The Service Priority Review received the following submissions from the public sector:

- Commissioner for Children and Young People
- Community of Practice of Chief Human Resource Officers
- Department of Communities
- Department of Finance
- Department of Health
- Department of Local Government, Sport and Cultural Industries
- Department of Mines, Industry Regulation and Safety
- Department of Treasury
- Department of Water and Environmental Regulation
- Horizon Power
- Kat Lothian, Department of Primary Industries and Regional Development
- Landgate
- Mark Woffenden, CEO Minerals Research Institute of WA
- Policy Think Tank
- Public Sector Commission
- State Records Office of Western Australia
- Western Australian Museum
- Wheatbelt Development Commission
Mr Iain Rennie  
Chair  
Service Priority Review Panel  
Locked Bag 3001  
WEST PERTH WA 6872

Dear Mr Rennie

The Commissioner for Children and Young People has a statutory responsibility to monitor, promote and advocate for what is in the best interests of children and young people in Western Australia. In undertaking these responsibilities I must give priority to the interests and needs of Aboriginal and Torres Strait Islander children and young people and children and young people who are vulnerable or disadvantaged for any reason.

I have attached a brief summary of the current projects my office is working on which demonstrates the breadth of issues that impact on children and young people, and the nature of the work we undertake.

As you undertake the Service Priority Review for the new Government, I would like to provide you with a brief outline of the key priorities I have identified to address the critical issues affecting the wellbeing of children and young people across our State in relation to the three key areas identified by Government for the Service Priority Review:

- measures to develop a more effective, outcome focussed, adaptable and accountable public sector that is aligned to the Government's strategic priorities;
- measures to deliver services in an efficiently and financially sustainable way; and
- measures to provide different, better and lower cost services, where appropriate.

The need for an accurate system for monitoring and measuring progress

In undertaking my role to monitor the wellbeing of children and young people I have been surprised by the lack of appropriate data to support and guide service development and delivery. Ensuring efficient and effective expenditure must include sound trend line data that is used and valued to direct funding and assess current and future programs. Consequently I strongly support the introduction of outcome focussed measurement.
In 2014 this office conducted a review of the implementation of recommendations made in an earlier Inquiry into the mental health and wellbeing of children and young people in WA. While it was clear that over the 4 year period since the Inquiry there had been considerable activity in the area of mental health, it was impossible to establish what impact this activity had on the mental health of children and young people.

Similarly, this office has called for a review of parenting programs in WA to establish whether the parents who needed the services were receiving them and to what effect. The significance of family dysfunction in underpinning the need for costly child protection and youth justice services is not being met by the plethora of agencies currently funded to support families. The Department of Community Services (previously the Department of Local Government and Communities) has undertaken a review of parenting services and I recommend that the Service Priority Review Panel request a copy of the consultation report to consider in its review process.

The measurement of outcomes is vital however, in comparison to measuring outputs or activity, it is challenging to establish appropriate indicators and obtain meaningful data. I believe that the WA Data Linkage System at the Telethon Kids Institute provides a valuable opportunity to monitor the wellbeing of children in WA and the production of regular, transparent reporting on key areas would provide a considerable improvement in the availability of data to show improvements and focus attention on areas requiring further effort.

Consistent with my statutory functions, it is also important that we gather data directly from children and young people to monitor, first-hand, the issues that impact on their wellbeing directly and the outcomes they experience. Working with researchers from Telethon Kids Institute (TKI) and the University of WA, I have been developing a proposal to undertake a regular survey of children and young people across the state. Based on the earlier Child Health Study conducted by TKI in 1994 and a similar project that has been undertaken in New Zealand for some time, the survey will gather data across a comprehensive set of indicators and provide early indication of emerging trends and issues to inform policy and service delivery.

Such a survey will ensure that we have the necessary information to guide decision making and service delivery to improve the outcomes for children and young people across the state.

Oversight and service accountability

The oversight of agencies has been consistently identified in Inquiries as critical to the effective and efficient functioning of agencies and in improving the safety of children and young people. Importantly, oversight must also be undertaken in an effective and efficient manner, and must be seen as a core aspect of monitoring and influencing service provision. Consistent with the recommendation from the Joint Standing Committee on the Commissioner for Children and Young People’s report ‘last year, my office is also currently mapping the independent oversight of services for children and young people in WA to further examine what is working well and what developments are required to ensure an efficient and effective system of oversight.
The significantly poorer outcomes for children and young people engaged with both the child protection service and the youth justice service is indicative of these services failure to meet the needs of the children, and their families. With the cost of both of these systems escalating it is vital that more is done to improve the accountability of these systems to effectively address the problems.

