their part, ministers should create an environment which is conducive to encouraging and receiving the best possible public service advice.

A review's conclusions cannot depend on entreaty alone. A few modest initiatives might help to give effect to what most Secretaries know only too well already. First, Secretaries should be willing to be held accountable for the quality of advice provided by their departments. The question is how best to implement this. Ultimately, it is up to the Prime Minister of the day to decide how this should be achieved, in consultation with the Minister Assisting the Prime Minister for the Public Service, the Secretary of PM&C and the Australian Public Service Commissioner. Secretaries' annual performance discussions are one existing opportunity to discuss the quality of advice provided to ministers by their departments. Written briefing can also provide an opportunity to enable ministers to comment on the timeliness, relevance, and value of the advice they have received: some departments already include a summary box on each submitted paper to allow the minister to comment in this manner. Shortcomings need to be identified and addressed in a considered fashion.

**Ministers need to set expectations of frankness**

Second, the minister-department relationship is strengthened when a Secretary has the good fortune of working to a minister who actively encourages frank advice. There may be value in capturing these sentiments in a Charter of Expectations which can serve as a guidepost for departments, ministers and their offices. The Charter could provide a standard against which performance can be assessed.

Third, in order to set a clear expectation about the requirement for significant advice to be in writing, the most effective mechanism would be for the Australian Public Service Commissioner to issue a binding Direction under the *Public Service Act 1999*.

Transparency of government processes and public access to government information is an important characteristic of participatory democracy in Australia. Making administrative decision-making more open to the public empowers citizens. It improves the quality and responsiveness of services. Similarly, increasing access to government data supports innovation by unlocking the economic and social value of information.<sup>75</sup> Freedom of information helps to assure transparency in the expenditure of public money and ensure accountability for the impact of decisions on individual citizens: indeed the community should be actively encouraged to use public information for all sorts of public purposes. Factual

information collected at public expense should generally be available to the public to use as it pleases.

**Frank advice should be confidential**

When it comes to advice based on opinion and judgement, and intended to inform deliberative decisions on policy, there needs to be a different approach.<sup>76</sup> Here the requirement for a relationship of trust between ministers and senior public servants means that arguments for confidentiality have much greater strength. It is far more difficult to be frank about politically sensitive policy matters when there is a real risk that one's advice will become publicly accessible. This is not to suggest that, where there are different views, the department's perspective will always be the correct one. Indeed my own experience suggests otherwise. Nonetheless, healthy differences of opinion between a minister and a Secretary will soon become a political issue if they are made public and can seriously damage the relationship between the two. Public servants, in the heat of a party political contest, face pressure to answer questions not on how they are administering a program but on whether departmental advice had supported it. If confidentiality is not assured, public servants will be tempted to temper their advice and ministers will prefer to receive advice only orally. This is a conclusion which is supported by an examination of the behaviours exhibited during development of the HIP.

Whilst openness and transparency are fundamentally important for good government, governments must be allowed a measure of confidentiality in the policy-making process. Not to do so burdens ministers and their advisers in a way that other decision-makers are not. The executives and board members of both for-profit and not-for-profit organisations rely on confidential discussions, and a CEO is not generally required to disclose details of the board's deliberations. Nor is there an expectation that the courts will circulate draft opinions or records of discussions held on the way to presenting a judgement. Indeed this would be seen as inimical to good process.

**Australia's FOI laws go further than comparable jurisdictions**

The introduction of Australia's *Freedom of Information (FOI) Act* in 1982 (and comparable legislation in other jurisdictions) created a legally enforceable right of access to government documents. Changes to Australia's FOI laws in 2010, undertaken as part of a broader push for more open government, were designed to further improve transparency and support public engagement in government decision-making and policy development.<sup>78</sup> The Commonwealth's FOI laws are now arguably the most pro-disclosure among comparable jurisdictions in Australia and overseas. The 2010 reforms involved a reformulation of the 'public interest' test that is applied to FOI requests,

**John Fraser**

*"Freedom of information has made people extremely careful in the public service about what they put on paper, and that's sad. Freedom of information is not a bad thing in itself. But open policy debate means people have got to be candid. And at the moment a lot of it is done orally, which is a pity. It's a pity for history .... And writing something down is a great discipline." (May 2015)<sup>77</sup>*

**John Fraser is the Secretary to the Treasury**

creating a stronger presumption in favour of release (accentuated by listing the factors that must be considered in favouring release, but identifying none that count against).<sup>79</sup> Compared to other jurisdictions with Westminster-style systems, the Australian Government is now an outlier when it comes to making accessible frank and fearless advice that is intended to be provided to ministers in confidence. The United Kingdom (UK) and New Zealand Acts include specific exemptions to protect such advice.<sup>80</sup> The Queensland and Tasmanian Acts stipulate the factors that must be considered in favour of granting access and favouring non-disclosure.<sup>81</sup> Relevant legislation in most other Australian states applies a more balanced public interest test, similar to that in place at the Commonwealth level prior to the 2010 reforms.<sup>82</sup>

The Commonwealth's FOI laws now present a significant barrier to frank written advice. The Commonwealth laws have had the unintended consequence of constraining the content, form and mode of advice presented to ministers. Ironically, application of the revised public interest test has now had the unforeseen effect of lowering standards of public administration and, as a consequence, undermining the public interest in good policy. The public interest is certainly not served by having no public record of how and why decisions were made. Nor is there much benefit in gaining access to written advice that has purposefully been prepared to appear innocuous when released under FOI.

**John Lloyd PSM**

*"FOI laws are very pernicious. I think they have gone beyond perhaps what they intended to do and I think they do make us a bit over cautious and make some of the advice more circumspect than it should be, and I hope the government will address that and perhaps reassess the extent of some of those FOI laws." (March 2015)<sup>83</sup>*

**John Lloyd is the Australian Public Service Commissioner**

Former ministers and current and former agency heads have gone on the public record to say that the potential for public disclosure is constraining advice to ministers.<sup>84</sup> Today, when frank advice is required, it is too often delivered orally rather than being committed to writing. Fewer records are being kept, and the written advice that is provided is more likely to be anodyne, carefully constructed to minimise any sense of vigorous disagreement. The consequences include a patchy record of decision-making and an increased likelihood of decisions being made based on incomplete or poorly argued information. This can ultimately only be detrimental to good governance and the public interest.<sup>85</sup>

Advice that is honest and forthright is important. It ensures ministers make decisions with full knowledge of the facts and with their eyes open to the risks. The HIP involved instances where this did not occur. Of course, these failings took place prior to the 2010 reforms to the FOI laws but, given the impact of more pro-disclosure FOI laws since, one might conclude that public servants are even less disposed to offer frank written advice today.

**The FOI Act should be rebalanced so that frank advice can be confidential**

In truth, the problems with the application of FOI legislation are deeper than the 2010 amendments. The FOI Act should be rebalanced to remove

barriers to frank and fearless written advice being provided to ministers. The Act needs to explicitly recognise the value of robust perspectives in the advice process. In particular, the provision of frank advice and the benefits of a frank exchange of views as part of the deliberative process of government should be recognised as an important public interest consideration against providing access to documents.

A range of possible amendments to the FOI Act could support the above objective. The current public interest test, which is applied to requests for access to deliberative material, lists only factors that must be considered in favour of release. This could be rebalanced by listing those factors favouring non-disclosure (including the need to protect the frank and fearless advice given to a minister by a senior public servant). Alternatively—or in addition—an explicit exemption for frank and fearless advice could be introduced into the Act. The simplest and most attractive option under the current framework would be to strengthen the drafting of the current exemption for deliberative process to clearly describe the harm it seeks to avoid. This would make the construction of the exemption consistent with most others in the FOI Act and address the issue, identified by Allan Hawke in his 2013 review of the Act, that “the absence of a clear indication of the harm that the exemption is designed to protect results in the exemption being subject to differing interpretations and difficult to apply.”<sup>86</sup>

There would also be value in widening the current exemption for Cabinet documents to make it clear that it includes drafts, early advice and other preliminary material that may not ultimately be submitted to Cabinet, but which is of such close proximity that its release could impair the confidentiality of Cabinet processes. At the same time there would be benefit in implementing one of the recommendations made by Hawke in 2013: namely, to add an exemption to the FOI Act to cover incoming government and incoming minister briefs (a key part of helping to prepare governments for office), briefs written for question time and Senate Estimates hearings.<sup>87</sup> The public interest in protecting the confidentiality of these briefings has already been recognised in recent decisions of the Australian Information Commissioner.<sup>88</sup> The matter should be put beyond doubt.

Such modifications to the FOI Act would make the conditional exemption for ‘deliberative matter’ easier to apply but only in a limited set of circumstances—where disclosure of information could compromise the ability of public servants to provide ministers with frank advice.<sup>89</sup> It needs to be explained that this protection would apply only to a tiny proportion of government documents. In 2013-14 the exemption for deliberative matter was applied to only two per cent of all FOI applications.<sup>90</sup> The proposals should not, be misinterpreted as part of a move to limit access to government information more generally.

**Much more  
Australian  
Government  
information should  
be open and  
available**

Indeed, making more government information accessible is important. The arguments put forward in *Ahead of the Game: Blueprint for the Reform of Australian Government Administration* in 2010, that “the Australian Government become more open and that public sector data be more widely

available, consistent with privacy and secrecy laws,” needs to be given full effect.<sup>91</sup> Major data sets and the factual information on how decisions are made should be in the public domain for all to use as they wish. Similarly, the results of policy and program evaluations should be made publicly available as a matter of course. With the huge advances in digital technology, shared information can build a stronger relationship between government and citizens. Equally important, individuals can often find new methods of using public information in unexpected ways to create public benefit.

Placing restrictions on freedom of information is extraordinarily sensitive. For that reason, the Government should undertake a thorough assessment of options for removing barriers to frank advice in the FOI Act. This should take into account not only the detrimental impact of existing legislation but relevant experience in comparable jurisdictions. It may be that a bipartisan group of former ministers, together with former Secretaries, could be appointed to investigate and report back to government on options and recommended approaches.

**Written records of deliberative discussions need to be made and retained**

The duty of public servants to provide frank advice in writing needs to be made clear and unambiguous. The HIP Royal Commission asked whether the deficiencies highlighted in departmental record keeping were indicative of a broader deficiency across government.<sup>92</sup> They are. Indeed, it is surprising how many APS employees are unaware of their legal and professional obligations to record the business of government. As a result, record-keeping is too often treated as a low priority. This is something that should be corrected.

All significant advice and decisions that are part of an ongoing process of deliberation should be recorded. Much advice is part of an ongoing and iterative discussion. Part of the public servant’s role is to assess the points at which a record is required. This might initially occur in an email or a diary note, but it is important that all documents that inform decisions find their way into formal records management systems. Proper record-keeping allows others in the future to fully understand the reasons for a decision or action.<sup>93</sup> In the case of sensitive information, records may be tightly held and only released to the public after considerable time has passed. The record is no less important in these circumstances.

Ensuring a record of decisions is more challenging in the digital age, when ministers, their offices and departments deal with massive volumes of information. Today, most written communication takes place not on paper but through electronic media, and the iterative process of policy development is regularly conducted over email and SMS. Unfortunately, the most comprehensive guide to APS recordkeeping was completed in 2007, well before the current proliferation of smartphones and tablets within government.<sup>94</sup> The APS should rebuild the discipline of good record-keeping and modernise it for the digital age. Texts matter.

A requirement to create records is implied, though not explicitly stated, in the *Archives Act 1983*. The ANAO notes the lack of a single clear and explicit requirement for the public servants to create records of all of its key business activities and decisions,

although some categories of records are now specified under the *PGPA Act*.<sup>95</sup> Given the lack of consistency on record keeping, the National Archives of Australia should issue updated APS-wide guidance on the creation of new records, especially digital material, which should be endorsed by Secretaries. The foundation work to support such guidance is already underway.<sup>96</sup>

We need to go back to the first principles of the Westminster tradition. Ministers are elected and appointed to make decisions. It is in the public interest that they make themselves as well-informed as possible in carrying out these roles. Whether ministers choose to accept the arguments of a public servant must be up to them. They, and the governments they serve, should be judged in the court of public opinion on the decisions that they make, not on the advice they choose to reject. It is not in the public interest to undermine good public administration by deterring public servants from writing down the full force of the advice that their ministers need to read—nor by prompting ministers to ask for such advice to be conveyed orally. It is far better to have a deliberative document held confidentially than for it not to exist at all.

### **Conclusions | Providing robust advice**

**A.1** Public service advice is vital to good government and, to this end, Secretaries should be held accountable for the quality of advice provided to ministers by their departments.

**A.2** Whilst acknowledging the value of frank and fearless oral discussions, the Australian Public Service Commissioner should issue a Direction that significant advice also be provided to ministers in writing. Ministers should insist on receiving frank written advice from the APS, noting that it is generally their decision whether to accept or reject all or part of the advice.

**A.3** The FOI Act should be amended to ensure that advice and opinion provided to support the deliberative processes of government policy formulation remain confidential.

**A.4** An APS-wide policy on record keeping should provide practical guidance about when and how records must be created, including that records of deliberative discussions in all forms, including digital, should be retained.

## B | Supporting Decision Making

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### PROBLEMS EXPOSED

In the past I have extolled Australian Cabinet processes, arguing that only Australia—in contrast with the UK and Canada—maintains the true tradition of Cabinet government.<sup>97</sup> Collective discussion and decision-making provide a firm foundation for good policy and effective public administration. When it fails, good governance is undermined. The HIP and NBN prove the case.

A major factor in many of the poor decisions taken in relation to both programs was failure in the operation of the Cabinet. Cabinet consideration was either perfunctory or replaced by an inner group of ministers making decisions free from wider scrutiny. Hanger found that significant decisions regarding the HIP were made by the Strategic Priorities and Budget Committee of Cabinet—three or four ministers that did not include the minister responsible for the program.<sup>98</sup> In the case of the NBN, the full Cabinet was not engaged in decision-making. That was one of the major reasons for policy failure.<sup>99</sup> As Scales recognised, “effective use of Cabinet processes is critical to better practice public policy process. The rigours of a well-argued Cabinet submission contribute to scrutiny, informed debate and decision-making within government.”<sup>100</sup>

Collective perusal of a proposal provides a powerful antidote to peremptory decision-making. Each person can ask their questions and put forward their views. In presenting the 2013 Sir John Monash Oration, the Minister for Communications, the Hon Malcolm Turnbull MP, reflected on the fact that, under the Australian Cabinet system, “the Prime Minister is surrounded by people who have a standing of their own. They have a power base of their own. And that is very important. . . decisions have to be taken in a collective manner or should be taken in a collective manner.”<sup>101</sup> Unfortunately, it would seem that such processes of collective decision-making were falling apart by the time HIP, NBN and BER were under consideration. According to David Epstein, who was the Prime Minister’s Chief of Staff, by late 2008, “[p]roper functioning Cabinet government ceased to exist. More and more the discussion was about politics and the real business was not conducted.”<sup>102</sup> Many areas of government were affected. With respect to the development of an emissions trading scheme, for example, the “catalyst for the long slide towards a policy fiasco was [the] decision to abolish Cabinet’s climate change subcommittee.”<sup>103</sup> The former Minister for Agriculture, Fisheries and Forestry, the Hon Tony Burke MP, shared Epstein’s view. As he told Paul Kelly: “In the end we stopped making decisions at Cabinet. The official business of Cabinet took no time and then we’d have a political discussion, but with no agenda, no direction, no decision.” Terry Moran, then Secretary of PM&C, conveyed his concerns about the weakening of Cabinet processes, but to no avail.<sup>104</sup>

Cabinet operations involve a difficult balancing act. Too much policy discussion in Cabinet, and the politics can be forgotten. Too much politics, and public administration can be

weakened. In the case of HIP and NBN the balance moved too far away from collective discussion and assessment of administrative challenges. The perceived need for quick decision making and rapid implementation drove the Prime Minister to circumvent traditional Cabinet processes. Critical perusal was avoided. As a consequence, government made extravagant promises based on ill-considered optimism. Most Cabinet ministers remained blissfully unaware that their public service agencies believed that they would be unable to deliver on the commitments. The consequence turned out to be catastrophic.

Another area of failure affecting the systems that support ministerial decision-making was the relationship between the APS and ministerial advisers. The relationship can go awry when there is a breakdown in mutual trust. Advisers, as gatekeepers, can make it harder for public servants to gain access to a minister and, worse, make it difficult to know if a minister has actually received the advice that the minister needs to consider. Blurring of accountabilities around policy advice to ministers leads to confusion and poor outcomes. In the case of the HIP, there appears to have been a breakdown in communication between departments and the responsible minister. Despite conversations between senior public servants and advisers about aspects of program implementation, too few of the officials' concerns reached ministers. At times, the minister did not receive written briefings and as a consequence decisions were made without awareness of all the relevant facts.<sup>105</sup>

## PROBLEMS ADDRESSED

### (i) Cabinet

#### How a good Cabinet process works

Policy starts with an idea, which is worked up by departments and prepared for discussion by the Cabinet. Its submission requires the authority of the Prime Minister. Public servants in the lead minister's department prepare papers for the Cabinet's consideration, including submissions and memoranda. Occasionally, they provide short-form updates to facilitate an early discussion with their minister on the options for design and delivery of a new proposal. All documentation, formatted to address key issues, is meant to be informed by thorough research, rigorous analysis and genuine consultation across government departments. Central agencies—PM&C, Treasury and Finance—have an opportunity to provide their views. Often this process is iterative and conducted over several months; at other times the process is necessarily much faster.

Draft papers are circulated to other departments for comment, leading to further refinement of the proposal. The submission evolves into a document used to communicate the proposal to a minister's Cabinet colleagues. Whilst the majority of other ministers are not generally subject-matter experts on the policy at hand, they will have an interest in the implications for their own portfolios and constituents. They will assess a major project or program against the government's wider political agenda and the policy commitments already underway. By this stage, details of the proposal (and volumes of supporting analysis) have been distilled to their essence. A good Cabinet submission explains to ministers succinctly what they need to

know to make an informed decision, and ensures they are alert to the risks, possible unintended consequences and threats to successful implementation.<sup>106</sup> The submission is circulated well ahead of the Cabinet meeting so that ministers have time to consider it. During the Cabinet meeting, the relevant minister presents the submission and it is thoroughly discussed amongst the Cabinet, before a decision is made. Public service note-takers, seated around the corners of the Cabinet room, carefully record the discussion and, in consultation with the Cabinet Secretary, set down the decisions made.

There are well-established requirements designed to ensure good Cabinet process, particularly when a major new project or program is being proposed. The forward planning of agendas, oversighted by the Cabinet Secretary, assists ministers to properly prepare. Cabinet documents are made available to all ministers at least 10 days before they are considered by Cabinet. This gives responsible ministers the time to hone their arguments before they are put to Cabinet for decision. Central agencies and other departments are provided with the opportunity to review proposals and provide their perspectives on the merits of a policy and the manner in which it should be delivered. Coordination comments are an important opportunity for departments to signal their concerns.

If too many so-called ‘under the line’ papers (matters which are considered by Cabinet without the benefit of a supporting submission) are being prepared at short notice it is a sign of a Cabinet process in trouble. Except in true emergencies, they indicate that the policy commissioning process is poorly planned and that competing perspectives are either not valued or actively discouraged. Nearly always, implementation risks will be understated. Whilst urgent and unforeseen under the line proposals will be needed on occasion, these should be supplemented by a later submission to Cabinet that includes a properly considered implementation strategy. The same expectations ought to apply to decisions taken during the expedited phases of the Budget process.

**When good Cabinet process falters, bad decisions happen**

Good process is fundamental to supporting good Cabinet decision-making. It is designed to allow policy ideas to be tested and contested before they are put to the Cabinet for decision, and to ensure that ministers are as well-informed as possible about proposals before they enter the Cabinet room. They can be full participants in discussions. They can raise their concerns and have them addressed. Consensus can be reached.

Collective decision-making lies at the heart of Cabinet government. It requires ministers to be open and committed to a contest of ideas. Views which may have been firmly held can be reshaped based on considerations of merit, practicality and risk. Ministers can together decide if they wish to spend their limited political capital on a major new program. Departments contribute to the debate by providing coordination comments on the submission and briefing their ministers before they attend Cabinet.

With the benefit of hindsight, it is evident that the HIP and NBN (particularly in its second phase) were poorly designed policies, borne of inadequate consultation. Because good

Cabinet processes were compromised, public servants were unable to ensure an appropriate level of ministerial scrutiny and informed debate. The opportunity to seek further work to address weaknesses in design and execution was lost.

It is almost impossible to imagine either the HIP or the second phase of the NBN emerging from a proper Cabinet process in the shape in which they were ultimately implemented. Even before the proposals reached Cabinet, risks that had been overlooked or underplayed would almost certainly have been identified; the lack of consultation with the states or industry bodies would have rung alarm bells; implementation difficulties would have been highlighted; and, in all likelihood, a more realistic timeframe agreed. In the case of the HIP, the tensions between policy objectives would have been debated and resolved between departments or, failing that, in discussions between ministers in Cabinet.

**Cabinet submissions belong to ministers**

Good Cabinet processes are not a matter of administrative convenience. Governments can decide how they want Cabinet to operate most effectively. Certainly ministers should have a strong investment in the submissions that they present to Cabinet. After all, they own them. By convention, ministers take full responsibility for the content, quality and accuracy of advice provided to the Cabinet under their name.<sup>107</sup> Ministers are expected to ensure that their Cabinet submissions provide enough detail on risk and implementation challenges to ensure their Cabinet colleagues can make an informed decision on the merits of the proposal.<sup>108</sup> When these responsibilities are eschewed—for example, when ministers disown submissions as the work of their departments rather than a proper expression of their own views—the foundations of Westminster ministerial accountability are undermined. Conversely, departments are expected to cede ownership of submissions. Cabinet memoranda are the appropriate vehicle for conveying a department's own views to the Cabinet where this is required. When it comes to submissions, any misgivings that public servants have about a minister's preferred approach should be argued out beforehand. That is a key purpose of frank and fearless briefing. The submission is intended to reflect the minister's perspective. It needs to win over the support of their Cabinet colleagues.

**Submissions need to contain the information needed for Ministers to make the best possible decisions**

The quality of Cabinet submissions is a common topic of complaint from ministers. Each government publishes a Cabinet Handbook which sets out a preferred version of the Cabinet submission template. Often it undergoes subsequent revisions during the government's term in attempts to address perceived shortcomings in the advice that Cabinet receives. It is important to get the template right. It needs to facilitate efficient drafting by public servants and, most importantly, serve the needs of the Cabinet of the day by supporting good decision-making. It is for this reason that the key matters to be addressed are carefully prescribed. The present standards incorporate a statement of purpose; justification for the proposed policy direction (including the canvassing of options); the impact of the policies on those who will be affected; the views of stakeholders; information on how any proposals are to be implemented; key sensitivities and risks; regulatory, regional,

legislative and financial implications; financial costs; and, crucially, a clear set of recommendations.

The hallmarks of good Cabinet process need to be assured by PM&C as part of its coordination role, acting with the imprimatur of the Prime Minister and supported by his or her staff, including the Cabinet Secretary. This role should extend to providing assurance that the quality standards for submissions are met. This does not mean that submissions need to be long. Ministers do not have time to wade through pages of detailed supporting argument and analysis, but they need to be assured that the work has been done. At their best, Cabinet papers represent the apex of a 'policy pyramid', supported by extensive research, analysis, reasoning, consultation and testing.<sup>109</sup> A proposal should be refined and made shorter and simpler as it progresses through the coordination process and into Cabinet. The supporting information can be available to ministers should they wish to see it—and some of it may be sufficiently important to include in attachments to the proposal—but the essence of the argument and the critical supporting information should be condensed into a few pages. That is what public servants are trained to do. It takes skill, experience and (on occasion) a bit of savviness.

In a well-functioning Cabinet, submissions drafted by public servants that do not meet the quality standards agreed by the Cabinet—that have arguments that are poorly presented or are mired in too much unnecessary detail—should be sent back for more work before they get to the Cabinet Room. The ability of PM&C to reject submissions as part of its coordination role is paramount to maintaining these standards. Without this signal there is less incentive for departments and ministers to put their very best work in front of Cabinet. This should be the least we expect of the highest-level decision-making forum in our democracy.

**Practical ways to ensure ministerial ownership of submissions**

Inevitably, ministers can sometimes feel hemmed in by 'bureaucratic' guidelines. If the format is too rigid and ministers feel unable to present information to colleagues in the way that they think best, it can contribute to a reduced sense of ministerial ownership. Ministers can come to the view that Cabinet requirements effectively empower public servants at their expense. It is important to find ways of allowing ministers greater flexibility to make their case to colleagues without loosening the standards required of Cabinet submissions. A clear advantage is that a minister's ownership of a major program (and the burden of answerability, responsibility and accountability that goes with it) can be reinforced.

With this in mind, there would be value in setting aside the first page of all submissions for a ministerial statement, outlining in the minister's own words the policy's purpose, expected outcomes and anticipated implementation risks. They can be assisted by their advisers. Whilst it is likely that the body of a submission will still be drafted in the department (in consultation with the minister), the ministerial statement would provide a more personalised pitch to their Cabinet colleagues. With the agreement of the Prime Minister, ministers can be

given the freedom to present their proposal as they see fit whether by talking to their submission or using a PowerPoint presentation to highlight the key issues.

**The proper role of PM&C coordination**

Notwithstanding PM&C's role as a custodian of Cabinet process, it must be careful not to overstep the boundaries of its power. PM&C is at its best when it plays a coordinating role across government, honing arguments, reconciling differing views, facilitating a whole-of-government approach and encouraging the contestability of views to support more productive Cabinet deliberations. Their positional authority gives extra weight to their views. But coordination can become control. The HIP processes illustrate that the value of having PM&C co-ordinating policy development is "... undone when PM&C itself pushes a particular agenda at all costs and without having any detailed knowledge of the program or project."<sup>110</sup> When such views are imposed on other departments they can unduly influence the advice provided to ministers and compromise individual ministerial accountability. When PM&C conveys a direction, whether of its own initiative or at the request of the Prime Minister or their office, a legitimate response by departments—indeed the responsible and prudent course of action—is to discuss with their own ministers the risks of the proposed approach and the merits of alternative options.

## (ii) Ministerial offices

**Ministerial advisers play an essential role in supporting ministers**

My views on advisers have been made clear in the past.<sup>111</sup> I think they perform a valuable role in contemporary governance. They ensure that ministers (and shadow ministers) can be advised by people who share their political ideology. Their presence makes it easier for public servants to focus on apolitical advice. The advisers help their ministers to question and challenge the views of their departments. Monopoly is never a good thing, and in the provision of policy advice it can be particularly dangerous. On occasion public servants and ministerial advisers may vie for the ear of the minister. More often they will work together, respecting each other's particular roles.

My perspective is not universally shared. Staffers are increasingly portrayed as the villains of public administration. Critics suggest that they have grown too big for their boots. Jennifer Westacott, the Chief Executive of the Business Council of Australia (BCA), has called for the number or influence of ministerial advisers to be reduced. She characterises them as "political gatekeepers, with little experience and no accountability."<sup>112</sup> The *BRW* journalist, Leo D'Angelo Fisher, has gone further, claiming that "ministerial staffers treating public servants like second-class citizens is a feature of modern government."<sup>113</sup> I am not of this view. Staffers play a valuable role in helping overburdened ministers cope with the increasing complexity of modern government. I concur with Lynne Ashpole, a former chief of staff, that advisers "work on behalf of ministers to mediate between policy committees, stakeholders, and interest groups like the BCA, in a way that apolitical public servants cannot".<sup>114</sup> During my time in the APS I generally found that advisers made a positive

contribution to policy development. Of course, arguments can become heated, but the relationship is best perceived as one of critical collaboration, not a perpetual state of war.

Ministerial advisers play an essential role in supporting ministers to fulfil their duties. It is a diverse job: they apply political judgement to their advice on policy issues and media relations as well as providing personal and administrative support for their ministers. They broker relationships between ministers and their political parties, public service departments, broader interest groups, and constituents. The volume and complexity of ministers' workloads make 'staffers' an indispensable part of ministers' support structure. Ministers are assured that they can rely on people who share their political philosophy and with whom they have built a relationship of deep trust.

**The distinct roles of public servants and advisers can help support better decision-making**

The roles of public servants and advisers are distinct. The two groups operate under different legislative and policy frameworks. The Whitlam Government introduced partisan ministerial advisers when it came to power in 1972, primarily to ensure that ministers would receive support from a cadre of individuals who shared their political convictions. The role of ministerial advisers was formalised by the Hawke Government with the passage of the *Members of Parliament (Staff) Act 1984* (the MoPS Act). While the role of the APS is detailed in legislation, those of advisers are largely governed by convention. This is true not only in Australia but in other Westminster-based systems of government.

In contrast to the roles of apolitical public servants, many advisers are explicitly political. While public servants provide non-partisan advice, advisers offer a partisan perspective. For the most part, these distinctions are complementary and ultimately beneficial to ministers. They add to the diversity of skills, experience, perspectives and ideas available to support decision-making. The presence of advisers allows public servants to be robustly independent in their advice, knowing that those in the minister's office are there to focus on the political challenges it may present. It brings competing ideas to the minister who, on occasion, can witness the clash of viewpoints played out before them. That's a good thing. As a Secretary, I always felt that if I could not win an argument on the basis of my intellect or experience, and marshalling the full resources of my department, then I was either ineffective or wrong. Often, I discovered, the informed perspective of an adviser was valuable.

**Don Russell**

*"Departments should be able to provide advice on any subject within the minister's responsibilities that is better structured and better considered than anything that can be produced in the minister's office; the department has resources; the adviser tends to be on his or her own."* (March 2014)<sup>115</sup>

**Don Russell was the Secretary of the Department of Industry from 2011 to 2013. He is now the Chief Executive of South Australia's Department of State Development**

**Both public servants and advisers have a legitimate role in providing policy advice to ministers**

The area in which the roles of advisers and public servants most converge is in providing policy advice to ministers. Both groups have a part to play here, and there can be competition between advisers and public servants as they each seek to influence ministers. Both sides will be seeking to persuade one another to their own point of view. Senior public servants may lament the increasing influence exerted by inexperienced ‘wet behind the ears’ political advisers, or ‘the boy scouts in the minister’s office’. Advisers may rail against the caution of ‘stodgy bureaucrats’ or the irritating self-importance of ‘mandarins’. But advisers and public servants who respect each other’s roles can together improve rigorous, informed and considered decision-making.

Of course, there can be tensions when advisers over-reach. Advisers should never be mere post boxes for conveying a department’s views: they play a legitimate role as gatekeepers to ministers. The ever-present danger is that they may seek to use their position to block APS advice with which they disagree, or leave public servants unclear whether or not the minister has seen departmental advice. In the case of the HIP, it seems clear that on at least one occasion information provided by the lead department did not find its way to the minister.<sup>116</sup> Advisers should not prevent advice being seen by ministers without formal notification to the department and the creation of a record of this decision. When the source of advice becomes blurred—for example, if advisers seek to override advice provided by the APS without the authority of their minister, or if the APS too readily acquiesces to the position of the adviser—lines of accountability can be eroded and decision-making is compromised.<sup>117</sup> At all times a minister needs to be clear on what advice has been provided by their department and what alternative views may be held by their advisers. It is then for the minister to decide which direction to take.

Advisers do wield significant power, but it comes from the minister. They are accountable to Parliament through their minister. Only with the authority of their minister do advisers have the right to instigate policy, to comment upon it and, on occasion, to veto it. They do not have the power to direct public servants to change their advice where it differs from their own view or that of the minister, nor to prevent departmental advice from reaching their minister in a timely manner. Notwithstanding FOI concerns, most ministers want to know the views of their department, even if they later chose to amend or reject them. When departmental advice does not reach the minister, it can only mean two things: poor management within the minister’s office or a misuse of positional power.<sup>118</sup> In either case, particularly when the issue at stake is a major new program or large-scale project, decisions will be compromised.

**There should be stronger guidance on the relationship between ministerial advisers and senior public servants**

The *Statement of Standards for Ministerial Staff* sets out well the principles of personal integrity, professionalism and behaviour expected of ministerial staff.<sup>120</sup> It clearly recognises appropriate behaviours but it is not as unequivocal on these matters as it should be. The *Standards* says that advisers must “acknowledge” they are not authorised to direct public servants and “recognise” that executive decisions are the

preserve of ministers and public servants. Comparable policies and guidance in other jurisdictions instead instruct advisers on what they “must not” and “may not” do.<sup>121</sup> Such explicit directions are likely to be more effective as a guide to practice.

There are also doubts about the level of awareness that advisers or public servants have of the *Standards*. The Prime Minister’s endorsement of changes to make the *Standards* more definitive, which would be a necessary part of any revisions, would raise their profile with both audiences. It would establish a strong ‘authorising environment’ by which to underpin cultural mores in the public sector.

There are other means that could be employed towards the same ends. The *Standards* could be strengthened by a formal system of enforcement and sanctions. It could also be legislated. That is the view of Terry Moran, my successor as Secretary of PM&C. He came to the conclusion that legislation is necessary because ministerial advisers are “becoming a black hole of accountability within our parliamentary democracy”.<sup>122</sup> I do not propose legislation. It is true that not all actions of an adviser are an expression of the ‘persona’ of a minister, and that public servants need to be absolutely assured that the ministers have seen and expressed their own judgement on departmental advice. My view, however, is that the principle of ministerial accountability should provide an adequate check on the behaviour of ministerial staff and is in keeping with the nature of their employment contract—one of direct responsibility to their minister, who holds ultimate accountability for the conduct of their staff.<sup>123</sup> Given that advisers do not exercise executive decision-making powers, it would be inappropriate for them to be called before Parliamentary committees.

Despite the demands of their positions, ministerial advisers receive little role-specific training or institutional support. There is no formal induction process for new advisers. Most of their learning is on-the-job. They can be thrown into deep and often treacherous waters to sink or swim, with few people around able to throw them a lifeline should they need it. The inherent volatility of advisers’ roles, together with the vagaries of ministerial reshuffles and electoral cycles, means that the turnover of ministerial staff can be high. Of course there are trade-offs for these hardships. Working at the very heart of government can be a hugely rewarding,

**John Fraser**

*“[Advisers] add value, there’s no doubt about it... it is a bit of a battle for departments at times, not just Treasury, to make sure there is cohesion on policy advice, and... order in how things go through.” (2015)<sup>119</sup>*

**John Fraser is Secretary to the Treasury**

stimulating and exciting opportunity. Yet few public servants really appreciate how difficult and tenuous the adviser's position can be.

Conversely, advisers may not fully appreciate the role of the APS and the constraints within which public servants operate. Advisers often do not comprehend that much of the bureaucratic 'process' surrounding the manner in which departments work is intended to deliver a better outcome. Secretaries have to run large 'businesses,' and much of it may be outsourced. Increasingly, they are required to oversight organisations outside government that have been contracted to deliver major programs. Unlike advisers, Secretaries know that they face the prospect of having to account for their administrative actions before Parliamentary committees and to have their conduct scrutinised by the Ombudsman, Auditor-General and Administrative Appeals Tribunal. Not surprisingly, public servants feel much more keenly than advisers the responsibilities of management and the level of scrutiny under which they operate.

**There should be more structured opportunities to build relationships between advisers and senior public servants**

Investing in the relationship between advisers and public servants, and building mutual understanding, will benefit officials, advisers and ministers alike. Providing regular opportunities for ministerial advisers to participate in joint activities with those senior APS staff with whom they work would result in improved knowledge and shared understanding of each other's distinctive roles and would also create stronger working relationships.

These joint forums should involve experienced advisers and public servants as well as newcomers. The agenda should cover the principles, policies and legislation on which the roles and relationship are based, and the perspectives and experiences of both groups in advising ministers. This could be achieved in a number of ways. For example, the Australian Public Service Commissioner, in consultation with senior political advisers, could convene a regular half-day workshop for advisers and public servants, with course materials developed and presented jointly by former parliamentarians, advisers and senior public servants. Alternatively, an external organisation such as the Australia and New Zealand School of Government (ANZSOG) could be engaged to present seminars on practical policy development, available both to Commonwealth and state jurisdictions, with senior public servants and advisers encouraged to attend together.

There are few insights available on the relationship between advisers and public servants beyond the anecdotal. APS employees were last surveyed on their interactions with advisers in 2011, when over one-third of public servants who had direct contact with advisers reported that they had experienced difficulties balancing the need for responsiveness and impartiality.<sup>124</sup> In contrast, the views and experiences of advisers on their interactions with the APS have never been formally sought. Joint workshops, well facilitated, would allow perceptions to be tested and concerns addressed.

**Movement of staff between departments and offices is beneficial**

Another initiative that can deliver strong benefits for ministers, their staff and departments is the rotation of public servants through ministers'

offices as advisers. These well-established arrangements should be actively encouraged. Relatively little investment is required. The process helps to demystify the practical differences between respective roles. Ministerial offices benefit from the subject matter expertise and practical knowledge of experienced public servants, while APS employees gain valuable insights and experiences into the inner workings of government. The challenge is to ensure that an offer to work in a minister's office is viewed as a valuable opportunity with personal and broader public benefits, rather than being regarded as a poisoned chalice. People coming back to the APS (or joining for the first time from ministerial offices) must not be regarded as politically tainted. People join ministerial offices with a variety of motivations—often because they want to extend their career experience but also from a wish to make a fuller contribution to public life. Their learning can be harnessed on both sides of the role divide. It should be made as easy as possible for public servants to be reintegrated into their departments once they have done a stint as a ministerial adviser. Their return should be welcomed.

Senior public servants and ministerial advisers each have a duty to inform, and an opportunity to influence, government decision-making. At the end of the day, though, it is up to ministers to make decisions, and they are best able to do so when their advisers and officials work well together. By standing in each other's shoes, by openly recognising the nature of their different roles, mutual respect can be built. Good policy will be the reward.

### **Conclusions | supporting decision making**

**B.5** To acknowledge ministerial ownership of Cabinet proposals, submissions should open with a personal Ministerial Statement outlining the policy's purpose, expected outcomes and anticipated implementation risks.

**B.6** In preparing Cabinet documents, Secretaries should ensure that the arguments presented reflect the viewpoint of their ministers. Assisted by government coordination processes, they also need to make certain that all relevant considerations for government are addressed in a clear and succinct fashion.

**B.7** The Statement of Standards for Ministerial Staff should be tightened to provide explicit and unambiguous statements that advisers must not direct public servants without ministerial authorisation nor seek to make executive decisions.

**B.8** Joint forums for ministerial advisers and APS senior executives should be conducted regularly to raise the efficacy of their working relationship and build mutual respect and understanding of the importance of their respective roles.

## C | Creating a Positive Risk Culture

### PROBLEMS EXPOSED

The potential for failure goes with the territory of public administration. Risk cannot be avoided. Not all potential dangers can be foreseen. The important thing is to identify as many risks as possible and to develop a strategy by which they can be handled. In discussion with ministers and advisers, a flexible plan needs to be prepared to manage program risks, which can be revised as execution challenges become more apparent.

**Government needs to weigh carefully the risks of a major project against its expected benefits.** In the case of the HIP this did not take place in a considered manner. There was no clear understanding or agreement between the Government and the APS on risk appetite. While the Government exhibited a heightened willingness to countenance risk in response to the Global Financial Crisis,<sup>125</sup> the reservations of officials, particularly about the proposed speed of implementation, were not effectively conveyed. Nor were public servants upfront with ministers about the ramifications of changes to program design which materially increased risks.<sup>126</sup>

Hanger recognised that the “APS ought to brief ministers on the risks inherent in a recommended approach”.<sup>127</sup> This did not occur. In fact, the identification and management of risks in the HIP “was seriously deficient”.<sup>128</sup> It is imperative that risk assessments are hard-nosed and do not provide an overly optimistic view of what may eventuate. With the HIP this was not the case. A crucial step in risk management, understanding the operating environment, was skipped entirely in favour of identifying internal or procedural risk.<sup>129</sup> Responsible officials did not demonstrate capability in assessing, documenting and analysing risks within the broader context of the industry. Nor did they employ information from similar program roll-outs in order to assess emerging problems as they manifested. Effective risk management was hampered by poor understanding of industry dynamics, of regulatory frameworks, and of how government intervention would impact the existing industry and behaviour of individuals within it. Time pressures exacerbated the failures.<sup>130</sup>

**A lack of responsibility and accountability for managing the risks also proved to be a major problem. Responsibility for risk was abrogated. Hanger found a governance structure in which no-one seemed to accept personal accountability for ensuring that risks were appropriately managed.**<sup>131</sup> Teamwork became a convenient excuse to cloak individual responsibility. Internal management structures prevented effective review and oversight of risk management once things started to go wrong.<sup>132</sup> **When a significant number of parties are involved in program delivery, it is critical to understand how risks are allocated between them.** This did not happen. Hanger found that the APS failed to consider what would happen if its delivery partners (whether the States and Territories or the insulation installers themselves) did not understand or accept responsibility for risk management.<sup>133</sup>

## PROBLEMS ADDRESSED

At one level, risk management can be perceived as just a term for ‘what could go wrong’. That is only one aspect. Indeed, too often in the APS, ‘managing risk’ is reduced to ‘managing issues’ – seeking to address problems that have already emerged. Moving from a culture of issues management to one of risk management is difficult: it involves thinking systematically rather than reactively and identifying opportunities and not just threats.