It is clear however, that vulnerable children and young people need additional support to raise and pursue complaints, and access services and supports when needed. I strongly support the need for an individual advocacy service that can provide a ‘temperature check’ on the implementation of policy and procedure and inform systemic improvement at the same time as protecting the rights of vulnerable children and young people.

**Investing in long term efficient and effective services**

While the majority of children and young people in WA are faring well, a number of factors contribute to vulnerability of some children resulting in poorer outcomes across indicators of health, education and safety.

More than $700 million dollars was spent in total on child protection and youth justice services in WA in 2015-16. Preventing children from coming into these services can only be addressed by having effective systems and services for identifying and supporting families who are in need. This will require a mix of early intervention, ongoing support and crisis intervention services.

Intergenerational disadvantage is often the precursor to child abuse and neglect, disengagement from school and involvement in offending behaviour. A long term view of the effectiveness of services must underpin reform and achieve improved outcomes in this area. Investment in prevention and earlier intervention must increase to arrest the spiralling cost of acute care in the longer term. I believe that the early warning system of poor achievement and disengagement at school is a vital factor in intervening early and effectively. Coordinating services to identify and support vulnerable children and young people, and their families, through schools would provide an efficient and effective means of accessing the vast majority of children and young people through existing infrastructure.

For some children and young people further system improvement is also critical. While the number of children and young people in the child protection and youth justice systems is relatively small, the cost of acute end service provision is considerable. I provide the following as suggestions for improvements in these specific areas:

**Youth Justice Services**

The need for a forensic mental health service to better serve the needs of children and young people in the youth justice system is critical to this, with underlying trauma a significant factor in their offending behaviour and ultimately their rehabilitation.

Investment in effective diversionary services that actively reengage young people in education is critical.

For those where a period of detention is necessary as a last resort the development of infrastructure at a regional level is required to cease the costly,
ineffective and potentially damaging current practice of transporting young people to a single large metropolitan based service. Such services must be staffed with experience and well trained staff that are able to respond effectively to the challenging behaviour of these young people and engage them in more productive outcomes. Addressing mental health, engaging them in learning, and ensuring a supportive home life, within the facility that continues upon release will be critical to prevent reoffending. Experience elsewhere in the world has indicated that smaller (8 – 10 person) facilities, based on a therapeutic framework, soundly implemented, is much more likely to be effective in addressing offending behaviour.

Child protection services

Children in the out of home care system should also be provided with a high level of trauma informed care, support and access to mental health treatment.

The increasing reliance on family based care for placement of children in the care of the State requires review. The capacity of extended family members to support additional children must be considered and supplementary support provided to ensure the needs of these children are met, they are safe and supported. This is vital to ensuring the children are engaged positively in education and achieve outcomes consistent with children not in the care of the State.

The additional burden of disadvantage experienced by Aboriginal and Torres Strait Islander children and young people is well recognised and apparent in their considerable overrepresentation in the child protection and youth justice systems. Addressing this issue requires the development of Aboriginal led services that are fully engaged with local communities and can tackle both the underlying causes of family dysfunction and respond to the immediate safety needs of children and young people when necessary. I would fully support the recommendation of my Joint Standing Committee for the resourcing of a position of an Aboriginal Deputy Commissioner for Children and Young People to be based in my office to lead and guide this work with the Aboriginal community.

In summary, I support the direction to reform and better align services and supports across government in an effort to achieve greater outcomes and efficiencies, particularly in addressing critical issues affecting the wellbeing of children and their families. Based on the volume of work undertaken by this office since inception, I would recommend in implementing your reforms that the Government:

- establish effective monitoring systems for tracking the wellbeing of children and young people to ensure we are achieving positive outcomes
- improve the effectiveness of independent oversight mechanisms to contribute to the ongoing monitoring of service delivery
- focus on evidence based, prevention and early intervention services that address family dysfunction, mental health, and school disengagement
- support Aboriginal led initiatives and services to address problems and empower Aboriginal communities to affect the changes they desire.
I would be happy to discuss this further or provide further information as required. I look forward to seeing the recommendations of the review and working with the Government to continue to improve the wellbeing of children and young people across WA as an important investment in the future of all West Australians.