Risk management is still focussed on process, not practice

The APS still places the weight of program and risk management on templates, tools and processes, rather than instilling a culture of judgement, initiative and capability. Risks often manifest because the desire to ‘do something’ results in ‘solutioneering’: governments announce a solution before properly scoping the problem, and then try to retrofit the appropriate risk, governance and oversight requirements. Whether because of policy arrogance or ‘cookie-cutter’ compliance, this is a lost opportunity.

Public servants have a reputation for risk-aversion when it comes to implementation design and for taking the path of least innovation. Often this is deserved, and it reflects in part at least the higher public expectations and levels of scrutiny that apply to government compared with the private sector. Yet when it comes to considering risk during the policy design phase the public service has too often been impetuous, designing policies without reference to those that best understand the risks.

Comcover conducts an annual benchmarking exercise of agencies’ risk management maturity, where maturity ranges from ‘fundamental’ through ‘developed’, ‘systematic’, ‘integrated’ and ‘advanced’ to ‘optimal’ (the highest level of maturity). Benchmarking also enables participating agencies to identify areas for improvement and compare themselves to peers. While some significant progress has been made in recent years, most agencies’ risk maturity remains well below the ‘optimal’ status.<sup>134</sup> It is true that agencies are encouraged to strive for risk maturity ratings that are fit for purpose for their organisation, and that not all agencies will need to achieve the optimal rating. Nevertheless, the link between risk practice, the day-to-day administration of agencies and their strategic objectives remains weak.<sup>135</sup>

The *PGPA Act* represents a significant and positive step towards developing better risk practice and culture. The risk management policy established under the *PGPA Act* is designed to assist Accountable Authorities (departmental Secretaries, agency heads and governing boards) to engage positively with risk, in order to embed risk practice into business processes.<sup>136</sup> If fully implemented, the notion of ‘earned autonomy’ enshrined in the Act has the potential to be a game changer, creating a strong incentive for agency heads to embrace the necessary cultural and organisational changes to achieve this status.<sup>137</sup> However, if the *PGPA Act* is to achieve its objectives, APS risk culture needs to evolve. Legislation will not change culture: people and their actions do. As recently noted by the Chair of the Australian Prudential Regulation Authority, good risk practice is about behaviour, not structure.<sup>138</sup>

**Setting risk appetite starts with ministers**

Setting a risk appetite starts with a structured conversation between ministers and Secretaries. It is essential that ministers clearly articulate their risk appetite to departments, having regard not just to a particular project, but to the gamut of risks embodied in the range of programs already being delivered. Once agreed, Secretaries need to devolve this information throughout their agency to align departments' functions with their ministers' risk appetites. Everyone should understand their responsibility. More junior staff should have a clear line of sight to the minister's risk appetite, and the Secretary should have a strong understanding of risks taken at the front line.<sup>139</sup> Information needs to flow freely in both directions.

Risk appetite will vary between programs and sectors. Secretaries and ministers should meet regularly to consider the risk profile of new policy and program initiatives, assess progress to date and identify emerging risks to implementation.

Risk management is a skill that can be learned. A recent survey of Senior Executive Service participants in the APSC's risk management program found that, prior to attending, around half did not feel confident in talking to ministers and senior leaders about risk. Encouragingly, more than 90 per cent of attendees reported that training gave them the confidence, skills and understanding they felt they needed to pursue these conversations.<sup>140</sup>

**Cabinet decisions must be made with eyes wide open to risk**

Cabinet scrutiny of risk is a fundamental part of the decision-making process. Since 2009 a number of steps have been taken to improve the consideration of risk information in the Cabinet process. Currently, all new policy proposals require completion of a **Risk Potential Assessment Tool (RPAT)**, indicating strategic risk, implementation complexity, legal risk and an overall risk assessment. Compliance is checked by the Department of Finance before the proposal proceeds to Cabinet, but the information from the RPAT is not included in the submission itself.

For ministers to make informed decisions, they need to be provided with clear information about the risks they are accepting and the resources available to manage these risks. This must be contextual. Ministers need to understand the specific risks associated with individual projects and the cumulative impact of accepting further risk (financial, legislative, procurement and implementation) relative to the government's overarching risk appetite.

Departments now complete a preliminary risk assessment when developing a new policy proposal. Some also formulate a risk plan. This is excellent. There would be value in making these plans mandatory for major projects and programs, and

**Ian McPhee AO**

*"As for many organisations, in the public sector there is still more to be done to embed risk management in organisational behaviour in a way that means all employees contribute positively to stronger outcomes through more effective engagement... risk management and business planning need to be integrated so that the organisation's models and approach are readily understood, at least in a general way, by all employees."*  
(October 2014)<sup>141</sup>

**Ian McPhee was Australia's Auditor-General between 2005 and 2015**

having them scrutinised by the Department of Finance and PM&C and endorsed by the responsible minister(s) before the proposal proceeds to Cabinet. This would provide all members of Cabinet with a degree of comfort that risks had been appropriately assessed, while still ensuring that responsibility for accepting, managing and treating risks sits squarely with the responsible minister and department. The risk plan should be made available to any minister who wants to see it prior to the Cabinet meeting. Critical information about risk that could alter the course of a decision should sit front and centre in the documents that are prepared for Cabinet.

**Informed decision making requires assessment of the specific risks being accepted and the broader context.**

Considering risk on a case-by-case basis at the time of decision does not provide adequate insight into the wider whole-of-government risk landscape within which the proposal sits. Just as Cabinet, or its Expenditure Review Committee, considers the aggregated out-year cost of individual proposals, so it should also be aware of the government's cumulative forward risk profile. Without this, it is difficult for Cabinet to appreciate the full suite of risks to which it has committed across government and make an informed decision about how a particular program may fit with, or be adapted to, the prevailing risk appetite.

In other sectors, decision-makers now play an important role in setting risk appetite and instigating a positive risk culture. Governance boards in companies and not-for-profit enterprises receive robust and regular risk briefings, which enable them to align each decision or investment with an overarching organisational strategy. Indeed, such informed decision-making is a core part of the fiduciary duty of directors.<sup>142</sup> Decisions are based on historical experience, aggregation of risk and treatment options throughout the business and the balance of risk versus reward. Cabinet needs to be supported by APS executives to oversight risk in a similar manner. That discipline is as important to public good as it is to profit or social mission.

A periodic risk statement to Cabinet analysing operational, financial, strategic, legislative and procurement risks across government would strengthen its decision-making functions. This should not take the form of a portfolio-by-portfolio co-ordination exercise of detailing every single risk currently present in Commonwealth operations. That would be unnecessary red tape. Rather, it should be a smart, targeted and strategic exercise to identify and assess the status of the most significant risks facing government. The information could be presented in a concise, dashboard-style manner so as to clearly convey the manifestations of risk across government. This periodic Risk Assessment could be developed by the CROs oversighted by the Department of Finance. CROs are discussed below.

**Individuals need support to adopt a positive risk culture**

Reliance on process at the expense of informed professional judgement destroys individual autonomy, diffuses responsibility and compromises the future success of new policies or programs from the start. With performance

indicators for risk maturity appearing to have plateaued across the APS,<sup>144</sup> a catalyst is needed to drive cultural change and improve risk engagement and rigour. Despite the gains made through the *PGPA Act*, there is still significant work to be done to embed a positive risk culture in many government agencies. Legislation alone does not change culture—it is up to the people and the support and leadership they receive.

**Glenys Beauchamp PSM**

*“I want people who take risks. I think we need to promote and encourage resilience, although we get criticised when we try to do this.” (March 2015)<sup>143</sup>*

**Glenys Beauchamp is the Secretary of the Department of Industry and Science**

A positive risk culture allocates resources to monitoring of risk and puts in place efficient systems to escalate information to the person best placed to judge a plan of action. Too often in the APS, more effort is put into managing things that have already gone wrong. Risk management, by contrast, involves identifying and monitoring the *potential* for things to go wrong, and putting in place lines of defence to mitigate against these. The old adage that ‘prevention is better than cure’ remains appropriate. While risks cannot be prevented, it is easier and less expensive to manage them when they are considered early in the design phase. However good the planning, implementation risk needs to be considered at every stage of policy development. This is particularly so when delivery is outsourced to third-party organisations. Agency risks need to be addressed in the commissioning process—including the danger that a heavily prescriptive risk-averse process will undermine effective delivery of intended government outcomes.

There is no doubt that this approach is challenging. It requires foresight, judgement and commitment from individuals at all levels to be effective. In organisations that have achieved positive risk cultures, individuals are expected to identify and respond to risks in their own sphere of influence, rather than assuming that responsibility sits with senior managers or risk committees. They know who to approach in their agency if they need help, they receive support to identify and treat risk as early as possible, and they know that when they identify problems their concerns will be appropriately addressed by management. Knowledge of risk needs is widely shared.

There is much to learn from this approach. The APS too often places exclusive responsibility for risk management too high up the bureaucracy, away from the people who may be best placed to identify and act on it. This unwittingly creates two new problems: it overcrowds senior leaders’ agendas; and it removes management of implementation risk from those who may be most informed about how to manage it.

**Smaller risks can accrete to form significant risks to implementation**

Understandably, the APS focuses risk management on big risks to the government, but as a consequence it may underplay the smaller risks which, over time, can lead to significant program failures such as fraud, wastage, delay or poor service. The HIP has taught us that the accretion of multiple minor risks can lead to catastrophe. Devolving more responsibility for risk management to junior levels and paying more attention to ‘near-miss’ events, especially on the front line, will help build a positive risk culture and minimise the likelihood of large-scale failures in the future. Tasked with identifying and investigating the causes of risks, operational staff should be empowered to contribute their own perspective to the design of new programs and projects. This increases the likelihood that risk can be ‘engineered out’ at the design stage.

**Risk must be built into policy design**

The management of uncertainty should sit at the core of public policy design. Major programs, if they are to be fit for purpose, need to be able to achieve intended outcomes even in adverse circumstances, rather than only delivering effectively in benign conditions.<sup>145</sup> That will be more likely if management experience gained from policy implementation is incorporated into design. Agencies with positive risk cultures conduct risk workshops at the beginning of policy design and involve their risk experts at every step of the journey. Risk-based policy design creates a clear relationship between individuals implementing a major new program, the leadership of their organisation, and a minister’s risk appetite. Importantly, it can reduce the overall impact and number of material risks associated with the program, allowing active risk management to be more focused and easier to execute. Crucial to this approach is close collaboration between ministers, the public service, service delivery agents (public, private or community organisations) and industry stakeholders. This enables risk to become part of day-to-day business, rather than treated as a ‘one off’ activity.

**Chief Risk Officers can be change agents**

Dedicated leadership is needed to grow and nurture a culture of positive risk management. The appointment of a Chief Risk Officer (CRO) can put in place a change agent to drive organisational innovation. CROs can play a major role in assisting organisations to build more positive, engaged and active behaviours around risk. They can play the role of a ‘critical friend’—not simply saying “no” to proposals, or “have you thought of all the things that could go possibly wrong”, but asking “on what basis can we say yes?” and “what needs to go right for this to succeed?”. Their strategic importance to an organisation should be reflected in their seniority and by their position as a member of the senior executive team. In the public sector they need to have detailed knowledge of the government’s objectives, their operating environment, organisational capability and available resources. It is best if they are directly accountable to the agency head, and have the authority to effectively challenge activities and decisions that may materially affect the department’s risk profile.<sup>146</sup> Ideally CROs should look beyond individual risks to appreciate broader trends.<sup>147</sup> **No government department should initiate a major new program or large project without the active participation of a CRO.**

The position demands full authority from the top to go everywhere and explore everything, ensuring that risk considerations influence work practices, funding decisions, program design and delivery and organisational strategies. **The CRO should be tasked with developing a control framework for effective implementation of major projects.** More generally, they need to instigate discussions across the agency on what risks can be accepted and managed, and what level of management engagement will be required. Of course, there is a danger that the CRO will be perceived as the ‘fall guy’ for organisational failure.<sup>148</sup> Even worse, the creation of such a position might allow others to abrogate risk management without exercising their own judgement or shouldering their own responsibilities. This must not be the role of a CRO.

The *PGPA Act* establishes duties for departmental Secretaries and agency heads to establish and maintain appropriate systems of risk oversight and management.<sup>149</sup> But Secretaries and agency heads have limited time. Appointing suitably experienced and empowered members of the Senior Executive Service as public sector CROs to support them will provide a catalyst to drive best practice risk management and behaviour. In agencies with large project responsibilities, the position should be a full time job. They should have the ability to motivate others and work across organisational boundaries. They should add value, not add new lines of reporting. The CRO must support the agency head to lead the longer term shift to a positive risk culture, creating an organisation in which consciousness of potential failure is part of everyday practice for every employee. A CRO’s success should be judged not by the number of systems and structures that they set up, or by the number of guidelines they issue, but by the positive behavioural change they bring about. For this, they will need access to the ‘top table’, so that risk consideration is brought into the strategic and operational decisions of the agency. They will need to be visible. They also need to be properly resourced. A rule of thumb in the private sector is that around 1 per cent of resources should be devoted to risk management activities. Perhaps that is a good guide to organisational expenditure. However, as will be apparent from any course on Risk Management 101, the key is to recognise the potential returns on investment achieved by reducing future costs.

**It is appropriate for the CRO to oversee and co-ordinate the development, monitoring and maintenance of risk management plans by Senior Responsible Officers (SROs).** The plans need to be ‘living documents’ as implementation progresses. Risk planning cannot be a one-off exercise, with a ‘set and forget’ template mentality. Risks must be continually reassessed to prevent unintended accumulation of risk beyond the agency’s and government’s risk tolerance. CROs should also be responsible for working with the Department of Finance to prepare the proposed bi-annual Risk Assessment for Cabinet.

**Audit and Risk Committees play an integral role in effective program governance**

Supporting the CRO and the agency head, effective risk and audit processes provide an important means of assurance to the agency head and minister. Audit committees play a critical role in public accountability, reducing the risk of fraud and improving financial processes.<sup>150</sup> It is good practice that they incorporate the experience of independent experts from

outside the public sector. Many already do so.<sup>151</sup> However, audit committees, by their nature, tend to look backwards at what has already transpired, rather than forwards at what risks might be approaching.

In some large agencies—particularly those with complex program initiatives to deliver—separation of risk and audit functions would better serve the move towards a positive risk culture.<sup>152</sup> Membership of a risk committee should be sufficiently broad to fully consider the strategic risk posed by the delivery of services to the public, rather than focus only on internal corporate and financial risks. Specialist external appointments may be needed to support this function. A separate risk committee would also provide a forum to proactively address the major risks that may impede the organisation successfully implementing the goals of government. Just as importantly, a risk committee would also consider the potential for activities to adversely impact the community and environment in which the organisation operates. Over time, this will build organisational capability, helping departments and agencies to achieve earned autonomy status as envisaged in the *PGPA Act*.<sup>153</sup> In addition, SROs for large or complex projects or programs should regularly provide updates to the risk committee on the challenges facing their business and how they propose that implementation obstacles will be overcome.

Risk is one of the most important considerations in the design and delivery of large projects and programs. Unfortunately, as the former Auditor-General Ian McPhee told the Department of Parliamentary Services, good risk management is invisible because, “only risk management failures attract attention and headlines”.<sup>154</sup> The challenge is to stop bad things happening. That requires ministers and Secretaries to show by example that engaging with risk is what governments do, and that it is the job of every public servant to play their part in managing it. Risk management lies at the heart of getting the best value from public funds.

## **CONCLUSIONS | Creating a Positive Risk Culture**

**C.9** To inform and improve policy design, departments and major agencies should gauge their ministers' appetites for risk on individual programs and across their portfolio, and reach agreement on how implementation challenges will be identified, accepted and managed within agreed resources.

**C.10** Departments and major agencies should appoint a Chief Risk Officer, at a senior executive level, who will be responsible for embedding a strong risk culture and behaviours across all levels of the organisation.

**C.11** All major Cabinet proposals should be supported by a minister's endorsed Risk Management Plan, submitted to PM&C and the Department of Finance, and available for perusal by other Cabinet ministers.

**C.12** In order that governments remain aware of the cumulative impact of their decisions, the Department of Finance should facilitate a bi-annual whole-of-government Risk Assessment for the Cabinet, analysing the system-wide impact of operational, financial, strategic, legislative and procurement risks faced by government.

## D | Enhancing Program Management

### PROBLEMS EXPOSED

The APS's professional capacity and technical capability in program management was roundly criticised in the HIP Royal Commission. Hanger found that DEWHA had next to no project management capability. Nor did it have the capability necessary to deliver a program of such size and complexity.<sup>155</sup> Despite being aware of this deficiency, the department failed to recruit staff with the necessary skills. Hanger was struck by the numbers of departmental staff, often in senior positions, who had no program management experience or qualifications.<sup>156</sup>

Perhaps we should not be surprised. Of the twenty Capability Reviews conducted by the APSC and released to date, eleven have noted that departments struggle with project management skills and program management practices.<sup>158</sup> Successive ANAO reports have confirmed these findings, finding evidence of poor program and project management capability, particularly on more complex initiatives. Risk management, governance controls, financial and stakeholder management and benefits realisation have been identified as major areas of weakness in a number of programs.<sup>159</sup> The HIP was unusual in the scale and seriousness of its consequences, but the problem of not having in place people with the professional skills and experience to do the job is all too familiar. Hanger was well aware that past failures had engendered statements from government agencies of good intentions to lift their game. He argued that agencies' commitments to 'increase capacity' were too often a euphemism for promising to redress glaring skills gaps. The difficulty of building institutional competence and capacity was generally underestimated.<sup>160</sup> Too little changed.

Poor program management capability in DEWHA was compounded by inadequate governance structures, including a lack of clarity about who was accountable for what aspect of implementation. No Deputy Secretary was given the exclusive responsibility for overseeing the program. Hanger found evidence of officials' inability or unwillingness to make decisions, exercise judgement, or express contrary opinions within the HIP PCG. This led to poorly informed decisions: by omission or by committee.<sup>161</sup> External experts were brought in to take responsibility for critical aspects of the program, such as risk assessment, business planning, project management and evaluation, but some of these consultants considered that they had a relatively limited role. They may have taken care but they did not accept responsibility.

#### Peter Shergold AC

*"If there were a single cultural predilection in the APS that I would change, it would be the unspoken belief of many that contributing to the development of government policy is a higher order function—more prestigious, more influential, more exciting—than delivering results" (2005)<sup>157</sup>*

**Peter Shergold was the Secretary of the Department of the Prime Minister and Cabinet from 2002 to 2007**

Whilst there can be a strong temptation to outsource 'process'-oriented tasks, in practice this runs the risk of de-skilling staff and failing to harness essential practical and subject-matter knowledge. External consultants have their place. Used properly they can contribute good value. But they should not supplant fundamental departmental know-how nor be a means of abrogating responsibility. Indeed, the HIP should serve as a cautionary tale against undue reliance on external consultants for functions that should be core to departments' program management accountability.