Yours faithfully

[Signature]

COLIN PETTIT
Commissioner for Children and Young People WA

5th July 2017

1 Joint Standing Committee on the Commissioner for Children and Young People (2016) Everybody’s Business: An examination into how the Commissioner for Children and Young People can enhance WA’s response to child abuse. Report No. 7. Parliament of Western Australia
STATEMENT OF POSITION – CHRO COMMUNITY OF PRACTICE

The Community of Practice of Chief Human Resource Officers believes that the current processes of reform in the machinery of Government provide an opportunity for a comprehensive review of the Public Sector Management Act 1994 (the Act), undertaken with the intent to bring the legislation underpinning management of the public sector into better alignment with contemporary demands for agility and flexibility in employment practices across the sector.

The Act was drafted in the early nineties and reflects twentieth century conceptions of employment practices in the Administration component of Westminster systems of Government. Twenty first century society has been transformed in relation to both the impact of digital technologies and demands for agile and flexible modes of the organisation of work.

To date, the only significant change made to the Act since 1994 has been in the regulations relating to redundancy and redeployment. There is as yet no evidence that the changes to the regulations have made any significant difference to the ability of agencies of Government to adjust workforce numbers in response to changes in the design of service delivery.

The Community of Practice believes that review of the Act and particularly the provisions of Part 5, may lead to more effective management of the human capital of the sector.

The Community of Practice would welcome an opportunity for representatives of the community to discuss this proposal for review with the Public Sector Commissioner.
CHIEF HUMAN RESOURCE OFFICERS COMMUNITY OF PRACTICE

TERMS OF REFERENCE

Role of the Community of Practice:

The Chief Human Resource Officers Community of Practice (CHROCP) is a community of senior HR practitioners in the WA public sector gathering to share knowledge, information and concerns about the effective, efficient and equitable use and development of human capital in a State public sector context. It also acts as a community with expert knowledge to influence decisions of actors in the public sector context in order to optimise human capital returns for the people of the State of Western Australia.

Membership:

The Community of Practice will be open to all Human Resources Practitioners in Western Australian State Government agencies who hold the most senior, or Chief Human Resources Officer role, in their organisation, provided that a maximum of twenty nominees will constitute the Community meeting formally in any given year. Practitioners must indicate their willingness to remain active in the Community at the commencement of each year.

Chair – Term and Condition of Eligibility:

The Community of Practice will elect from their membership at the commencement of every second year, and for a two year term, a Chair who will be a Chief Human Resource Officer who has a position on the Corporate Executive of the agency they serve.

Responsibilities of the Chair:

The Chair will be responsible for convening, at least four times in any calendar year, a full meeting of the Community of Practice. The Chair, on advice from members of the Community (both solicited and proffered) will determine an Agenda for Discussion at each Meeting of the Community of Practice.

The Chair assumes responsibility for providing members of the Community with the Agenda one week prior to the meeting. The Chair assumes responsibility for minutes of the meeting to be taken, and provided to members within one week after the meeting.
Agenda:

There will be Standing Items on the Agenda, to ensure consistent focus on: 1) matters impacting on HR practice in the Sector; 2) Actors in the sector significantly influencing HR practice; 3) developing professional HR practice in the public sector. Suggested Standing Items are:

1. Machinery of Government changes proposed and response of the Community
2. Public Sector Commission, Commissioners Instructions, Redeployment and Redundancy, Performance Management.
3. Industrial relations policy, Department of Commerce advice, relationship with Sector Employee Relations group, Treasury role and impact on HR management at agency level.
4. Success Profile, Career Paths, Professional Development for public sector HR professionals.

Other items for consideration on the Agenda must be submitted to the Chair a minimum of two weeks prior to a meeting of the Community.

Outcomes of Practice meetings:

Where a meeting of the Community determines that views of Chief Human Resource Officers need to be communicated to Government the meeting will prepare a Statement of Position Paper, to be endorsed by members present at a meeting of the Community, and distributed to members not present to ensure the majority of practitioners supports the Statement of Position.