**Terry Moran AC**

*“Our sector tends to lack many of the ‘strategic policy’ capabilities common in the private sector, including commercial strategy, business planning, project management, IT and systems, capability development and accountability.” (October 2014)<sup>162</sup>*

**Terry Moran was the Secretary of the Department of the Prime Minister and Cabinet from 2008 to 2011**

Almost a decade ago I delivered an address to the Department of Environment and Heritage (ironically, a precursor to DEWHA), extolling the virtues of project management. The message was simple: it is better for a government to have no policy at all than to develop a policy, announce it and then find out that the public service is unable to deliver on it. It is much more damaging politically to dash the public's expectations. Watching from the outside the roll-out of the HIP has reinforced these views. The APS continues to have a problem.<sup>163</sup>

**PROBLEMS ADDRESSED**

**The characteristics of good project and program management**

The terms 'project management' and 'program management' are often used interchangeably in the APS without full understanding of their meaning. This reflects in part the relatively low priority that they have received, compared to other professional disciplines in the APS.

Project management is a formally recognised, often certified, discipline. It is based on a prescribed but adaptable methodology that trains practitioners to deliver clearly defined results, often in the short term. Program management, on the other hand, is a more multifaceted and complex discipline. While program management is underpinned by project management skills, it is a more complex and demanding discipline. Sometimes a 'program'—as governments define them—may comprise one large and complex project. More often, though, the task involves aligning multiple projects in pursuit of longer-term strategic objectives. The defining feature is a focus on delivering outcomes and achieving results. Good program managers typically have experience in policy design as well as project implementation. Sometimes they have been engaged in co-design, where delivery and policy work together. They understand the importance of good governance and external engagement to the successful management of programs. Program management is difficult work. It involves planning, organising and allocating resources to achieve goals. Too often forgotten, it requires the ability to motivate people across the organisation and outside it to realise the outcomes and benefits of a government program.

In the APS, program managers may be responsible for numerous multi-million dollar projects that are running concurrently. Effective program management involves more than strict adherence to a prescriptive methodology. Leadership skills, judgement, common sense, initiative, effective communication, negotiation skills and a broad perspective on the surrounding environment are all essential. Program management is a creative and collaborative process.

Program management in the public sector continues to evolve as a practice due to greater demand for innovative, citizen-focused delivery models. Program managers are now required to understand how to apply market-based mechanisms (such as reverse auctions or consumer-centred funding) and outcome-based contracts.<sup>164</sup> They must embrace digital engagement as a means of encouraging real-time feedback. They need to learn quickly. Program management in the APS now calls for agility and adaptability.

#### Tracing the career of a program manager

Project and program management are best viewed as placed on a continuum of complexity: a practitioner progresses from oversighting simple to more challenging projects and then goes on to develop a more strategic approach to integrating a diversity of longer-term management objectives.<sup>165</sup> The level at which a person is able to operate is an indicator of their career progression.

Typically, a new project officer may commence their career with a short online course, and then work their way through internal training and accredited workshops in order to build their capability. Through further practical experience and competency-based training, the project officer may progress to a more senior role, taking on a full range of tasks from project initiation to completion. Program managers in the top echelon are likely to have years of experience, tertiary education, a commitment to continued professional development, demonstrated leadership and a track record of success. Often they possess a specialty in a particular aspect of program management such as benefits realisation or risk management. This progression may take over a decade. Managers will probably sport battle-scars.

Public service departments with mature program management capabilities value the experience and skill of their professionals. They assist them to gain experience and acquire professional accreditation. They provide financial support for participation in communities of practice. Some agencies, like the Department of Human Services, have already established a centralised model of program management to build internal capability, provide an independent level of assurance for programs with enterprise-level risks and oversee effective program delivery.<sup>166</sup> Such initiatives are to be warmly welcomed. They should be shared.

#### The need for clarity about who has end-to-end responsibility and accountability for managing implementation

Having a single point of accountability is a cornerstone of project management methodologies.<sup>167</sup> The evidence from the HIP reveals that there was a lack of clear articulation of the role of the senior responsible officer and the abrogation (and devolution) of responsibility to 'the team'.<sup>168</sup> A named individual needs to be accountable for the end-to-end delivery of a project or program, within agreed timeframes and conditions,

through their Secretary, to the minister.<sup>169</sup> While they can, and should, delegate tasks to suitably experienced and qualified members of their team, including those tasked with delivery from outside government, accountability for the success of a policy's implementation must remain squarely with the SRO.<sup>170</sup>

Single point accountability is not about greater bureaucratic proceduralism or endless layers of reporting. Indeed, bureaucratic concerns about probity and agency have, traditionally, hindered exactly the kind of collaboration and flexibility required between the APS and the non-government organisations involved in the co-production of public policy outcomes.<sup>171</sup>

Emerging forms of governance, such as 'network governance' offer the promise of more 'joined up' services without a concomitant reduction in the accountability of all of the actors involved.<sup>172</sup>

Network governance models may at first glance appear to blur these lines of accountability, with multiple government agencies and third party delivery agents being responsible for aspects of implementation at different stages of the project or program. The establishment of program advisory committees, capable of engaging in both formal and informal stakeholder consultation, is a useful way of formalising channels of advice from diverse perspectives to the SRO. This does not mean that the SRO can abrogate their responsibility to 'management-by-committee'. Rather, SROs must ensure that each contributor is clear on their responsibilities, how performance will be indicated and measured,<sup>173</sup> their decision-making capacity and where they fit within the program governance structure. In the end, they remain accountable for ensuring that the job gets done well.

Project and program managers require minimum standards of competency and ongoing professional development

Many competent project managers work in the APS. They oversee the multitude of projects which abound throughout government. Surprisingly however, there appears to be a decline in the number of high-quality, experienced and qualified practitioners at the very time that the complexity of government projects is increasing. The emerging capability gaps are being filled by public servants who have fallen (or been pushed) into these roles. Often they have limited experience and qualifications and are given insufficient support.

The importance of formal qualifications should not be underestimated. One of the best levers to mitigate risks associated with program delivery is to have properly trained and certified practitioners. It seems inconceivable that an agency would put an 'unqualified' manager (someone lacking accredited proficiency) in charge of a multi-million dollar program, but in fact this occurs regularly. Formal qualifications and demonstrated proficiency are a prerequisite for many professions that are given authority for financial and administrative risks inside and outside of the APS: consider, for example, lawyers, engineers, veterinarians, accountants and auditors. These professions have long-standing educational requirements which provide a degree of assurance to employers of the competency of the practitioner. The more senior the practitioner, the higher the level of qualification that is expected. So, too,

should it be expected with project and program managers. The need for professional certification has been recognised by industry associations and training institutions in Australia and overseas.

This is not to suggest that pursuit of formal recognition of specialist skills should detract from the value placed on experience. Rather, APS agencies need to identify and encourage talented project managers and then support them to map out a career path to more senior program management roles. Agencies need to be discerning consumers of the training products on the market, and access the best ones that can be tailored to APS processes. Program managers need to be prepared for an evolving public sector environment.

The APSC would be well-placed to work with industry associations to develop suitable project management and program management standards relevant to the public sector context. Setting minimum competencies, subject to the operational requirements of each agency, would increase the professional standing of project and program management skills within the public service. It would significantly strengthen APS delivery capability.

**Communities of practice  
keep the profession  
up-to-date**

In addition to formal professional recognition, the availability of ongoing professional development helps practitioners to continually improve their understanding of their field of expertise. Having opportunities to network with professional colleagues is a useful way to build collective expertise. Communities of practice should be supported. They enable members to

develop and share a suite of resources and can draw upon collective capability for virtual support, hands-on assistance or the identification and recruitment of talent. Some also provide a mechanism for continuing education through professional certification.

Many program management communities currently exist.<sup>174</sup> They draw together practitioners working across the APS, in state governments and the private and not-for-profit sectors. They provide a breadth and depth of experience and insight. As a way to facilitate participation in a professional community, agencies should support staff attending these forums as a vehicle for career development. In return, those staff should be asked to drive continuous improvement of program management in their home agencies.

**A role for tiger teams**

There will always be occasions in the public sector when the right combination of expertise and subject matter experience does not exist within an agency to effectively manage a major program. That helps to explain why the development of policy supporting a program can be the responsibility of one agency, but implementation is sometimes assigned to another agency with specialist delivery capability. Not every agency has—or needs to have—equal capability ‘on tap’.

Such situations may call for highly trained and experienced program managers from across the APS and private sector that can be used as a shared resource, able to be mobilised as they are needed. Hanger suggested establishing a “central team of project implementation specialists that could be deployed to an area that needed resources and expert advice”.<sup>175</sup>

There are a few different models for achieving this. One is centralised centres of excellence where expertise is clustered in the one department. For example, AusIndustry provides a single point of business between the Commonwealth Government and businesses, including managing grants programs for other departments.<sup>176</sup> It provides for career development, creating expertise and assurance that risks are being well managed. Centres of excellence work best for activities that are more transactional, where scale breeds efficiency and the connection to policy objectives, stakeholders and the broader environment is less critical.<sup>177</sup> For complex major projects like the HIP, a more bespoke, agile capability is required. The notion of establishing a 'tiger team' is one that should be adopted. It would assist the APS to meet future challenges of government program delivery, particularly with new, large and complex initiatives.

Internationally, tiger teams have already been used to great effect for short-term, high-stakes program implementation. In particular, the United Kingdom Civil Service has successfully adopted this model to deploy scalable rapid response program management teams under the direction of its Major Projects Authority.<sup>178</sup> In the APS, mobile program management units could be utilised in the early stages of major government initiatives. They could also be brought in at critical junctures to address emerging risks that threaten the potential success of a program.

With extensive experience working on complex public and private sector programs, members of tiger teams would be able to share their collective knowledge of lessons learned. They could identify critical governance, resourcing and planning requirements in order to improve the likelihood of successful implementation. The teams would bring a critical outside perspective, as well as strong capability in program management.

#### Creating a register of professional expertise

Creating a centrally-managed register of qualified and experienced practitioners from across the APS would facilitate the establishment of such teams. The register should include the best program practitioners within the APS, bolstered by experts from the business sector. The existing register of Assurance Review teams administered by the Department of Finance could be built on for this purpose, but should also incorporate a new induction program to school practitioners in the tiger team methodology.<sup>179</sup> The APS needs to get behind such a whole-of-government approach in a concrete way. Departments need to be willing to release their best program managers for deployment at short notice, knowing that at some time their own agency may need similar assistance.

Deployment of a tiger team to a specific project would operate best at the authority and expense of the relevant agency head, though from time to time it may be necessary to have the Secretaries of PM&C and the Department of and Finance, together with the Australian Public Service Commissioner, exert their influence on behalf of cross-agency collaboration. The technical term is 'knocking heads together'. Once deployed, the teams should not be seen as a panacea. They may face significant cultural difficulties gaining traction in the

organisation they join. They will probably need to wrestle with agency-specific practices and cultural norms. Success will depend on having a clear mandate and authority from within the agency, strong leadership and the ability to deliver high-quality projects and programs under intense financial, time and political pressures. It is a model which will only work when the teams have unambiguous support to get the job done.

**The APS needs to build the breadth of experience of the Senior Executive Service**

Here is a truth rarely admitted in the APS. Policy skills are generally viewed as a 'creative' or 'strategic' while implementation skills are often perceived as 'corporate' or 'operational.' This outdated assumption can result in a bias towards promoting the former at the expense of the latter. It is premised on a falsehood. Most leadership positions require a variety of expertise and experience across policy advice, program design, service delivery, regulatory impact, procurement practice or resource administration.<sup>180</sup> This is not an argument for more generalists. Senior leaders can be specialists in more than one area, and their professional background often continues to influence their managerial capacity. Regardless of background, the key to success is that leaders have the capability not only to provide strategic advice but to oversee its execution. They must understand that these skills are two sides of the same coin. They should have a depth of understanding in both.

Changing the recruitment criteria for senior executives would be a means of driving change over the medium term. Building on the 2013 legislative changes that broadened the roles of the SES,<sup>181</sup> there would be benefit in reviewing the Integrated Leadership System that frames SES recruitment. Aspiring SES candidates should be expected to demonstrate a breadth of experience during the selection process, and be able to indicate the value that their technical skills and professional expertise bring to senior management.

Let me return briefly to my 2006 address to Department of Environment and Heritage staff. "Australian public servants tend to be very good at developing policies," I argued. "It is undoubtedly our strength. We need to complement that professional experience with an ability to implement programs." Nine years on I find myself delivering the same verdict.

## **CONCLUSIONS | Enhancing program management**

**D.13** The Australian Public Service Commission should work with industry associations to develop standards of proficiency for public sector project and program managers, with agencies committing to support these staff through career development opportunities, continued education and participation in professional communities of practice.

**D.14** For all projects and programs, there needs to be a clear understanding about who accepts end-to-end responsibility for managing implementation, wields delegated authority and where accountability resides.

**D.15** The APS should establish a 'tiger team' capacity by which service-wide expertise can be harnessed to assist Senior Responsible Officers in the management of high risk, large-scale projects.

**D.16** Whilst acknowledging that different departments have different workforce needs, Senior Executive Service selection criteria should place greater emphasis on program leadership when considering a candidate's demonstrated breadth of experience.

## E | Opening up the APS

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### PROBLEMS EXPOSED

The reviews conducted by Hanger, Hawke and Scales serve as a cautionary tale about what happens when the APS fails to seek and heed external perspectives. Hanger found that governments and public administrators are often not aware of the complex relationships within a particular industry. Without proper consultation and analysis, they are likely to misunderstand or underestimate the impact a policy will have on it.<sup>182</sup> In the case of the HIP, a lack of subject matter expertise within departments resulted in advice being predicated on false assumptions. Indeed the perspective of industry was ignored. When “extensive advice was given, it was put to one side”.<sup>183</sup> In the case of the NBN, even when a decision was made to undertake a major redesign, the government failed to engage with industry early in the process.<sup>184</sup>

In both the HIP and NBN, the perspectives of external parties were buried in process and bureaucratic structures. Experience often resided with those lacking positional authority or who were too intimidated (or busy) to raise their concerns with decision makers. When external experts were hired there was a tendency for them to be absorbed as ‘one of the team,’ blurring their independence and diminishing the value of their contribution.<sup>185</sup>

Hanger and Hawke highlighted concerns with the governance and reporting frameworks established to assist decision-making in the HIP. Hanger found that roles were vague, not clearly articulated or misunderstood.<sup>186</sup> Critical decisions were taken within a collective body that enabled members to remain passive participants in the decision-making process. Hanger noted that debate or dissent within this group appeared to have been rare: it was easier to agree or remain silent than to contest issues.<sup>187</sup> Many of those involved now regret not being more forceful in their views at the time.

### PROBLEMS ADDRESSED

Governments—Commonwealth, State and Territory and local—are increasingly commissioning the delivery of their services by community organisations and businesses. This brings with it the imperative for openness—to ideas, to people, to places and to different ways of getting things done. If outside organisations are simply contracted to deliver services as if they are public agencies, the benefits of outsourcing will be lost. Their views need to influence decisions on the programs they implement. When people who see the world differently work together constructively, their deliberations are more insightful. There is less acquiescence and more interrogation. As the advice of public servants becomes more contested, it has never been more critical that APS leaders (and the advisory bodies that support them) welcome the perspectives of delivery partners, community advocates and citizens—the latter both as ‘customers’ of government services and as contributors to political debate.

The role of a public service ‘outsider’ is to be a circuit breaker. They need to act as a provocateur, challenging accepted wisdom. To do so they require permission to put forward alternative views and must be given the authority to challenge the dominant mindset. They, in turn, will need to understand the emphasis on accountability in a public sector environment. Managing such a diverse team will not always be easy. For diversity to work, it requires people to act with humility, respecting and considering different perspectives. It takes a skilled leader to balance the benefits of diversity with the camaraderie of teamwork.

**Mobility in and out of the APS will broaden perspectives and increase capability**

Being a public servant is not necessarily the career for life it once was. The median length of service in the APS is now less than 10 years.<sup>188</sup> Increasingly, people both within and outside of the APS do not want to be tied to a single career, let alone a single organisation. This can deliver benefits to the APS. Public service leaders are recognising that they need

to promote the movement of people in and out of the APS.

Employee mobility has the potential to diversify the knowledge, skills and experience of employees. Agencies can benefit by recruiting staff who are interested in public administration but come to the sector with different skills and perspectives.<sup>190</sup> Cross-sector exchange and mobility programs can provide greater appreciation for each other’s distinctive operating environments. Outsiders can come to understand the inner workings of government and the far-reaching consequences of public policy. Insiders can gain greater appreciation of the impact of public sector interventions, not least the burden imposed by regulatory ‘red tape’ and the consequences of learned dependency. It is for such reasons that greater mobility should be encouraged by aligning incentives, promoting exchange schemes and launching a flagship program that can provide an authoritative imprimatur for collaboration between the public, private and community sectors. Mobility is not a ‘silver bullet’. It can only deliver real and lasting benefits if it is supported by a culture that genuinely values external perspectives and acknowledges that a range of views and approaches improves both policy design and implementation.

**Ian Watt AO**

*“We’ll also need to drive productivity by investing in our people...ensuring that our workplaces are open to ideas and routinely generate innovations both in policy work and in delivery systems—including our corporate systems, and building a culture that is up for transformational change—one which readily accepts that what may have seemed previously unthinkable is not only thinkable but achievable.” (December 2013).<sup>189</sup>*

**Ian Watt was the Secretary of the Department of the Prime Minister and Cabinet from 2010 to 2014**

**Mobility programs have struggled**

Over the last few decades, there have been various attempts to encourage mobility between business, the community sector and the public service. Mobility was identified in the 2010 *Ahead of the Game* report as a key mechanism for APS employees to expand their career experience.<sup>191</sup> There are well-established exchange programs operating in a number of departments, including in the Treasury and the Department of Industry and Science. The APSC is working with the BCA and ANZSOG to trial secondments to BCA member companies. Despite these stratagems, many other cross-sectoral mobility initiatives have failed to prosper. In part, this is because insufficient corporate priority has been given to the movement of skilled employees as a means of building an organisation's range of perspectives and experience. Far more can still be done across the APS. Such moves can challenge existing ideas and perspectives about government processes and institutions. Many assumptions are unconscious. Few senior APS leaders have substantial career experience outside of the public sector.<sup>192</sup> But if there is a firm underlying commitment to improvement, the resulting exchange of ideas will be positive.

**Barriers to APS employees gaining external experience must be reduced**

Opportunities for mobility need to be provided under formal arrangements. If not, the risk is that public servants who would benefit most from gaining greater breadth in their career will believe they have no other option but to resign from the APS, even if their original intention had been to return in a year or two. With resignation comes a number of potentially significant financial implications for the individual: lost superannuation contributions, reduced sick leave entitlements, and a resetting of the 'clock' on long service and maternity leave. The APS should not be seen as an allowance-driven workplace. However, it needs to be recognised that public service employees do wear significant financial risk when moving in and out of the APS. Often the framework of enterprise bargaining prevents them from renegotiating conditions on their return in the way that individuals from the private sector are able to do.

**Glenys Beauchamp PSM**

*"I'd love us in the public service to get away from 'this is my position number and this is what it says I do.' I'd love to get a much more team-based, agile environment where people are chosen for skills and expertise. I think I've got my challenges cut out for me there."*  
(March 2015)<sup>193</sup>

**Glenys Beauchamp is the Secretary of the Department of Industry and Science**

A simple solution is to utilise the existing leave-without-pay provisions more widely. By allowing employees greater access to leave-without-pay for a couple of years, they can take up opportunities for an approved purpose outside of the APS, yet remain connected to their home agency and maintain their conditions. Why is such an approach not more widely used? The problem is in part because of cultural expectations: someone wishing to have time out of the APS may not seem to be a committed public servant. This resistance to letting public servants leave temporarily is no doubt accentuated at present by the fear of losing talent at a time when the APS is contracting.

Secretaries should remove any barriers to mobility that exist in their departments' policies and practices. They should manage leave liability within their departments through centrally-funded corporate overheads for approved work experience purposes where they are persuaded that outside experience will benefit the APS. Better still, Secretaries should actively encourage staff to participate in external activities in other sectors that do not raise conflicts of interest with the role they perform in the APS. This could take the form of supporting staff to serve on external boards or participate in a research project.<sup>194</sup> There are still few departments that have negotiated secondment arrangements with partner organisations in the sectors in which they operate. This is a missed opportunity to strengthen relationships, as well as to build staff capability.

**New initiatives need to draw talent from outside the APS**

It can be even harder to persuade those employed outside the APS to take up an opportunity in Canberra. Senior executives of private sector businesses are generally paid significantly more than their public sector counterparts. For a not-for-profit sector organisation it can often be challenging to lose a key staff member even for a few months. If the rhetoric of cross-sectoral mobility is to be turned into reality, it may well require active support and encouragement at the highest level. Staff who want to move between the public, private and community sectors need to be assured that their ambitions are seen not only as laudable but are regarded as a means by which to contribute to the creation of public value. This tone needs to be set from the top. In some respects we need different narratives about what constitutes a 'successful' public sector career. Perhaps we need to talk in terms of a career in the 'public purpose' sector, only part of which might be spent in the formal structures and institutions of the public sector itself.<sup>195</sup>

This helps to explain why leadership-endorsed mobility programs are becoming increasingly significant around the world. The United States launched the Presidential Innovation Fellowship in 2012. The program is already highly competitive. The nation's best and brightest technological innovators (developers, designers, entrepreneurs, product managers and 'data geeks') are paired with public servants for 12 months to tackle some of America's biggest challenges. Although Fellows receive a full-time salary, it is prestige and public purpose that are the major attractions. The President seeks to harness new ideas "to remake our government"—to save lives, use taxpayer money wisely and build a culture of administrative entrepreneurship. As one Fellow blogged: "You want a participatory democracy? Here's your chance. Becoming a Fellow is a commitment to work as hard as you can on behalf of the American people".<sup>196</sup> The United Kingdom's Civil Service has a similar Whitehall Internship Programme.<sup>197</sup> Supported by highly competitive and transparent processes, the British and American initiatives attract high-quality candidates to spend time in public administration. Australia could benefit from such initiatives, at an APS-wide level.

A prestigious Public Service Fellowship should be established. Ideally the Fellowship should be directly associated with the status of the Prime Minister. Ten talented senior executives from the business, community or academic sectors would be selected each year by a Public

Service Advisory Committee (discussed below). They would work on a range of significant initiatives for the Australian Government. The Fellows would be embedded as members of the team, work with senior public servants and experience public administration first-hand. It is likely that larger Australian companies would recognise the value of the program and would continue to be responsible for a Fellow's salary and other entitlements, although a bursary could be provided by the Government to offset temporary relocation costs. Where salary requirements would be a barrier to participation, for example in the community or small-to-medium enterprise sectors, further financial support could be made available subject to a supporting business case. It can be expected that in the future a business or community leader who receives the 'Prime Minister's Fellowship' will look on the achievement with pride—and, by participating, will help open up the APS to new and challenging ideas.

A scholarship should also be established for ten exceptional leaders from the APS to enable them to undertake an experience-based assignment in a non-government sector for up to 12 months. Similar to the Churchill Fellowship, candidates would be expected to seek out their own opportunity in a business, community or research organisation and make the case for why it would benefit the public sector.<sup>198</sup> Candidates should be selected by a cross-sector advisory panel. Agencies would generally be expected to provide the continued salary and entitlements for successful candidates, although additional financial support might be provided to cover any necessary travel and temporary relocation costs. Experience in the private sector has highlighted that the benefits of such transfers are more likely to be harnessed when they are accompanied by efforts to ensure individuals maintain links to their 'home' organisation whilst away, and then are adequately re-oriented and supported upon their return, including with career planning.<sup>199</sup>

External expertise should be brought in for specific projects

The Australian Government has a value proposition that is compelling—the ability to contribute to society and to serve in the national interest. Of course, Australians generate public value through many avenues: volunteering their time to not-for-profit activities, joining the Army Reserve or undertaking pro-bono work for causes with which they identify. Social mission often has great public benefit.

How might the APS harness and encourage this enthusiasm for contributing to the public good? There needs to be a focus on creating alternative pathways where individuals in the private and community sectors can quickly and easily contribute to the work of the public service. Whether launching an innovative online service, creating new public markets or initiating large-scale transformational change, the public service needs to attract outsiders with the knowledge, experience and enthusiasm to contribute to project teams.

### Taking a Hollywood approach to the APS

Outsiders can supplement the talent and expertise within the APS. But they should not necessarily be expected to commit themselves to long engagements. Rather in the manner that Hollywood studios undertake film production, the APS could offer people with professional skills the chance to come together briefly as a team, perhaps in a virtual environment, to work on a project uniquely suited to their collective talents and which appeals to their creative impulse. This is not pie-in-the-sky. It may well be that our whole economy is in the midst of a grand shift towards the Hollywood model. Traditional careers are disappearing. More of us will see our work lives structured around short-term, project-based teams rather than long-term, open-ended jobs.<sup>200</sup> The administrative and structural facilities required already exist. The main change needed is cultural.

The nature of public service lends itself to such an adaptable approach. Imagine Westminster shaped by Hollywood. It's easy if you try. A project is identified by government (home insulation, perhaps); a group of experts is assembled; they work together for just as long as it is needed to complete its design or oversight its initial implementation; and then the group disbands. Pulling together these 'virtuoso teams' could prove the difference between real success and mediocre outcomes.<sup>202</sup>

#### Michael Thawley AO

*"There are not enough people in government who understand how business works, what is required for businesses to become successful, and how rules and regulations get in the way and can steer businesses into ways that prevent productivity." (April 2015)<sup>201</sup>*

**Michael Thawley is the Secretary of the Department of the Prime Minister and Cabinet**

Some individuals may even wish to volunteer their time, attracted by a sense of public purpose. For those who dismiss such notions as high-minded nonsense, take a look at the National Library's Trove site.<sup>203</sup> There you will find thousands of individuals who, for no more than online recognition, make millions of text corrections to the Library's collection of digitised newspapers. They see it as a public service. There are many government social, cultural and environmental programs that could harness equally successfully the enthusiasm of citizens.

The fact is that there are many ways that innovation can be brought into the APS. If an entrepreneur develops a leading edge online tool, government should harness that expertise within the public sector when it wants to build its next online help centre. If a State government has significant success in rolling out a complex new program, star performers from that project could be recruited temporarily to contribute to a similar Commonwealth initiative. If individuals have created an exciting online app, they could be persuaded to direct their technological prowess to a similar government project. Occasionally people will be keen to participate on an exciting project for little more than a sense of public purpose. More often people will want to be paid market price for the talent and skills they bring. The key is to be flexible in attracting outside talent into the APS for a short period to work on the design or management of a specific project—and to use the sense of national significance as the lure.

This is not to imply that purely because someone is from outside the public sector they are better. In fact, ‘outsiders’ may flounder when put in the complex environment of public accountability, competing objectives and ambiguous authority. Conversely, many public servants could blossom as ‘intrapreneurs’ if given a chance to work with greater autonomy on the design or execution of new policies. When a person’s expertise and experience is valued and they are placed in a position where they are able to influence, they can contribute to the creation of major public projects or programs, whether or not they are career public servants.

**APS Program Advisory Committees should be established**

Those who have senior decision-making responsibility for the design and delivery of public programs have very demanding roles. They are typically chosen on the basis of their knowledge of the program area and their management skills. They cannot, however, be expected to be an expert on everything. SROs will often need to draw upon a broad set of competencies, skills and experience if they are to address successfully the complex issues posed by large programs. Diversity of knowledge can contribute to more effective program management, a better understanding of the risk environment and achieving a stronger alignment of policy to outcomes.

One way to achieve that goal is to establish ‘advisory boards’, as proposed by Hanger.<sup>205</sup> Such boards could provide an environment that would allow preconceptions and assumptions to be challenged and assist the SRO to make better decisions. It would also be beneficial if the Department’s CRO participated as a member of the advisory board when a major departmental initiative was planned. This is not a call for a proliferation of new boards or committees: rather, it is recommended that a diversity of perspectives should be incorporated into the program governance structures that already exist within the APS. The harnessing of private or community sector experience needs to become common practice, particularly at the point where policy is translated into implementation.

**John Lloyd PSM**

*“We’ve got to be looking not just at what public sectors are doing, but what we can drag out of the private sector... In certain areas I think the private sector’s leading companies are at the leading edge of implementing change, of how they’re implementing IT, of their personnel practices, and there’s so much we can learn from that.” (March 2015)<sup>204</sup>*

**John Lloyd is the Australian Public Service Commissioner**

If we look to the example of the HIP, it is clear that there would have been enormous value in having someone at the table with practical knowledge of the hazards of working in the insulation industry—a person able to draw attention to issues not fully understood by policy makers. The HIP PCG needed people who had a depth of experience in the industry. In their absence, the PCG decided to relax safety training requirements.<sup>206</sup>

**Membership needs to embrace a diversity of perspectives**

It is challenging to put together a committee that reflects a balanced representation of the interests involved, but the objective needs to be pursued with greater rigour. **When considering the membership of such bodies the governance roles must be clearly understood and articulated.**

External appointees should have a solid foundation of practical experience that is more comprehensive than that available within the APS. They must be encouraged to speak their minds. Their views should be listened to and conveyed to the minister. For their part, external committee members will need to understand the appropriate constraints of confidentiality and accountability within which public policy is designed and implemented.

An advisory board would not take over the managerial responsibility of the decision-maker. Rather, its role would be to proffer sagacity and common sense. Some critics point to difficulties in involving outside parties who may have something to gain by being involved in these fora: sometimes they can be portrayed as little more than rent-seekers pleading special interests. Such concerns are misplaced. Probity issues can usually be addressed by foresight and due diligence, and a skilled public servant is well equipped to appreciate the difference between lobbying and advice. The APS must also be mindful not to fall back on 'friendly faces'. Dissent should be respected, and valued as an input to policy design and decision-making. When advice is needed on major projects, the APS should look beyond the 'usual suspects'. Industry associations and unions may well provide good members of an advisory group, but the greater percipience often comes from individual companies, community organisations or people with first-hand experience. Members should be sought for their particular experience rather than selected as organisational representatives.

**Successive Australian Governments have underinvested in public service reform.** Efficiency dividends help to reduce costs, but on their own they do not enhance productivity. Public servants themselves have often sought to stay ahead of the game, but their blueprints for reform tend to look backwards and inwards in the pursuit of enhanced capability. When major projects fail, they often do so not just because of poor processes but because of a lack of imagination. We need not wait for the next crisis. **Public sector reform should be conceived as a continuous process, driven from within but supported by outside expertise.**

As has been recognised in the UK, "small, mixed teams combining people with experience, skills and connections outside Whitehall, as well as career public servants, can strengthen the [Civil Service] reform design, while maintaining focus, energy and momentum".<sup>207</sup>

**A whole-of-APS reform agenda should drive a more open and collaborative APS**

A Prime Minister's Public Service Advisory Committee could be charged with driving this approach. It should itself embrace membership from the private and community sectors. There exists a profound appetite amongst many public servants for change. They need to be encouraged to go further. Exciting things are already happening in the APS but their transformative potential often goes unrecognised. Too often the most interesting innovation remains at the margin of public administration. What is needed is authoritative leadership. Australia can learn from other nations like Canada and New

Zealand, which have established advisory bodies to drive significant reforms over the past five years, helping to ensure that their public services are ready for emerging challenges. I have had the privilege in recent years to work on public sector reform agendas in New South Wales and Queensland and have seen first-hand the positive changes that can be implemented if there is the will. Equally important, I have witnessed how perspectives from outside the public sector can add significant value to the processes of reform. The Commonwealth should follow suit.

**A Prime Minister's Advisory Committee could be charged with driving reform**

The Public Service Advisory Committee should report to the Prime Minister, through the Minister Assisting the Prime Minister for the Public Service. Its terms of reference should be to assist the Australian Public Service Commissioner to drive a more open, collaborative and outward-looking APS. Its members should help identify innovative approaches and imagine new ways of developing or delivering policy—measures that can enhance public sector productivity and raise public service standards. The Committee would not require a large administrative secretariat. Its deliberations should be integrated into the existing work program of the APSC. However, it should have the capacity to generate its own agenda. Membership of the Public Service Advisory Committee must be carefully chosen to bring together the right mix of pre-eminent leaders, who have had diverse experience outside and inside government, but also share a real commitment to enhancing Australian governance.

## **CONCLUSIONS | Opening up the APS**

**E.17** Secretaries should support their staff to undertake career development opportunities outside the APS in order to gain beneficial experience.

**E.18** Building on existing departmental initiatives, an Australian Public Service Scholarship should be established that provides financial support for ten APS leaders each year to undertake an important project in the business or community sector for up to 12 months.

**E.19** A highly prestigious Public Sector Fellowship should be established to provide financial support each year for ten exceptional leaders from the business, community and academic sectors to contribute to significant initiatives in the APS for up to 12 months.

**E.20** For high priority large-scale projects, departments should actively source specific talent from outside the APS on a temporary basis to provide a wide range of relevant skills, experience and entrepreneurial energy.

**E.21** Program advisory groups should be established within departments that include representation drawn from outside the APS in order to capture a broader diversity of perspectives and knowledge.

**E.22** A Prime Minister's Public Service Advisory Committee should be established that includes leaders from business and community organisations, to support the Australian Public Service Commissioner build a more open, collaborative and outward-looking public service.

## F | Embracing Adaptive Government

### PROBLEMS EXPOSED

The Royal Commission into the HIP found that “the tension between the stimulus objective of the policy, with its concomitant need for expedition, and the energy efficiency objectives of the policy ... caused a number of decisions to be made ... which unnecessarily exposed workers, particularly inexperienced ones, to an unacceptably high risk of injury or death”.<sup>208</sup>

Given the political pressure for speed, which curtailed the time available for program design, the APS should have been aware that it would have to learn lessons along the way. Hanger drew attention to the fact that information from the roll-out of the HIP was not used to inform ongoing management of emerging risks nor to act on them as they manifested.<sup>209</sup> There was no testing of whether the right people and skills were available to deliver the project.<sup>210</sup> No attempt was made to recruit experienced individuals to address the deficiencies.<sup>211</sup>

With respect to the NBN, Scales reflected that the Government leapt to creating a new ‘start-up’ Government Business Enterprise “that was completely untested and ill-prepared to deliver one of the largest, most complex infrastructure projects in Australian history within a very tight timeframe”.<sup>212</sup> Government did not think that it might need to adapt as it moved into a new and untested area. There was too little willingness to try things out at a small scale, to experiment and evaluate and to respond flexibly and expeditiously to emerging problems.

In the HIP public servants did not act in a facilitative manner. They failed to harness outside experience. Indeed, Hanger noted a tendency for public servants to isolate themselves from external sources of advice. Express instructions were given not to consult industry.<sup>213</sup> There was also an unwillingness to engage with counterparts in other jurisdictions: “Curiously, and inexplicably, none of the ... officers working on the HIP appear to have liaised with their New Zealand counterparts about their respective energy efficiency programs involving home insulation to share information, experience or alert each other to potential problems”.<sup>214</sup> This closed approach also extended to the fundamental issue of properly investigating how States and Territories understood their work health and safety responsibilities.<sup>215</sup>

In a similar vein, the review of the BER found that when school stakeholders were not consulted or authorised to make decisions, schools were placed at greater risk of being left with more expensive buildings that were not fit for purpose.<sup>216</sup> The stark contrasts between the results achieved in different school systems and states revealed how old-fashioned command-and-control public administration (and both Commonwealth and some state governments were guilty of this in their haste to get the program going) can ultimately undermine the delivery of quality outcomes.

## PROBLEMS ADDRESSED

A one-size-fits-all approach does not work for most complex problems

The traditional path to developing and delivering government policy is well-trod. It involves developing a Cabinet submission to address a perceived problem, gaining Cabinet approval, having the APS design the program, and using public servants or contractors to roll it out across the nation. There is still a place for such tried and tested methods. They can work effectively for policies that deploy at an industrial scale, involve high numbers of transactions and require high levels of accuracy (for example, collecting taxes or making benefits payments). In other areas of service delivery, a one-size-fits-all approach to delivering a program across the whole of Australia will increase the risks of implementation going wrong. In most instances this will reduce the value-for-money that citizens derive from the public funds expended. Inflexibility reduces choice for program clients and diminishes contestability amongst providers. It is often far better to allow programs to be tailored to the needs of particular individuals or communities.

Public services are becoming increasingly contestable. But while it is now standard practice for a range of providers to be contracted to deliver programs, governments still do not face the discipline of full competition in the marketplace. This makes it critical that they find other ways to learn from the experiences of businesses and community organisations. Too often, governments focus their resources on defending a well-established but outdated approach. Doing things differently is often not considered until things go badly wrong and large sums of money have been wasted.

Pockets of the APS are already doing things differently

But, a quiet revolution is already underway. Pockets of the APS are experimenting with new ways of delivering government business. A consistent theme in most of these projects is the desire to start small and learn from both success and failure. They involve testing a range of actions, evaluating the results, and then shifting attention and resources towards what works best. Programs move to full scale only when the lessons of demonstration projects have been incorporated. Public servants may deliver the services directly or work with third-party delivery agents, who are provided with greater autonomy in how they pursue agreed performance-based outcomes. Success is achieved through iteration. In short, these areas of the APS are adaptive: they learn and adapt through the process of doing.

### Paul Shetler

*"You can't do it all at once otherwise it will be a train wreck... We're going to get there by doing small things, deliver them very quickly and then iterating them, changing them, improving them, making sure they actually do meet user needs and that we continue to do so as we move along" (July 2015).<sup>217</sup>*

**Paul Shetler is the CEO of the Digital Transformation Office**

Positive findings are emerging from using trial sites to explore different ways of implementing the National Disability Insurance

Scheme; from place-based, community-driven initiatives in early childhood; from providing longer-term more flexible contracts to indigenous organisations to deliver services in remote areas; and from promoting consumer-directed services to older Australians who require home care.<sup>218</sup> Lessons also come from some state governments, where this gradual, patient, exploratory approach has reaped benefits in helping families at risk of breakdown.<sup>219</sup> There is a palpable sense of change.

**Be flexible, experiment, work with others, and learn as you go**

There are four elements to adaptive government: being flexible (paying by outcomes and measuring performance), being experimental (starting early and failing quickly), being facilitative (working with others rather than in isolation), and being agile (learning as you go). Applied concurrently, these elements have the capacity to improve and strengthen the way government designs and delivers its policies, programs and services. I have discussed these in turn below, contrasting traditional practice with adaptive practice, and drawing on examples from Australia and overseas.

<b>1. BE FLEXIBLE: PAY BY OUTCOMES, MEASURE PERFORMANCE</b>	
<b>Traditional government</b>	<b>Adaptive government</b>
<ul style="list-style-type: none"> <li>• Use only public servants to design the program and the administrative guidelines</li> <li>• Allow the mechanics of program delivery to take priority over consideration of program outcomes</li> <li>• Measure success on the basis of process compliance</li> <li>• Roll out the program nationally (one-size-fits-all)</li> </ul>	<ul style="list-style-type: none"> <li>✓ Employ collaborative processes to identify and negotiate desired government outcomes with stakeholders</li> <li>✓ Set the policy objective of the program at an early stage</li> <li>✓ Be willing to experiment with delivery models</li> <li>✓ Allow providers (public service or third-party) more flexibility in their approach to delivery</li> <li>✓ Calibrate payment on the basis of agreed outcomes</li> <li>✓ Focus on performance</li> </ul>

The starting point for any new project should be developing a deep understanding of the objectives pursued by government. The opening question should be “what will success look like?”. It is necessary to identify the results that are sought, and agree (in collaboration with potential providers) the outcomes against which performance will be measured. The Enhanced Commonwealth Performance Framework, introduced under the *PGPA Act* from 1 July 2015, emphasises the importance of Commonwealth entities reporting on outcomes and impacts in their corporate plans and annual reports. The new corporate planning requirements encourage agencies to identify what success looks like at the beginning of the

annual business cycle, and to explain how they will measure it over the short, medium and long term.<sup>220</sup>

The APS is still a long way from being able to do this consistently. Too often public servants are reduced to monitoring processes, ticking off programs against a series of outputs, acquitting payments or meeting contractual conditions. Meanwhile the ambitious goals of government and interests of the citizen become lost in the mechanics of grant applications, contracts, guidelines and reporting rules. There remains too much focus on process (how many clients have been seen) and outputs (how many services or payments have been delivered) rather than on outcomes (how has welfare dependence been reduced, employment increased or health and well-being improved). Unfortunately, the innovative impulse of delivery partners is too often stymied because APS contract managers restrain unnecessarily the approach they can take. Contracting is transactional, with management focusing its attention on legal and procedural compliance. In contrast, commissioning of service delivery undertaken in a flexible way can be transformational: management can direct its attention to performance.