Invited attendees and observers:

The Chair and individual members may suggest invited attendance by other officers in the Public Sector where such attendance may profit the understanding of the Community. The Chair and individual members of the Community may suggest that individuals from central agencies may be invited as observers of meetings of the Community, where it is felt observers may profit the Community by their understanding of its concerns. In both cases 75% of members present when suggestions are made must support invitations being extended.
SERVICE PRIORITY REVIEW
DEPARTMENT OF COMMUNITIES SUBMISSION

RECALIBRATING THE SYSTEM

Summary

As noted in the interim report, solving society’s biggest problems demands reform of the architecture and culture of the public sector. Structural changes and blunt instruments such as salary caps, voluntary redundancies and SES reductions won’t do it. Nor will the best of intentions around person-centred, locally-designed, collectively impactful services.

The public sector is a system—notably of executive, administrative and judicial bodies—many of which have a profound effect on the performance and leadership of portfolio agencies.

The sector needs new organising principles. Alongside much-needed changes to portfolio agencies such as the new Department of Communities, there needs to be a recalibration of the enabling structures that sit at the top and centre of government. The focus must shift from control and compliance, to helping agency heads get the right people, working on the right things, at the right time, in the right ways, to get the right outcomes—all within an ethical and fit-for-purpose risk management framework.

This shift is critical as the external environment becomes increasingly complex due to rapid and significant social, economic and environmental change, and increased citizen expectations. Demands have changed and so must the system—at every level. As recent examples such as the slow regulatory responses to Uber and on-line gambling have shown, linear thinking is no longer adequate for 21st century public policy problems.

Such a shift is also critical in a context of resource constraint. Agencies are being asked to do more within existing budgets, and soon will be asked to do more with less. This task is achievable, but only if we see a fundamental shift in mind-set across the sector and major changes to the rules, processes and practices that are foisted upon agencies.

A more adaptive, high-performing sector will mean confronting some ‘sacred cows’, risk appetites and trade-offs (for example, between process and outcomes, uniformity and innovation, value for money and public value), along with a level of political courage and central government stewardship not seen in Western Australia for many years.

As the current leadership team of the Department of Communities, we strongly support the design-led approach in the interim report. Our submission focuses on complementary thinking and implementation ideas across the four themes and sub-headings of the interim report. It is offered in the context of an agency that is highly motivated to change the outcomes for people and communities in WA, is already reforming from within, and that wishes to be part of the solution to what ails the public sector, not part of the problem. Alongside our own reform efforts and those of other portfolio agencies, what we are seeking is a more facilitating, and less restraining, authorising environment—so we can make even more of a difference.

If the government wants better outcomes for the people we serve, the next question should be ‘what will it take’ to enable agencies like ours to achieve this?
1. Building a public sector focused on community needs

The factors causing sub-optimal performance in the WA public sector outlined in section 1 of the interim report echo the challenges the Department has sought to address in designing how it will operate into the future.

We also suggest that a lack of across-agency and across-sector collaboration, coupled with limited genuine community co-design of services, has led to a plethora of ‘single impact’ projects and programs across government. While some of these have been beneficial, there has been little incentive or impetus to pursue initiatives that generate collective community impact.

As shown in Figure 1, shifting the balance toward person-centred responses, collective impacts, and thoughtful devolution of service planning, design and delivery to regions is critical.

Putting people at the centre, and good lives rather than good programs, are central tenets of our reform and potentially galvanising principles for aspects of broader public sector reform.

Figure 1: Shifting the balance

1.1 Improve service design and delivery

We support the interim report on the need for greater co-design with individuals and the community, particularly the observation that “underpinning customer involvement across the spectrum is the need for the sector to understand, use and appropriately share the data it holds”.

As a Department, we intend to push beyond co-design into co-commissioning and co-production of services, where appropriate.

The following observations are some suggested focus areas and examples for improving service design and delivery, and outcomes.

Putting individuals and families at the centre

In recent years, the public sector has made some progress in strengthening partnerships with the community services sector. However, these relationships are still largely contractual and based on what public sector agencies determine should be funded. While agencies value the connection that community sector organisations have to local communities, this connection is only exploited in one direction. That is, opportunities to gather service usage and client experience information, to inform ongoing service design and delivery, are being missed.
Genuine co-design and co-production requires a level of operational maturity and capability, risk acceptance and agility that is not a current characteristic of the public sector. The best way to overcome the silo mentality and to encourage whole-of-life, outcomes-focused thinking in policy and service design, is to design responses around the individual and the family or community in which they live.

Approaches such as the well regarded ‘Local Area Coordination’ (now Local Coordination) scheme (see Case Study 1, Attachment 1) focus on really getting to know people in the context of their family and community. This reconceptualises service users from being passive clients to active participants in the design and delivery of appropriate supports. It also means formal programs and services are not always the central part of individual plans or solutions.

For example, contributing funding for a surfboard to enable a ‘surfing mad’ teenager with a disability to engage with the local surfing club (with all the associated benefits that brings) was a more efficient and effective option for one local area coordinator than a traditional service response such as funding a support worker or after school program.

This way of thinking and working enables people to have a strong connection to community and achieve their personal goals, and is especially important in areas of the State where there is little in the way of service options or providers. It is also one of the reasons why the average cost of individual disability plans in Western Australia is around 40 per cent less than the national average. However, this outcomes-focused, individualised approach significantly challenges the predictable, bounded program focus of government and in particular, its oversight agencies.

**Proposed Actions**

- Develop a framework and tools for co-design and co-production that goes beyond simply working with the not-for-profit sector or third party providers (e.g. moving beyond the Delivering Community Services in Partnership Policy).
- Adopt an individualised planning approach and the concept of a single point-of-contact role (such as the original local area coordinator role), together with associated changes to enable individualised funding, more broadly across human services agencies.

**Collective impacts from a single investment**

There needs to be a reorientation of thinking and services within government, with a focus on achieving multiple outcomes from single investments or initiatives. An example of how this can be achieved is the Department’s transitional housing initiative in the Kimberley (see Attachment 2), which has facilitated potentially life-changing results across a range of indicators. It used access to well-located, high quality new housing to incentivise tenant commitment to education, employment and family functionality outcomes—all of which contribute significantly to families taking up available opportunities and generational change.

Going forward, other opportunities will also be explored by the Department, including wider co-design and co-production of services across sectors and governments, and deploying more commercial savvy and innovation in the traditional social services space.

**Proposed Action**

- That Cabinet submissions include a section on how the proposed initiative could be leveraged to support multiple government policies and priorities.

**Commissioning approaches and capability**

There needs to be an integrated and outcomes-focused approach to the commissioning of services, complemented by an emphasis on building the capabilities of both the public sector and organisations contracted to deliver outcomes. A key element of this approach would be to better facilitate joint commissioning of services by State agencies (and potentially other levels of government) in response to place-based challenges.
To facilitate an improved approach to commissioning, a more proactive role by central government is required to build capabilities. The role of central government in building commissioning capability is seen in the United Kingdom, where the Cabinet Office (the agency that supports the Prime Minister and Cabinet) has established the Commissioning Academy, a professional development program for public sector leaders (Case Study 2, Attachment 1).

**Proposed Action**
- An across-sector plan be developed to build capability in commissioning, co-design and co-production.

**Invest in the right services at the right time**

Early intervention is a concept that is commonly talked about in public sector policy and recognised as critical to changing the long term outcomes for individuals and communities. However, it tends to be eclipsed by crisis-driven, response-based service delivery. Effective service design needs to facilitate investment in the right services at the right time and be guided by better (actuarial) data on the return on this investment for both government and the community.

### 1.2 Deliver better services through digital transformation

We strongly support opportunities to transform transactional service design and delivery by improving the public sector’s harnessing of technology. Maximising the ability to access and deliver services digitally will increase the efficiency, availability and seamlessness of government services, improve the customer experience, make life easier for clients (especially around major life events such births, marriages or divorces, address changes, and setting up a business) and enhance collaboration between contributing agencies. Delivering services online is not only faster and more cost effective, but is often a preferred environment for service users and can improve access to services, particularly for people in regional and remote communities.

The development of a single citizen identifier and centralised customer account for online government services may provide an effective platform to enable online access to multiple government services. Alternatively, the State Government could follow the Victorian Government in leveraging the Commonwealth Government’s investment in myGov (Victoria has added its public housing register to the Commonwealth Government services available through myGov).