**Payment by results is one way to be flexible while improving performance**

One way to promote more flexibility in program delivery is to shift to Payments by Results (PbR). It should not be underestimated just how challenging this can be. PbR requires pre-agreed measures to be established. Payments are contingent on the verification of results, some of which may become apparent only over the medium term. Counterfactual approaches are required, allowing estimates to be made of what results would have occurred over time in the absence of an intervention. The better the quality of the performance metrics, the more discretion that can be allowed to front-line public servants or contracted providers in how to deliver them.

Of course, outcomes need to be set to discourage gaming. Experience warns us that simple targets often result in behaviour that weakens the underlying purpose of the program. Incentivised performance measures, in themselves a useful feature, can sometimes distort provider behaviours. Nor am I advocating a laissez-faire approach, allowing contractors to claim that virtuous ends justify dubious means. Nevertheless, the benefits of applying a PbR approach methodically more than outweigh the up-front costs invested in its development. Payments can be made on the basis of the benefits that are being delivered. Through upfront agreement on outcomes, and the removal of restrictive controls, public sector entrepreneurship can be liberated.

The flexibility engendered by PbR approaches can go much further. An example that I have been intimately involved with is the introduction in Australia of Social Benefit Bonds (in the UK, Social Impact Bonds). They represent a financial instrument that pays returns to investors based on achieving agreed public outcomes. This approach has been trialled in NSW to deliver better results for families at risk of breakdown.<sup>221</sup> The programs to reduce levels of out-of-home care have not been designed by public servants but by innovative

community organisations (UnitingCare and The Benevolent Society). Performance-based outcomes have been negotiated, and funding raised from the private sector. The providers carry the risk but they are given the freedom to deliver the program as they wish. Such public-community-private partnerships (impact investing) can have much wider application. The Joint Standing Committee on Foreign Affairs, Defence and Trade has recently recommended assessment of Development Impact Bonds as a means to improve the effectiveness with which overseas aid is delivered.<sup>222</sup>

<b>2. BE EXPERIMENTAL: START EARLY, TEST WHAT WORKS, FAIL QUICKLY</b>	
<b>Traditional government</b>	<b>Adaptive government</b>
<ul style="list-style-type: none"> <li>• Implement defensive risk management</li> <li>• Blame and punish for small failures</li> <li>• Bet everything on one large-scale project</li> <li>• Describe interventions as ‘trials’ when there is no intent to move to full scale</li> <li>• Have little regard for front-line experience</li> </ul>	<ul style="list-style-type: none"> <li>✓ Embrace a positive risk culture</li> <li>✓ Devolve decision-making to those closest to the risks</li> <li>✓ Ensure that front-line experience can influence policy design</li> <li>✓ Undertake controlled trials of government policy (pilots or demonstrations)</li> <li>✓ Change approach to adapt to circumstances</li> <li>✓ Learn from mistakes</li> <li>✓ License innovation within clear boundaries</li> <li>✓ Move to scale progressively</li> </ul>

The biggest impediment to greater use of experiments in the delivery of public services is risk aversion. For this reason the adoption of a positive risk culture is a critical first step on the path to more experimental approaches. A positive risk culture, as has already been discussed, involves public servants accepting responsibility for risk at all levels of the organisation, and allowing risk management and decision-making to be devolved to those who are close to the action.

It is useful on occasion not to ‘think big’. For initiatives that are entering relatively new areas of government policy, perhaps we should be willing to countenance giving public sector managers the licence to ‘start fast, test first, fail small’. After all, why can’t governments on occasion act more like businesses and be able to prototype and trial delivery models and learn from these experiments before proceeding to scale?<sup>223</sup> This is not about wasting public money on administrative fads or bureaucratic fopperies. Rather, it is about testing the most efficient and effective ways of delivering on the ambitions of government. Establishing clear boundaries from the top down as to what risks can be taken, and in what circumstances, will allow public servants to establish the best approach.

Trialling before moving to full scale does not mean delayed implementation. I have no desire to sign up the APS to the 'Slow Movement', nor, conversely, to promulgate haste. The key to good public administration is to do everything at the right speed. It is often faster to deploy a single prototype from which to learn, than to design and deliver a full-scale program that is likely to be beset with problems from day one. Better still, demonstrations allow public servants to compare the efficacies of different approaches. On occasion trials may suggest a need for quite different methods of pursuing government policy, but in most instances they will allow public servants to identify a plethora of incremental improvements that, cumulatively, can drive significant efficiency gains.

**Behavioural insights can extend the experimental approach to existing programs**

Trials should not be limited to new programs. Opportunities are also available to improve large, ongoing programs. For example, the Behavioural Insights Team, formerly based within the UK Cabinet Office and now a company operating at arm's length from government, has carried out extensive randomised 'nudge' trials to test end-users' responses to a range of prompts. This testing was undertaken at low cost and quickly showed which approaches worked best. Subsequently, the UK Government was able to implement successful policies that achieved improved outcomes (such as increasing organ donation by 100,000 people in a year, and lifting tax payment rates by 5 per cent)<sup>224</sup> A similar White House Social and Behavioral Science Team has been established to help the United States Government identify approaches that harness public behaviours to improve effectiveness.<sup>225</sup>

Understanding the psychology of market interventions is just as important as understanding the mechanics. The most elegant policy solutions will fail if they do not account for how humans behave. As Allan Hawke noted in his review of the HIP, the program design provided little incentive for householders to think about the quality or performance of insulation installers.<sup>226</sup> This goes to a more general point: there should be an expectation that public servants, when designing policy and programs, have made themselves aware of what has been done by others, what has worked well, and what has not. Public servants should take the time to 'stop and look around', not just at the operation of markets, but at the behaviour of people.

The good news is that this focus on the social, cognitive and emotional behaviour of individuals and institutions, often explored through testing different approaches, is now being taken up in Australia. For example, a Behavioural Insights Unit has been established in the NSW Department of the Premier and Cabinet. It collects data from the front-line and then undertakes randomised controlled trials, incorporating results into the design of government interventions. A small but growing number of Australian Government agencies is also beginning to apply or trial the use of behavioural insights techniques.<sup>227</sup> Greater investment in these approaches, both inside government and in think-tanks, can only help spur the evolution of richer insights. There would be considerable value in the APS fully engaging with the Behavioural Insights Community of Practice that has been established in Australia

and, better still, creating a similar group of its own. It would act as a catalyst for experimentation.

**Learn from the private sector's purpose-driven experimentation approach**

The APS can learn much from Australia's large publicly-listed companies about experimentation. By virtue of their size, these companies have many of the characteristics of bureaucracies. They are generally demarcated horizontally by function (into subsidiaries or business units) and vertically by hierarchical reporting lines. Committee structures dominate the processes of decision-making. From the outside—and as I now know, from the inside—they look very similar to large departments of state.

The difference is market competition. Although they enjoy the considerable power of incumbency, each company recognises that its continued success depends on addressing the constant threat of disruptive innovation. Challengers, from large global multinationals to small entrepreneurial start-ups, constantly improve the price, quality or consumer attractiveness of the goods or services offered for sale and the manner in which they are produced and distributed. Organisational sclerosis means certain decline. Sometimes companies die slowly by a thousand competitive cuts; occasionally they collapse precipitously in the face of dramatic shifts in consumer preferences. Loss of market share, declining profit and susceptibility to takeover are ever-present dangers. Many of the great companies of the past, household names for a generation or more, no longer exist.

Each company knows that it must find ways to maintain and grow its shareholder value. Each, led by a CEO and executive management and governed by a chair and board of non-executive directors, will develop its own strategies. There is a discernible pattern of good practice, however, from which public service agencies can learn.

A forward-looking company will seek to do more than react speedily to emerging threats. It will set its sights on identifying untapped opportunities that can provide it with a competitive edge by which to deliver sustainable shareholder return (in contrast, the driving force for a government agency will be to deliver public outcomes better). It will often trial different approaches to demonstrate which is likely to be more effective. Some initiatives will then be deployed at scale, others extended more broadly, and others shut down or sent back to the drawing board for further work. The core systems of the company will be adapted to ensure that they can support the new approaches or products. Often that involves motivating intermediaries that stand between the company and its ultimate customer. Not all initiatives will prove successful: behavioural psychology is complex, and consumers will often respond in unexpectedly negative ways to change. Some interventions, by contrast, quickly deliver tangible improvements. A well-managed company learns from both. It is a form of disciplined entrepreneurship. It is experimentation, driven by purpose. The APS should embrace such approaches.

### 3. BE FACILITATIVE: WORK WITH OTHERS

Traditional government	Adaptive government
<ul style="list-style-type: none"> <li>• Develop policy in relative isolation</li> <li>• Consult on an ad-hoc basis, often after key decisions have already been made</li> <li>• Prescribe in contracts how outsourced providers are to undertake their work</li> <li>• Expect that the final shape of policy will look like the original proposal with only a few tweaks around the margins</li> <li>• Use digital tools solely as a means of communicating or transacting simple business</li> <li>• Encourage service recipients to learn helplessness by treating them like dependents</li> </ul>	<ul style="list-style-type: none"> <li>✓ Make it easier for outsiders to become part of project teams on a temporary short-term basis</li> <li>✓ Seek alliances with organisations already in the field</li> <li>✓ Encourage front-line experience to influence project design</li> <li>✓ Involve potential providers in the co-production of policy</li> <li>✓ Make full use of the internet to enhance digital democracy and citizen engagement</li> </ul>

The APS will continue to sit at the centre of public administration. Its senior leaders have extensive access to ministers' offices. They participate in the confidential meetings that discuss new policies. Relations between the government and most of the lobbyist or advocacy bodies with which it meets, and the multifarious organisations which it regulates or influences, are to a large extent conducted through government agencies. Public servants, directly or by contract, deliver government services to the public. They are the means by which the entitlements and obligations of citizens are communicated.

What needs to change is the ethos that is brought to that situation of positional authority. Public servants cannot seek to be controllers. Indeed, the *PGPA Act* establishes a duty in law for officials to co-operate with others to achieve common objectives.<sup>228</sup> Adaptive government depends upon them exercising their responsibility on the basis of collaboration and partnership, working cooperatively across sectors to inform and deliver a government's agenda. They need to see themselves as the stewards of democratic processes and good governance. The leadership they provide needs to be facilitative in nature. Their performance should be assessed on their ability to effectively harness ideas and capabilities from across and outside of government, not on their ability to control and orchestrate every minor activity.

**There are good examples of being facilitative in the APS**

Let me provide two instances of changes already underway. Both call for public servants to apply high-order facilitative skills. The first example builds on almost two decades of experience in brokering the delivery of Australian Government labour market programs on a competitive basis to

a range of public, private and community providers. As Secretary of the Education Department, Science and Training in the second half of the 1990s, I remember well the introduction of the Job Network (now *jobactive*) and the exciting prospects that it held. I envisaged a public economy in which job seekers would be able to select the organisation that they wished to deliver the training or labour market support that government funded.

That ambition has been only half-fulfilled. The goal seemed so straightforward—setting an outcome (how many jobseekers were placed into work for 13 or 26 weeks) and allowing contracted providers to decide on their own approach to achieving it. Unfortunately, the process has become burdened by tomes of prescriptive guidelines. The organisations have been treated as if they were mini-government agencies and expected to do things in very similar ways.

It does not have to be like this. The Department of Employment is seeking to modify its approach. By collaborating with potential providers on policy design and execution, and paying on the basis of performance-based results, a greater spirit of partnership can be created. Providers can be given more flexibility. Of course, it will still be important for public servants to ensure that providers behave honestly and ethically. Between the co-production of policy design and careful monitoring of outcomes, however, perhaps the best role of the APS is to stand aside and let the organisations commissioned to deliver the services get on with the job.

The second example of working with others in an adaptive way is to go beyond ‘customer service’ and allow those who receive services to wield more control. The emerging commitment to consumer-directed care allows those entitled to government services to manage a care budget and make their own decisions. From July 2015 this year, for example, Home Care Packages for the elderly provide individuals with the option of tailoring care to their particular needs, with the assistance of service providers.<sup>230</sup> For public servants this will involve a much greater need to work not only with a range of contracted providers but with the individual citizens who will access their services.

**Martin Parkinson PSM**

*“There are expectations on us to engage differently with business and the broader community—to better understand and incorporate their perspectives into our policy analysis and development.”  
(March 2014)<sup>229</sup>*

**Martin Parkinson was the Secretary of the Treasury from 2011 to 2014**

Such initiatives offer great opportunity for government to actively encourage consumer or community choice and then to learn from the preferences that are revealed. This information can improve the design of public services—just as any company in a new market carefully monitors and reacts to how its customers respond to its products. Actively supporting community organisations or individuals to be engaged in service delivery also helps build their skills, resources and social capital, allowing them to independently generate beneficial public outcomes.

Business has been quick to harness the power of digital platforms to use their customers' views to shape their product offerings. Governments in Australia still lag behind. Done well, the techniques of digital democracy can help to drive citizen engagement in ways that can help shape government policies. Of course, the technology is just a tool. Real power lies in the willingness of public servants to employ a range of facilitated deliberative processes to involve citizens in reframing questions and suggesting answers. Simply signing up to social media will not change things unless the APS is ready to take on lessons from outside the public sector.

4. BE AGILE: LEARN AS YOU GO	
Traditional government	Adaptive government
<ul style="list-style-type: none"> <li>• Retain information</li> <li>• Dismiss opportunities to learn from the experience of others</li> <li>• Leave evaluation of 'what works' until the end</li> <li>• Work within the silos of bureaucratic demarcation</li> <li>• Base program design on what has been done in the past</li> </ul>	<ul style="list-style-type: none"> <li>✓ Share information about good practice—and lessons learnt</li> <li>✓ Create stages/gates to allow programs to be modified on the basis of ongoing monitoring and evaluation</li> <li>✓ Learn continuously from doing</li> <li>✓ Encourage people to share mistakes and 'near misses' that can inform program design</li> <li>✓ Fully embrace whole-of-government cooperation</li> <li>✓ Imagine new ways of doing things</li> </ul>

Three things can stymie effective sharing of lessons across government: the functional demarcations of bureaucratic structure; an unwillingness or inability to discuss failure; and the over-use of confidentiality and security provisions as an excuse not to consult broadly. The effect on APS capability is clear. Less obvious is the manner in which discussions with business and community organisations and the wider public are impoverished. It lessens the opportunity to hear from those impacted by government programs, and reduces the ability to evaluate the impact of government investment. This is not just an Australian Government problem. In spite of the occasional nod to the potential benefits of co-operative federalism, Australian jurisdictions have historically been poor at sharing information about different policy approaches between levels of government.<sup>231</sup>

**Agility requires a focus on learning and sharing information**

For agencies to become learning organisations they must transition from a 'need-to-know' approach to information to a 'need-to-share' philosophy. Of course, standards around security, confidentiality and privacy cannot be compromised. But the APS needs to find ways to improve how it shares data and experience from early lessons, rather than relying on post-implementation audits and risking large-scale failures. In 2008 the *Venturous Australia*

review, conducted by Terry Cutler, recommended that “to the maximum extent practicable, information, research and content funded by Australian governments... should be made freely available over the internet as part of the global public commons”.<sup>232</sup> Since 2013, the Australian Government has required the results of research funded through the Australian Research Council to be openly available to the broadest possible audience.<sup>233</sup> Perhaps this requirement could be extended to all government funding, similar to many areas of public funding in the US.<sup>234</sup> Perhaps too, we might learn from the UK Government, which regularly creates opportunities to assess and publish the results of different approaches to government delivery.<sup>235</sup> Staying agile, continuously learning and adapting requires a change of mindset.

Contracting out service delivery has not delivered on the promise of flexibility and choice. The failure speaks to a larger issue. The contestability agenda is too often conceived narrowly as a drive to outsource service delivery to the private sector or communities at the lowest cost (which is how value-for-money is all too often perceived). This misses the larger purpose of identifying the most effective and efficient ways to achieve a government’s desired outcomes. Contestability should introduce credible competition between implementation options based on benchmarking and market testing. A diversity of approaches should be actively encouraged so that delivery is undertaken by a variety of providers in different ways. Improvement can be informed by monitoring the experiences and evaluating the outcomes of those ‘doing the doing’.<sup>237</sup> Just as businesses learn by scrutinising what works for their competitors, so too can the APS learn from studying the providers of public services. It can acquire knowledge of good practice and innovative approaches by assessing their performance. The key is to focus on results, learn from experience and to stay agile in the search for innovation.

**Adaptive government sometimes means starting small**

The best way to discover the value of adaptive government is to do it. Pay on outcomes, embrace experimentation, start early and (if things go wrong) fail quickly,

collaborate widely, and learn as you go (including from the experience of others). Adaptive government can take many shapes. There are innumerable ways in which the public service can become more agile. As with any new approach, changes will be needed to turn the adaptive ethos into action. Some will require a shift in entrenched practices, attitudes or behaviours.

Administrative structures and workplace systems often hinder the capability of APS agencies but it is cultural inertia that acts as a barrier to creativity. Induction programs generally focus

**Marie Johnson**

*“You can say government needs to be more cautious and that’s true, but it’s not an excuse for failing to be more agile and operate in a different way... You have to ask ‘what would government services look like if Apple or Google delivered them?’ and you get a different answer to what we see in the public service.” (2014)<sup>236</sup>*

**Marie Johnson was the Chief Technology Architect for the Department of Human Services from 2011 to 2014**

on explaining to newcomers that “this is how we do things here” rather than “this is how we are looking to improve things here”.

There are disincentives for ministers to propose adaptive approaches, even if they would like to do so. The large number of competing priorities at Budget time creates an incentive for ministers and their departments to downplay the costs and risks of new initiatives and talk up the benefits in order to secure larger expenditure commitments to their portfolio. This in turn creates an incentive to adopt and promote expansion of a well-tried implementation approach, rather than admit the wisdom of trialling and demonstrating a range of approaches (some old, some new) to achieve the outcomes sought. Would it not be advantageous if, when bringing forward a new policy proposal, ministers should have to justify why they should *not* have to start by piloting their idea on a small scale and then, on the basis of trial and error, prove their implementation strategies on the ground before it is decided to spend large sums of money? For adaptive government, at least initially, small is beautiful—it is a clever way to do big things better in the future.

#### Aligning incentives to be adaptive

Adaptive government necessitates other changes. The assurance reviews framework administered by the Department of Finance requires proposals that are high in risk, priority, value and complexity to be assessed by independent experts. Whilst the framework has raised delivery performance, there is potential to make far better use of its Gateway Reviews and Implementation Readiness Assessments (IRAs). Feedback from those involved in the reviews indicates that they are helpful in improving the management of a large program or project. Experienced practitioners comment that it is usually obvious very early whether the initiative is likely to succeed or fail.

There may be scope to put a broader range of proposals through the initial stages of the Gateway process, while allowing initiatives that perform well in the early review stages to opt out of the later ones. Similarly, there is scope to be bolder with assurance reviews, using them to assess whether to stop doing something that is not going well, rather than just offering suggestions for improvement. Those involved in reviews are sometimes frustrated that the Gateway process misses the mark on outcomes. Too often the process is geared around checking that the proponents “are doing things right” rather than that they “are doing the right thing”. There is little value in agencies demonstrating best practice process when there exists a fundamental design flaw that means that implementation can never properly meet the outcomes sought by government. Building

#### Geoff Mulgan

*“Governments often do slowly what should be done fast, and fast what should be done slowly.*

*Ill-thought out reforms are rushed into implementation at great cost. The experimental method offers a reasonable compromise—fast action, but on a small scale, leading to phased adoption at a larger scale. That gives politicians plenty of examples to point at, but at less risk.”*  
(2015)<sup>238</sup>

**Geoff Mulgan was Director of the Prime Minister’s Strategy Unit and Head of Policy in the Prime Minister’s Office, United Kingdom, from 1997 to 2004**

greater flexibility and adaptability into the assurance reviews process would remove unnecessary red tape while making scrutiny more meaningful.