A central account initiative would need to be complemented with more tailored responses to specific client needs, based on better data and analytics gained from in-built monitoring and data-harvesting facilities. The HOLMES data visualisation tool used for the WA NDIS allows the Department to monitor the overall sustainability of the scheme and make strategic and operational decisions regarding market development and service delivery that are tailored to specific client groups, sites and regions (further detail at Case Study 3, Attachment 1).

**Proposed Actions**
- Strengthen the authority and accountability of the Office of the Government Chief Information Officer in its stewardship of a whole-of-government digital strategy.
- Attach OGCI0 to the PSC (rather than Finance) to set up OGCI0 to be about excellence, innovation and leadership across the sector.
- Reinforce the role of the OGCI0 in leading the creation of common data sets and modelling capabilities across public sector agencies.
- Mandate data linkage protocols such as a single citizen identifier.
- Adopt comprehensive privacy and data sharing legislation to facilitate greater sharing of information.
- Reduce the complexity of dealing with government for services users by establishing a common digital portal/single source of truth for government services, along with the provision of more services online (noting the positive development of the Government’s ServiceWA portal for transactional services).
1.4 Recognise community needs in designing and delivering services

This focus area flows on from the observations made earlier regarding the need to put individuals and families at the centre. The Department strongly supports the need for more place-based models of service delivery to meet the needs of the entire State, including regional and remote communities. There is also a critical need for better engagement and collaboration with Aboriginal people (which should be facilitated at a whole-of-government level in order to demonstrate the government commitment) and to employ more Aboriginal people within the public sector.

Effective place-based models will require broad reform and across-sector collaboration, including changes to public sector architecture that facilitate regional-based planning, governance and decision-making, and the devolution of control and resources to the regions.

The implementation of place-based models will further require a redesign of funding and accountability flows across government, including better mechanisms for agencies to pool funding, and more effective expenditure and outcomes tracking. It would also ideally include longer-term budget allocations, potentially for a period of four years, to increase capacity for strategic planning and investment. Moreover, it requires better collaboration models between State agencies and other levels of government. Such collaboration could be based on a lead agency model, along with tailored budgeting and performance processes that allow time for agencies to develop coordinated solutions, work plans and contributions to priority initiatives.

While longer-term reform work is progressed, we believe immediate action is also required to trial new ways of working and build evidence and momentum for broader reform. To this end, the Department has designated the Kimberley as the first region to move to a ‘transformation’ model of place-based design and delivery, and thoughtful devolution of service planning, design and implementation to the regional level within an agreed outcomes framework. This concept builds on the significant work of the Regional Services Reform Unit over the past two years.

We believe that central office should set strategic direction and outcomes, while regional offices, closest to citizens and communities, should co-design and co-produce services. This is not just about having more departmental staff working out of regional offices within a traditional departmental mind-set and operating model. This is about a stronger local workforce who are ingrained in the community, well connected and representative of the community they serve—with the autonomy, capability and flexibility to work with others to generate new perspectives on old problems, better coordinate local resources, and pursue shared risks and rewards.

Positive examples of the collective, placed-based approach can be found in the Logan Together model (QLD), Harlem Children’s Zone (USA) and A Better Start (UK). In each program, particular geographical areas are supported to do things differently to achieve better outcomes for children and families. Local services and the community work together to co-produce and deliver services that are holistic, outcomes-focused and tailored to the needs of families living in the community.

Beyond what we can achieve alone, a ‘Kimberley transformation model’ could include:

- pooled resources, funding and collaborative investment of funds across agencies (such as Communities, Health, Education and Correctives Services)
- active pursuit of business/private contributions and partnerships with the not-for-profit sector
- new regional governance arrangements, involving Commonwealth, State and local government, local community organisations and leaders, and service users
- coordinated local workforce planning (rather than agencies ‘doing their own thing’ on recruitment, training and retention)
- a ‘no wrong door’ culture, with integrated or co-located services and local coordinators as service navigators
- longer term and more flexible budgets in return for producing different and better outcomes (an ‘earned autonomy’ model).
**Proposed Actions**

- Develop a whole-of-government governance framework for engagement, co-design and co-production with Aboriginal families and communities.

- That the Kimberley be designated as a ‘transformation region’ with requirements for across-sector collaboration in the design, delivery and funding of services and shared outcomes.

**1.5 Design and implement good quality regulation**

The Department supports efforts to streamline and improve regulatory processes and practices across the public sector. Cumbersome and multi-layered regulatory requirements for business and industry have a significant effect on both the State’s economy and subsequent cost borne by community (for example, in increased housing costs and housing unaffordability). Previous attempts by the State Government to reduce and simplify regulatory burden have often been wide and shallow, and of limited value in creating long-term change. A more targeted approach might involve a time-limited, narrow and deep focus on key sectors in which simplifying and reducing regulatory burden would support growth and remove constraints in the State economy.

**Proposed Action**

- Employ industry-specific regulation ‘hit squads’, especially for sectors that are large contributors to the WA economy.

**1.6 Whole-of-government targets**

We support the introduction of whole-of-government goals and targets and can see the valuable role they could play in moving the sector toward a culture of collaboration for collective impact. However, it will be important to clarify the roles and responsibilities of agencies when they are either ‘contributing to’ or ‘leading’ a target. It would be easy for lead agencies to carry the load of implementation and accountability if contributing agencies do not have a clear sense of their ‘skin in the game’ and complementary actions, targets and responsibilities.

It is also important that the targets resonate with the community, reflecting things that matter to ordinary people, and are described in way that connects with their aspirations.

Whatever approach is finally determined, it would be useful if fewer, broader performance measures were used, with targets and performance indicators framed around existing data collections (and benchmarks), rather than creating new requirements. Some potential social indicators are provided at *Attachment 3*. Given what we know about both need and highest returns on investment, we suggest a particular focus on improving outcomes for Aboriginal Western Australians and in early childhood.

**Proposed Actions**

- Include specific targets on early childhood/childhood vulnerability and Aboriginal outcomes.

- That the State Government formally adopt a whole-of-government framework for improving Aboriginal outcomes.
2. Enabling the public sector to do its job better

Enabling a more strategic, outcomes-focused public sector has been at the core of most reform ideas for decades, yet the sector architecture in this State is characterised by rules, systems and processes that are often unaligned with those ideals.

As alluded to in the interim report, it is essential there be a system-wide re-examination and redesign of some of the principles, policies and practices that form the authorising environment for portfolio agencies. As shown in the illustrative (not exhaustive) diagram below, these entities are numerous and impact significantly on portfolio agency focus, culture and performance.

Administrative agencies in particular have a dominant focus on containment, compliance and control that results in a risk-averse and business-as-usual mentality, rather than enabling high performance. Over time, layers of accountability have multiplied, and while the individual parts may be useful and well-meaning, their cumulative effect stifles entrepreneurism and reform.

We believe it is timely to reassess the balance of investment in the front end (helping agencies deliver ethical high performance) versus the back end (compliance agencies to check whether agencies have delivered ethical high performance).

Figure 2: Authorising environment accountability ‘map’

2.1 Discard counter-productive rules and processes

We agree it is critical to reduce burdensome and unnecessary rules, but the situation requires more than tinkering. It is time to ask why the public sector requires so many rules, procedures and safeguards that are unique to it. Aside from fundamentals such as transparency, accountability and integrity in decision-making, why shouldn’t the public service operate within a framework more aligned to GTEs or the private sector?

Systems and processes have evolved with a chief focus on avoiding risk, rather than defining an acceptable level of risk necessary to achieve efficient and durable outcomes. A risk-focused approach is not the basis for a responsive and innovative 21st century public service. Existing rules and procedures need to be overhauled to give Directors General the capacity to run significant operations, in ways that efficiently and effectively meet citizen and community needs.
**Proposed Actions**

- Overhaul of the public sector governance framework. Re-examine organisations, legislation and policies that make rules for the public sector, with a willingness to abandon that which no longer works to enable ethical high performance.

- A re-write of the *Public Sector Management Act 1994*, in part to re-define and re-invigorate the role of the Public Sector Commission as the steward and enabler of sector adaptation and high performance.

- Remodel the morass of accountability agencies, with a focus on their ethos and their cumulative impact on enabling a high-performance sector.

- Shift the emphasis toward standards, principles and outcomes that promote ethical high performance and achievement of government goals, as distinct from process and gatekeeper controls that stifle efficiency, innovation and performance.

- Review, and where necessary, redesign industrial and human resource management policies (see Part 3).