In some cases, staged financing creates perverse incentives to move too quickly to scale. The typical approach is to set aside the full project budget in the contingency reserve, and to release it once the business case has been established. This creates an incentive to talk up the business case in order to secure release of the money. A preferred alternative might be to provide sufficient 'seed capital' to allow projects to complete not only their business need and business case stages but also to develop a proof-of-concept. This evidence could then be submitted to make a case for funding a full-scale project, although it might sometimes reveal that the project is not likely to work as conceived and that further funding should not be provided, at least until other approaches have been considered. Linking this 'gated' funding process more strongly to the Gateway Review process would allow funding to be withheld until independent assurance is received that the project is going well. It might reduce the likelihood of throwing more money in the wrong direction.

The manner in which governments select modes of delivery also needs to change. New Policy Proposals (NPPs) have a laudable focus on providing evidence that supports policy intervention, but traditionally this has included little evidence about the mode of delivery. The implementation of major new projects and programs should form an equally important part of the evidence base for decisions by Cabinet or recommendations of the Expenditure Review Committee. Assessment of whether the proposed delivery methodologies have been applied or trialled successfully in the past will assist ministers to consider execution risk. Too often there is no effective pathway to gather evidence from stakeholders—the organisations, communities and individuals who can contribute practical suggestions on how to deliver new proposals most effectively. They may know much better than APS senior management what will work on the ground.

**An innovation competition could engage the community on how to improve delivery of government programs**

Government, through skilled public service facilitators, should actively solicit concrete proposals from the private, community and academic sectors on how their programs could be delivered better. Perhaps outcomes can be better defined; or cost savings redirected to improve services; or the burden of public service regulation lessened; or citizens given more opportunity to make choices on their own behalf. The possibilities are limitless. Opportunities should be introduced that allow government to proclaim its adaptability.

An annual, well-publicised competition might be held to gather good ideas from business and the community on how to improve the delivery of the government's major programs. For example, a Chamber of Commerce might design a scheme to encourage businesses to hire older workers and organise supportive companies to test different approaches. A group of doctors might undertake a small trial of different ways to deliver preventative health education and share the results. An emerging tech company might submit a 'Trip Advisor'

type application to help people navigate the range of disability services available or to select their own aged care provider. Here is an opportunity, on a grander scale, to build on the successes of GovHack.<sup>239</sup> A small amount of money could be awarded to set the winners on their way, and public service mentors selected to assist them negotiate the labyrinthine systems and processes of government. Where the proponents can test the concept themselves, lend support. Where the idea would be best tested by the APS, the proponent might receive a cash prize, and (probably more important) a commitment from government to involve them fully as the test proceeds. For all ideas, the results should be published. Additional funding should be considered as part of the Budget, if the results of the test turns out to be encouraging and useful. The winners would gain not just a prize but public recognition. Equally important, the government would show itself to be actively encouraging and welcoming innovation.

**Funding models should promote innovation and pay on performance**

Adaptive government can go further. The full benefits of contestability will not be realised if contracting continues to be designed to encourage all providers do their business in the same way. At present, the APS tends to default to process-driven, output-based and highly prescriptive contracts, elaborated in voluminous administrative requirements. This does not allow sufficient latitude for third-party providers to explore and implement better approaches. Opportunities exist for APS leadership to endorse a more fulsome exploration of the different funding models available by which to contract performance-based outcomes.

There are already established models available, such as alliance contracting, performance contracting and using schedules of rates and cost-plus models rather than lump sums. These models balance the probity and accountability that citizens expect to be applied to public money, with harnessing external expertise in the design and implementation of policy. As well, they create more opportunities for ideas on program design to come from outside the APS, and allow risks and benefits to flow freely between delivery partners. In essence, this is the approach which underpins the introduction of Social Benefit Bonds in NSW. What matters is that contracts provide both the flexibility and the incentive to develop and trial ideas. Innovation can improve results. These different forms of contracting need not be more risky. Rather, risks can be negotiated and managed by the party best placed to do so, with provision made to share both the upsides and downsides of experimentation. Commonwealth contracts can be written and managed to encourage public entrepreneurship.

**Deregulation needs active engagement with the community and business**

The Government's strong commitment to reducing red tape and making it easier for the public to deal with government must continue. This requires more than removing or simplifying regulation through the legislative process. It requires positive engagement with business, the community and citizens to better understand how their lives can be made easier when working with government. This will not occur, for example, if contracts continue to include onerous reporting conditions or grants programs have overly prescriptive guidelines.

The APS needs to value the time of its delivery partners. The Government will benefit from lower prices as partners reduce the premium they build into Australian Government contracts in order to deal with the cost incurred by poor administration. During consultations for this review, it was suggested that some outsourced providers may add up to 25 per cent to prices to cover the cost of the transaction. Here, often hidden from view, is the true burden of red tape.

Reducing the administrative and reporting guidelines imposed on third-part agents does not mean licencing delivery partners to do 'whatever it takes', or turning a blind eye to risky or inappropriate business practices. Rather, working in partnership to simplify dealing with government should lead to better risk management, through better understanding of roles and responsibilities, greater trust between partners, and greater accountability.

**Digital and deliberative democratic methods can unlock better delivery**

But wait, there's more. Many of the excellent ideas of the Government 2.0 Taskforce from 2009 have largely fallen by the wayside or have emerged as reporting obligations rather than opportunities for change.<sup>240</sup> Recent surveys indicate that Australia is yet to fully translate its high-quality digital infrastructure and human capital into high-quality online service delivery. The 2014 United Nations *E-Government Survey* indicates that while Australia rates highly for service delivery (8th internationally), in the provision of connected services (that is, citizen-centric online solutions that cut across departments to allow data transfer), Australia rates 65 per cent where leading countries are closer to 100 per cent.<sup>241</sup> Compared to the UK and United States, Australia's progress on open data policy implementation has been fragmented and lacks sustained conviction.<sup>242</sup> As a consequence, government is less adaptive.

As part of this process, the APS should open up to new forms of citizen engagement both through increased sharing of government data and information and by providing more online opportunities to participate. Technology solutions, including digital democracy, can empower citizens to exercise the greater discretion they are being given. There is an increasing interest in many Westminster countries in 'citizen-centred governance'. It involves finding ways to devolve power and influence to citizens, communities and service-users. In the UK the approach has become a key component of government policies to tackle social exclusion and welfare dependency.<sup>243</sup> Implemented well, citizen engagement can improve the design and responsiveness of services, build social capital, encourage civic participation, and build greater trust in democratic institutions. At the local level, where there is opportunity for place-based solutions, citizens can attend in person with discussions facilitated by public servants.<sup>244</sup> At the regional or national level, in most instances, engagement will have to be elicited online through webinars, chat rooms, deliberative polls, or structured (but open-ended) questionnaires. Think of it as digital democracy with a purpose. As was recognised in Western Australia, 'e-engagement' allows individuals to participate who would usually not be interested in traditional methods of consultation.<sup>245</sup>

Such notions of active citizenship are not new in Australia. Nor do they have to be online. I have witnessed first-hand a range of projects that have been designed to bring members of the public together to discuss common concerns and to participate in the decision-making that affects them. The citizens learn negotiation skills, not helplessness. The public servants learn to listen. The design of programs may be improved and, in most instances, the manner in which they are delivered is enhanced. Of course there are hurdles, from the identification of stakeholders to agreement on purpose. Experience shows that problems can emerge during the process, ranging from collaboration fatigue to aggressive behaviour.

Yet it is disappointing that such citizen-centred approaches—which would have been so useful to informing home insulation or school hall construction—have so rarely been built into major programs. One key reason is that the expenditure of time and resources required continues to be seen as a cost rather than an investment in improved public benefits. Such perceptions need to be turned on their head. By involving the community early in planning, it is likely that programs can be delivered at lower risk and provide greater value-for-money.

If the APS invests in modernising the online engagement skills of staff at all levels, encouraging them to explore in the virtual world and discover innovative ways to engage with the public, the emerging techniques of digital democracy are more likely to become powerful tools for experimentation. Many options are available. 'Ideas markets' can allow government to be informed by votes from the community.<sup>247</sup> Text mining tools can make assessments of a large volume of online submissions.<sup>248</sup> Open publishing of government data, such as data.gov.au can allow third parties to make new uses of government data sets.<sup>249</sup> Citizen juries or online town hall meetings can be effective tools to help build consensus around difficult choices within constrained budgets.<sup>250</sup> The internet can encourage the public to report fraud, waste or emerging implementation problems early. New citizen spaces, such as, 'We Asked, You Said, We Did' in the UK allows governments to be more sensitive to market responses in the same way that successful companies are.<sup>251</sup> Such approaches, already trialled by the South Australian<sup>252</sup> and Western Australian<sup>253</sup> public services, should be embraced by the APS. Deliberative technology is becoming even more sophisticated, enabling citizens to contribute to political decision-making in structured ways. The new Digital Transformation Office promises to make digital delivery of government information and services the new default.<sup>254</sup> This is a vital and long overdue step in meeting the expectations of citizens regarding how they engage with government.

#### **Michael Pratt**

*"I obviously realised very quickly if I come in as the subject matter expert telling career and life-long bureaucrats about how to do their job, I was probably going to have a short lifespan. What I did have... was a set of skills that they really needed... [a] modern approach to customer delivery... a lot of technology background... a real commercial approach... I then used these skills in a way that was clear to the Directors-General and their teams that I was there to help them. The first months for me were basically active listening."*  
(August 2014)<sup>246</sup>

**Michael Pratt is the Services NSW Commissioner**

The APS needs fully to comprehend the extent to which the public is attracted to the concept of public service. GovHack has just celebrated its fifth year.<sup>255</sup> It has grown from a small mash-up event in 2009 to a huge competition that brings together large numbers of enthusiastic volunteers in 30 locations to innovate, collaborate and apply their creative skills to open government data. Some of this entrepreneurial innovation is applied directly to improving the way in which government services are delivered. Much of the energy goes into developing new apps for the community based on government data. All of this boundless enthusiasm has the potential to contribute to the creation of beneficial public impact. The event exemplifies the ethos of structured experimentation that should imbue a contemporary public service and adaptive delivery. It requires openness to different ways of doing things and active efforts to maintain goodwill with participants, by ensuring that the format remains fit-for-purpose, and is engaging and rewarding for those who take part.

Adaptive government must make full use of the potential of digital democracy. It will make it easier, cheaper, less risky and quicker to bring to government the experience and knowledge of businesses, not-for-profit organisations and universities. It will enable tech-savvy citizens to involve themselves in the full gamut of policy development and delivery. Major programs and projects should incorporate transparent and responsive digital engagement with citizens from the earliest design stages through to operation and completion. This should be done not just because it is more democratic, but because engaging widely is often the way to generate more insight, quicker. It can tap into and connect sources of expertise and experience that are distributed across the public.

**Martin Bowles PSM**

*“Be stewards of the system you’re dealing with; don’t try to be the owner.” (July 2015)*<sup>256</sup>

**Martin Bowles is the Secretary of the Department of Health**

**Communicating an adaptive way of working**

The term adaptive government may be new. Its underlying principles are not. “The future is already here”, said the science fiction writer William Gibson, “it’s just not evenly distributed”.<sup>257</sup> That insight sums up the state of Australian public administration. To build and sustain innovative approaches the APS must become more open to outside ideas, learn from business, value community experience, sponsor academic research and ‘crowdsource’ citizen proposals.<sup>258</sup> This commitment to an outward-looking APS needs to be championed at the highest level of government and public administration if it is to provide a strong foundation for tackling future challenges.

The factors contributing to more open and flexible government have been the subject of rigorous discussion for many years. There is evidence that they deliver results. Why, then, do these approaches so often remain at the fringes of public administration? Part of the problem, perhaps, is that those at the centre of government perceive that their position will be undermined should they be open to new voices, to admitting and discussing failure or to explicitly seeking advice. Such fears are misplaced. Nor are they universally held. From what

I have seen in the course of this review, many parts of the APS are well-positioned to get on with the business of implementing adaptive approaches to government. They are prepared to innovate, manage the risks, learn from experience and be held accountable for the results. They are waiting for permission to start.

If adaptation and agility are to become widespread practice, the roles of the public servant and the minister will need to change. Instead of controlling the whole process of implementation, they will act as stewards, shepherding the limited resources of government towards a successful result. Humility will be needed to accept that the shape of policy, or at least the way it is implemented, may evolve in unexpected ways in response to evidence and experimentation. This will be a challenging shift for those who feel more comfortable with a command-and-control style of leadership. The public servant of the future will be the facilitator of innovation.

It will not be sufficient for leaders to set managers 'free' to be adaptive. Capacity and capability need to be enhanced. Often governments that have begun experimenting with adaptive government have found their aim of 'transforming markets' has faltered because it was not sufficiently complemented by investment in new human resource skills. Nor is being adaptive just a top-down process. Some of the best ideas to improve delivery are languishing at the front line, lacking a channel to those who have the authority to adopt them. In some areas poor policy design has generated great innovation in delivery as frustrated front-line staff come up with work-arounds and improvised solutions in order to get things done.

Taking the first step requires trust. Departments must trust that their ministers will back them, so that they can learn from mistakes. Ministers must trust that citizens have the common sense to see that it is smarter to 'fail fast, fail small' rather than to pretend that failure is impossible. Citizens must trust that government will learn and improve, and that an unsuccessful trial is not a waste of public resources. Being agile needs to be authorised. Leaders should take heed of the words of the former Premier of NSW, the Hon Barry O'Farrell, who extolled the value of public servants thinking differently, even if on occasion failure was the result.<sup>259</sup> As he said in a 2013 address to public servants, "[I]f you are being innovative, and from time to time there are failures, don't expect the Premier .... to give you a hard time ... if your goal was the correct goal. Because stuff ups do occur, mistakes do happen—that's why we trial things, that's why we undertake pilots. But unless ... we have the courage to innovate, unless we have the courage to think about how to do things differently, we won't deliver the excellence that I'm determined to—through you—across this state."<sup>260</sup>

**Committing to trials means committing to transparency and managing the expectations of those vested in the outcomes**

There is deep cynicism in some quarters around trials and pilots. Some of it is well-founded. It is unfortunate that trials have often been used in the past to fob off interest groups or to avoid committing the level of resources necessary to tackle a hard problem. These are trials employed as cost-saving measures rather than as a demonstration of effectiveness. On the other side, ministers can be too eager to move to full scale at the first sign of success in a trial. It takes time to understand why a trial succeeded in one instance and whether this result can be repeated. Often success is based on particular factors—often, I discovered in Indigenous Affairs, the leadership of a particular individual in the community. Moving too fast inevitably results in disappointment when benefits are not replicated. Once a decision has been made to grow to scale, a measured process is required to get there. Trials can also be seen as an impediment to “getting on with the job”. There will be times when government needs to move very fast and won’t have time for formal trials. At these times the adaptive approach comes into its own: intensively monitoring, adjusting and evolving policy roll-out reduces the risk of a fast-moving policy coming off the rails. Here is a good opportunity to test and refine the implementation process. Otherwise, as the old saying goes, there will be more haste and less speed.

Government must be genuine, open and honest about its reasons for trialling and piloting programs and the timeframes within which they will take place. Announcing a trial need not communicate a lack of commitment to following through on a policy. On the contrary, it should mean that government is so committed to achieving a successful outcome that it will carefully investigate the best way of doing so. Announcements will be less definitive, more open to possibilities and, at least initially, involve smaller expenditures. There will be more opportunities to talk about progress along the way. Major programs will increasingly begin in minor ways.

Not every area of government operations will benefit from such an adaptive approach. It is not a panacea. Adaptiveness is better suited to areas in which problems are complex, uncertainty prevails, risks of failure are high, and there are a range of possible options for intervention. Governments may find it challenging to invest the ‘patient capital’ to build new programs that move to scale slowly. Patience, however, can provide its own very substantial rewards.

**Having the humility to admit failure is the essential first step towards genuine change**

In a world with 24-hour media cycles driven by ‘gotcha’ moments and demands for greater accountability, it is difficult for government to admit failure.<sup>261</sup> But to presume that no public servant will ever make a mistake is hubris. I made many and I’ve reflected publicly on why I did.<sup>262</sup> Accountability means being honest about the limitations of what one knows, and having the courage to admit to a mistake and learn from it. For government to become more adaptive, it will be critical to proclaim this message over and over: that

ministers and senior leaders who are truly accountable are those who admit to making mistakes, and can demonstrate that they have learned from the experience.

It is a great shame that public trust in government institutions is not greater. It helps to explain the even more worrying fact that young Australians are losing their faith in the benefits of democracy.<sup>263</sup> Adaptive government can provide a practical mechanism to rebuild this trust, manage risks and demonstrate that government is both learning from the past and responsive to the national challenges of the future—in partnership with citizens. Perhaps the best way for the APS to honour the lessons from the HIP, and the failure of many other major projects over the years, is to demonstrate that change has manifested itself in a new culture of public service. Out of tragedy let there be transformation.

### **CONCLUSIONS | Embracing Adaptive Government**

**F.23** The default position that new policies proceed straight to large-scale roll-out should be reversed and instead new policy proposals should include a trial or demonstration stage, allowing new approaches to be developed fast and evaluated early.

**F.24** Staged decision-making for large projects should incorporate the allocation of seed funding to agencies to develop a business case and proof-of-concept, which can be tested before the project moves to a further stage.

**F.25** The Australian Government should fund an innovation competition to encourage experimental, innovative community and business proposals for improving the delivery of programs and services.

**F.26** In order to improve contestability and citizen choice, departments should facilitate the ability of contracted providers to take their own approaches to the delivery of agreed performance-based outcomes.

**F.27** As part of continuing effort to reduce red tape, greater efforts need to be made to engage with communities and businesses to understand how contractual conditions and administrative guidelines can be less prescriptive, making it easier to work with government.

**F.28** The APS should promote new forms of civil participation, including digital and deliberative democracy techniques, in order to enhance consumer-directed care, improve customer service, encourage greater citizen engagement and inform the public economy.

## The Future: Learning from Mistakes

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### **Peter Shergold AC**

*“Contemplating the past, I have discovered that I’m able to learn more from the failures I suffered as a public sector CEO than from the successes I enjoyed. Equally important, I have found that the public servants to whom I speak ... prefer to hear about the failures ... It helps people feel authorised to be more honest about their mistakes and —supported by colleagues—consider how best to make use of their experiences in the future”  
(2015)<sup>264</sup>*

**Peter Shergold was the Secretary of the Department of the Prime Minister and Cabinet from 2002 to 2007.**

## Acronyms

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AAT	Administrative Appeals Tribunal
APS	Australian Public Service
APSC	Australian Public Service Commission
ANAO	Australian National Audit Office
ANZSOG	Australia New Zealand School of Government
BCA	Business Council of Australia
BER	Building the Education Revolution
BRW	<i>Business Review Weekly</i>
CRO	Chief Risk Officer
DEEWR	Department of Education, Employment and Workplace Relations
DEWHA	Department of the Environment, Water, Heritage and the Arts
FOI	Freedom of Information ( <i>Freedom of Information Act 1982</i> )
GFC	Global Financial Crisis
HIP	Home Insulation Program
ICT	Information and Communications Technology
IRA	Implementation Readiness Assessment
MoPS Act	<i>Members of Parliament (Staff) Act 1984</i>
NBN	National Broadband Network
NPP	New Policy Proposal
OCG	Office of the Coordinator-General
PbR	Payment by Results
PCG	Project Control Group
PGPA Act	<i>Public Governance, Performance and Accountability Act 2013</i>
PM&C	Department of the Prime Minister and Cabinet
SES	Senior Executive Service
SRO	Senior Responsible Officer

## APPENDIX | ACKNOWLEDGEMENTS AND CONSULTATION

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Apis Group	Ernst & Young Australia
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Professor Peter Shergold AC was a senior public servant in the APS for 20 years. He established the Office of Multicultural Affairs in 1987 and headed the Aboriginal and Torres Strait Island Commission (ATSIC) from 1991. He was appointed Public Service Commissioner from 1995-98. He served as Secretary of the Department of Employment, Workplace Relations and Small Business from 1998-2002 and then as the Secretary of the Department of Employment, Workplace Relations. In February 2003 he became Secretary of the Department of Prime Minister and Cabinet for five years.

Today Peter has a portfolio career. He was installed as Chancellor of the University of Western Sydney in January 2011. He chairs Opal Aged Care and QuintessenceLabs. He is a non-executive director on the boards of AMP Ltd (where he chairs the Risk Committee), AMP Life, Veda Group and Corrs Chambers Westgarth.

Peter remains active in the public sector. He is chair of the NSW Public Service Commission Advisory Board and chaired the Partnership Forum in Western Australia. He headed the Ministerial Expert Group on Gambling under Prime Minister Rudd and, in 2013, completed a report on community service sector reform for the Victorian Government. He chairs the National Centre for Vocational Education Research and the Commonwealth's Higher Education Standards Panel and is a member of the Prime Minister's Indigenous Advisory Council. He chaired the Aged Care Sector Committee and continues to lead the NSW Social Investment Expert Advisory Group.

Peter is a Fellow of the Academy of Social Sciences (FASSA), the Australia and New Zealand School of Government (ANZSOG), the Institute of Public Administration Australia (IPAA), the Australian Institute of Company Directors (AICD) and the Australian Institute of Management (AIM). He is a Senior Research Fellow at Singapore Civil Service College.

## Endnotes

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- <sup>7</sup> In 2012, 39.37 per cent of the SES were women as compared to only 10.7 per cent of Top 200 ASX Executive Managers. According to AICD data as at 31 March 2015, the percentage of women on ASX 200 boards was just 20 per cent, whereas as at 30 June 2014 women held 39.7 per cent of Australian government board positions. Australian Public Service Commission, 2013–14 *State of the Service report*, Chapter 5, Senior Women in the APS, <<http://www.apsc.gov.au/about-the-apsc/parliamentary/state-of-the-service/state-of-the-service-2013-14/sosr-2013-14/theme-two-effectiveness/chapter-5/senior-leadership-in-the-aps>> Australian Institute of Company Directors (2014), *Appointments to S&P/ASX 200 Boards*, Statistics, Director Resource Centre, <<http://www.companydirectors.com.au>>
- <sup>8</sup> Employment of individuals from Indigenous and non-English speaking backgrounds remained steady between 2013 and 2014 (2.4 per cent and 15.5 percent of total employment, respectively). In 2014, 84 per cent of all APS employees were covered by a workplace diversity programme and 89 per cent of APS employees were covered by a formal strategy for the engagement and accommodation of individuals with disabilities. Australian Public Service Commission, *State of the Service Report 2013-14: Appendix 5, Diversity*, <<http://www.apsc.gov.au/about-the-apsc/parliamentary/state-of-the-service/state-of-the-service-2013-14/appendices/diversity>>
- <sup>9</sup> The Organisation for Economic Cooperation and Development 2015, *Achieving public sector agility at times of fiscal consolidation*, OECD Public Governance Reviews, OECD Publishing, p. 16, <<http://dx.doi.org/10.1787/9789264206267-en>>
- <sup>10</sup> For the first time in 2014, the number of Australians who trust government has fallen below 50 per cent, as have the number who trust business, Edelman 2015, 'Edelman TrustBarometer', <<http://www.edelman.com/2015-edelman-trust-barometer/>>
- <sup>11</sup> Hanger, I 2014, p. 300.
- <sup>12</sup> The concept of adaptation has been used as the basis for a variety of approaches in different contexts. For example, 'adaptive management' is used in environmental resource management, 'adaptive development' is used in the aid literature, 'complex adaptive systems' is used by complexity science and 'adaptive leadership' is used in human resources literature. Adaptive government draws on many of the same foundational concepts but applies them specifically to the government context.
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- <sup>20</sup> Australian National Audit Office 2010 Home Insulation Program—Department of Environment, Water, Heritage and the Arts, Department of Climate Change and Energy Efficiency, Medicare Australia, *Audit Report No. 12 2010—11: Performance Audit*, p. 26., Commonwealth of Australia, Canberra. <[http://www.anao.gov.au/~media/Uploads/Documents/2010%2011\\_audit\\_report\\_no\\_12.pdf](http://www.anao.gov.au/~media/Uploads/Documents/2010%2011_audit_report_no_12.pdf)>
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- <sup>22</sup> Hanger, I 2014, p. 306.
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- <sup>25</sup> Hanger, I 2014, p. 2.
- <sup>26</sup> Hanger, I 2014, p. 156.
- <sup>27</sup> Hanger, I 2014, pp. 26-27.

- <sup>28</sup> Hanger, I 2014, p. 5.
- <sup>29</sup> Hawke, A 2010, *Review of the administration of the Home Insulation Program*, Canberra; Senate Standing Committee on Environment, Communications and the Arts 2010, 'Committee report: Energy Efficient Homes Package: ceiling insulation', Canberra; and ANAO, *Audit Report No. 12 2010–11*.
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- <sup>32</sup> Hanger, I 2014, p. 5.
- <sup>33</sup> Hanger, I 2014, p. 27.
- <sup>34</sup> Hanger, I 2014, pp. 304-306.
- <sup>35</sup> Hanger, I 2014, p. 116.
- <sup>36</sup> Hanger, I 2014, p. 137.
- <sup>37</sup> Hanger, I 2014, pp. 114-119.
- <sup>38</sup> Hawke, I 2014, p. 43.
- <sup>39</sup> Hanger, I 2014, p. 3.
- <sup>40</sup> Hanger, I 2014, pp. 244, 260.
- <sup>41</sup> Hanger, I 2014, pp. 263-267.
- <sup>42</sup> Hanger, I 2014, pp. 285-293.
- <sup>43</sup> Australian Labor Party 2013, *Statement on Government Action on Home Insulation Program*, media release, 9 August <[http://www.alp.org.au/cm16\\_090713](http://www.alp.org.au/cm16_090713)>
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TANNER JAMES  
•MANAGEMENT CONSULTANTS•

# Enhancing policy implementation capabilities in the Public Sector

A guide to programme and project management  
training and workplace learning

# Introduction

The purpose of this e-book is to provide information to public service departments and agencies facing policy implementation challenges or considering programme or project management training.

It is designed to help decision-makers:

- Determine whether programme or project management is relevant to the challenges faced;
- Have an awareness of global best practice programme and project management frameworks; and
- Know what things they should consider, including the role of senior executives, available qualifications and how learning is translated into workplace practices.

If after reading the e-book you would like more information, please contact us:

 1300 774 623

 [info@tannerjames.com.au](mailto:info@tannerjames.com.au)

We will be happy to meet with you to have an obligation-free conversation about your specific circumstances.

## About Tanner James

Founded in 1994, Tanner James has an unequalled track record in helping public service departments and agencies build their capability to manage benefits-led change and deliver new policy initiatives using best practice programme or project management frameworks. We have trained thousands of people and have assisted hundreds of programmes and projects.

We hold international and national training and consulting accreditations and also conduct examinations and competency assessments. Tanner James is committed to practical application of learning in the workplace and flexible delivery of services to meet client needs.



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# Policy implementation capabilities and why are they needed

In 2014 Ian Hanger AM QC led the Royal Commission into the Home Insulation Program. He said in the Report of the Royal Commission:

“I do not think the deficiencies I have identified are ones that could only have occurred in the specific circumstances of the Home Insulation Program. Several systemic or fundamental shortcomings can be identified which not only are capable of repetition ... but which might be avoided through diligence and the taking of some additional measures. I would recommend that the Australian Government use the experience of the Home Insulation Program as a means by which to learn from the mistakes identified in the report, many of which can be traced to overconfidence and unrealistic optimism.”

In response the Australian Government asked Professor Peter Shergold AC to lead an independent review of Government processes for the development and implementation of large public programmes and projects. Professor Shergold delivered his report *“Learning from Failure: Why large government policy initiatives have gone so badly wrong in the past and how the chances of success in the future can be improved”* in 2015. The report is available on the APSC website [here](#).

The report identified ten key lessons that emerged and can be learned, including:

1. Policy is only as good as the manner in which it is implemented.
2. As the public service fully commits itself to measuring results by outcomes, program management needs to be accorded far greater professional status.

From the key lessons the review identified six reform directions, one of which was **Enhancing Program Management**, itself underpinned by four specific proposals for improvement:

- D.13 *The Australian Public Service Commission should work with industry associations to develop standards of proficiency for public sector project and program managers, with agencies committing to support these staff through career development opportunities, continued education and participation in professional communities of practice.*
- D.14 *For all projects and programs, there needs to be a clear understanding about who accepts end-to-end responsibility for managing implementation, wields delegated authority and where accountability resides.*
- D.15 *The APS should establish a ‘tiger team’ capacity by which service wide expertise can be harnessed to assist Senior Responsible Officers in the management of high risk, large-scale projects.*
- D.16 *Whilst acknowledging that different departments have different workforce needs, Senior Executive Service selection criteria should place greater emphasis on program leadership when considering a candidate’s demonstrated breadth of experience.*

# How Programme and Project Management can help

Policy implementation usually involves the introduction of change to public service departments and the outcomes to be delivered. Often this change is on a large scale. Introducing such change brings with it a number of features and challenges:

- Working across organisational boundaries inside and outside the public service;
- Dealing with multiple stakeholders and conflicting interests;
- Knowing who has accountability and responsibility for what;
- Maintaining alignment between strategic objectives and day-to-day work;
- Creating clarity of purpose, such that all involved know what must be done by when;
- Working with new and unfamiliar concepts or technologies, often in demanding timescales.

Programmes and projects are the means by which we introduce change.

- A Programme is created to coordinate, direct and oversee the implementation of a set of related projects and activities in order to deliver benefits related to an organization's strategic objectives.
- A Project is created for the purpose of delivering one or more business products according to an agreed Business Case.

Programmes and projects are both temporary, flexible organizations, and are run using the professional disciplines of programme management and project management.

- Programme Management is the coordinated organization, direction and implementation of a dossier of projects and transformation activities (i.e. the programme) to achieve outcomes and realize benefits of strategic importance to the business.
- Project Management is the planning, delegating, monitoring and control of all aspects of the project, and the motivation of those involved, to achieve the project objectives within the expected performance targets for time, cost, quality, scope, benefits and risks.

Implementing change in the public service is much easier when programmes and projects are correctly set-up as temporary organizations, and effectively governed and managed by public servants who have the required competencies for their programme or project management roles.

# Global Best Practice for Programme and Project Management

Programme management and project management are professional disciplines. Yet as the Shergold Review observed:

“The terms ‘project management’ and ‘programme management’ are often used interchangeably in the APS without full understanding of their meaning.”

Fortunately proven, global best practices are available for the implementation of large public programmes and projects in Australia and internationally. Employing a best practice programme or project management framework increases the odds of success by building the necessary skills to help organizations manage and deliver change while obtaining real, measurable value. Embedding them in an organization will support the delivery of strategic policy objectives in the most cost-effective way possible.

AXELOS’ best practice guidance and certifications, developed over 30 years in partnership with government, industry and academia, help address the challenges for organizational change. AXELOS Global Best Practice include:



**PRINCE2®** - the world’s most practiced project management method, and the de facto standard for Australian public sector projects. It provides guidance that gives individuals and organizations the essentials of running a project, is easy to learn and a flexible method that can adapt to all types of project.



**PRINCE2 Agile®** - combining the flexibility and responsiveness of Agile with the clearly defined framework of PRINCE2. PRINCE2 Agile integrates with portfolio, programme and project management, enabling faster and better decision-making, accelerating the policy-planning cycle, enabling earlier delivery of benefits at programme level, providing a controlled project environment and resulting in better implementation of digital transformation projects.



**MSP®** (Managing Successful Programmes) – enables departments and agencies to turn a major policy objective into a reality. To minimize risk, manage dependencies and prioritize the benefits required from change, it focuses on managing large scale change and stakeholders, delivering strategic objectives rather than just co-ordinating a group of projects.

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# Programme and Project Management Learning Considerations

Adopting programme or project management frameworks is not simply a matter of sending individuals on training courses to attain qualifications. Indeed, based on the 70:20:10 model advocated by the APSC, only about 10% of learning occurs in formal classroom training:

- 70%—informal, on the job, experience based, stretch projects and practice
- 20%—coaching, mentoring, developing through others
- 10%—formal learning interventions and structured courses.

As the State of the Service Report 2014-15 stated:

*“The role of on-the-job learning has been a focus of public and private sector organisations for some time. This has been driven by concerns about the adequacy of and the return on investment provided by face-to-face training.”*

Tanner James recognises that classroom training is only one small part of learning, and that becoming “qualified” through exams is the start of a journey, not the end of it. There are many more factors to be considered when considering learning, including:

- the level of those seeking new skills (e.g. APS6, EL1, SES1)
- the role each person will be playing in relation to a programme or project
- how many programmes or projects are being run
- the range of programme or project management experience of the participants
- the desired learning outcomes for participants
- what time people have to commit to learning

A **Learning Considerations Checklist** is provided at the end of this guide to help decision-makers provide direction on what they are seeking.

# Senior executive involvement

A common misconception is that programmes and projects can be delivered by appointing a programme or project manager and letting them get on with it. Nothing could be further from the truth. Programmes and projects are both organizations - temporary, flexible ones - and therefore require leadership and direction in the same way as any organization does, big or small.

The Shergold Review reinforced this, stating that:

“For all projects and programs, there needs to be a clear understanding about who accepts end-to-end responsibility for managing implementation, wields delegated authority and where accountability resides”. The review also said that “Senior Executive Service selection criteria should place greater emphasis on program leadership when considering a candidate’s demonstrated breadth of experience.”

Senior executives who are appointed to any leadership roles such as SRO, Project Sponsor, Programme or Project Board member must be equipped with the knowledge and skills to perform their role effectively. This means having an understanding of programme and project management disciplines from an executive perspective, and how they relate to the wider strategic context of public sector delivery and reform.

Senior executives do not want or need the detailed knowledge possessed by experienced and competent programme or project managers; nor do they have time to attend training courses that run for days. They do want to know how to direct and work with such individuals, and also how to avoid the pitfalls commonly experienced when staff are inexperienced.

In terms of MSP or PRINCE2, senior executives want to understand the essence of things and know how to ensure pragmatic application of these frameworks and to avoid common traps such as too much documentation. For all senior executives time is precious, so they can only spare a few hours to attain the level of understanding they need in order to be able to provide overall direction to projects or programmes using MSP or PRINCE2.

# Workplace implementation

Programme management and project management disciplines can only be mastered through experience. This often presents a dilemma for departments and agencies that need to manage the implementation of major new policies or reforms: they find themselves having to choose between using employees who lack the necessary skillsets, or external providers who have more skills but do not have the subject matter insights and experience that public servants have.

Staff can be sent to attend formal training, however all courses must be focused on pragmatic application within your workplace and run by appropriately qualified programme and project management professionals, who have deep experience of public sector programmes and projects. Case studies must be based on the actual projects and programmes on which participants are working.

Learning only begins in the classroom, it does not finish there. Programme and project managers require access to on-the-job face-to-face coaching and support that complements initial classroom learning. Such assistance must be timed for delivery as and when programmes and projects need it, and made available to all roles, including senior executives, team members and business managers, not just programme managers and project managers.

Training and workplace coaching must equip staff members with skills and competencies that align to departmental learning and development pathways, APS development priorities and the Australian Qualifications Framework (AQF) - the AQF is the national policy for regulated qualifications in Australian education and training.

Workplace coaching and support in the application of frameworks such as PRINCE2 and MSP is best delivered by suppliers who are AXELOS Accredited Training Organisations (ATOs), AXELOS Consulting Partners (ACPs), and Registered Training Organisations under the AQF.

# Formal Qualifications

The Shergold Review made the following observations in respect of formal qualifications:

“The importance of formal qualifications should not be underestimated. One of the best levers to mitigate risks associated with programme delivery is to have properly trained and certified practitioners.”

*Project and programme managers require minimum standards of competency and ongoing professional development*

There are a range of qualifications associated with AXELOS frameworks – Foundation and Practitioner being the most commonly sought.

In most cases the Foundation qualification is a multiple choice exam that lasts an hour; the Practitioner qualification is a more complex exam that lasts over two hours.

Training course participants often feel the pressure of having to take an exam at the end of a course. They don't want to leave with just a qualification; they want to be able to apply their learning in their workplace; however it can be hard to concentrate on real learning when they feel they must focus their time on making sure they will pass the exam.

For training to be effective there must be a way to alleviate this pressure. If participants decide at any time (before or during their course) that they don't feel ready to take any exam, they should be able to postpone the exam to another time and be able to sit it after the course when they have had an opportunity to study and feel ready to do so.

Some people don't want exams. They would rather undertake competency-based assessment, and gain a nationally recognised qualification in project management, and be assessed based on actual application of their skills on the project on which they have been working.

# FAQ's

## “Can MSP and PRINCE2 work for Digital Transformation and Agile?”

Yes. Both frameworks are specifically designed for managing transformational change and/or in an Agile way. MSP is designed to accommodate high levels of complexity, ambiguity and risk, and PRINCE2 has been fully matched with Agile, with detailed guidance available.

## “Are these programme and project management approaches just for IT-related change?”

No. The Shergold Review was not IT-related. It set out to make practical recommendations to enhance the capacity of the Australian Government to implement large public programmes and projects. Its lessons, reform directions and proposals for improvement are designed to develop robust and effective governance and accountability arrangements for such programmes and projects. It took account of best practices on the nature and effectiveness of public policy processes and the implementation of large public programmes and projects in Australia and internationally.

## “I recognise there is a lot to this - where do I start?”

The answer will depend on your specific requirements, however in broad terms there are three steps to improving programme and project management capabilities in the public sector:

1. People gain an initial understanding of the approaches available;
2. Programmes and projects apply the approaches in a way that is appropriate for them;
3. Organisations tailor approaches based on experience to establish effective frameworks

## “How can I obtain more information specific to my situation?”

Please telephone us on 1300 774 623 or email [info@tannerjames.com.au](mailto:info@tannerjames.com.au)

# Additional Information

## Programme and Project Management Learning Considerations Checklist

- Number of people to be trained .....
- Level of attendees .....
- Number of programmes/projects being run by organisation .....
- Prior experience .....
- MSP/PRINCE2 usage .....
- PMO status .....
- PMO contact .....
- PMO role in this training .....
- Programme/project position in lifecycle .....
- Desired learning outcomes .....
- Participant availability .....
- Timeframe .....
- Procurement mechanism (if applicable panel details) .....
- Formal qualification(s) sought .....
- Delegate / decision maker .....

Comments .....

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# Value for Money

Tanner James offers the best value for money. There may be other companies offering what appears to be cheaper training; however we offer a unique approach to delivering high quality learning that is successful and allows participants to complete the work and apply their skills on the job. This translates to long term benefits for you.

Tanner James achieves better value for money by differentiating the fees for our training service (per day) from the participant (per head) fees. This is because the participant price we charge our clients is driven by the fixed input costs of training materials and as appropriate publications and examinations, to which we add only a small margin to cover administration costs.

In addition, we wish to highlight that you will receive additional tangible financial value from Tanner James, arising from the unique additional elements included with every three or four day MSP or PRINCE2 course:

## Workplace Implementation Pack

Designed to give participants understanding and knowledge about practical application in the workplace, the Workplace Implementation Pack is focused on helping participants implement the training when they get back to the workplace. The Workplace Implementation Pack consists of:



A free half-day Implementation Workshop to help answer participants specific questions about implementation in the workplace.



Free telephone support from the trainer the month following the course.



A free implementation checklist so that participants are well placed to hit the ground running when they get back to work.

This pack is valued at over \$2,300 inc GST.

## FREE SES Executive Briefing



The highly engaging Executive Briefing equips SES officers with the understanding they seek in order to be able to provide overall direction to programmes and projects. This briefing is valued at over \$2,200 inc GST.

## Case Study Sessions



We use case studies based on your organisation's actual current projects and programmes. This gives participants a practical way to look at learnings.

## Flexible Exams and Course Attendance



To ensure attendees are focused on learning about practical application in the workplace rather than passing an exam, we work with you to find an exam delivery plan to suit your needs - at no extra charge.



We can schedule training to suit staff availability or the current focus of their project. For example splitting the course over two or more weeks. We will discuss this approach with you and together work out a delivery plan to suit your needs.

# Questions?



**TANNER JAMES**  
•MANAGEMENT CONSULTANTS•

If having read this e-book you would like more information, please contact us.



1300 774 623



[info@tannerjames.com.au](mailto:info@tannerjames.com.au)

We will be happy to meet with you to have an obligation-free conversation about your specific circumstances.