- Make public sector bodies that prescribe policies, procedures or rules accountable as sector stewards for the impact of those requirements on the performance capability of the sector.

- With further budget cuts on the way, consider providing agencies with longer term funding certainty (four years) in order to plan for and manage those cuts in a sustainable way, in return for transparent information on outcomes.

**2.2 Getting better value from procurement**

Government procurement activity is one of the State’s most powerful levers to achieve broad public policy goals, including employment, training and community capacity outcomes.

For example, our Housing Division encourages economic and employment outcomes for Aboriginal people in the North-West with Aboriginal employment and training thresholds, and weightings towards local Aboriginal-owned companies, in its capital works tenders. After nearly ten years, this approach has had an impact far beyond the construction of housing, with more Aboriginal construction workers, greater opportunities for Aboriginal trainees and apprentices, and more Aboriginal-owned construction companies—all of which contribute to Close the Gap.

This purposeful approach to ‘multiple outcomes from a single program spend’ is the exception not the norm across government, which represents a massive missed opportunity.

In the Kimberley and Pilbara, there is nearly $400 million of contracted services (excluding capital works) across State and Commonwealth agencies each year, representing significant collective ‘buying power’. But opportunities for Aboriginal training, employment and business development are missed through short-term, agency-specific contracts.

To this end, we suggest a greater emphasis on achieving broader policy outcomes from government procurement activity, beyond the efficiency and process focus of the interim report.

We also agree greater commercial acumen should be applied to government procurement but note that within the current human resources regime, it is almost impossible to employ (and pay for) specialist commercial acumen as and when it is needed; instead agencies either rely on generic public sector skills (and wonder why they achieve sub-optimal commercial outcomes) or end up using expensive consultants (at greater cost to taxpayers).

We would also add a cautionary note around the concepts of common approaches and the “positive” role of the Department of Finance. As we move to support more person-centred, localised service design and delivery, it is important that portfolio agencies and their regional offices retain flexibility within a principles-based framework.
Lastly, there needs to be a shift from a narrow obsession with ‘good procurement’ based on probity, price and value for money towards ‘sound investment’ based on public value, which includes the value of relationships, local knowledge, co-design, co-production, and shared risk.

**Proposed Actions**

- Reframe the overarching principles for government procurement from ‘good procurement’ to ‘sound investment’ and from a predominant focus on value for money to public value.
- Institute requirements to demonstratively achieve broader policy outcomes from government procurement activity, especially as they relate to regional and remote locations and Aboriginal business and employment (noting that the State Government is introducing an Aboriginal procurement policy).
- Surface and confront trade-offs between principles such as flexibility versus uniformity, and high predictability/probity versus local design and delivery through a broader public value lens.
- Examine, and potentially recalibrate, the gatekeeping role of the Department of Finance as part of the examination of oversight agencies proposed in Part 2.

**2.3 Link data and share information for better outcomes**

We agree with the interim report findings regarding difficulties in sharing information and the need for both greater data science capability and an enabling data-sharing legislative framework.

While some systems are already in place for data sharing across agencies (e.g. for after-the-fact research purposes through the Telethon Institute Developmental Pathways Project), common systems and processes are needed to facilitate real-time data sharing and more holistic responses to people in need. Furthermore, coordinated data sharing is needed to perform the kind of predictive analytics that underpins targeted investment decisions—similar to the welfare investment approach of the New Zealand Government.

Similarly, while there are some broad provisions enabling the sharing between agencies of information relevant to the wellbeing of a child (Children and Community Services Act 2004, Division 6), a broader information-sharing framework, coupled with appropriate privacy principles and work to change agency cultures on information-sharing, is required to capture the full benefits for citizens and communities of information held by State Government agencies.

In regards to common data structure and sharing platforms, the Shared Land Information Platform (SLIP) hosted by Landgate and supported by the then Cabinet is an example of what is possible with strong line agency vision for the State’s future, collaborative leadership, a shared governance model and a willingness to pool funding for mutual outcomes. Landgate developed the enabling infrastructure and other line agencies led business reform opportunities to be gained through the sharing of infrastructure, systems and information. SLIP involved 27 agencies, achieved a significant cost saving for government by avoiding spending on costly agency-centric systems, and established robust, common data frameworks that continue to enable the geographic matching of data sets. In 2017, SLIP is still a key mechanism in supporting the state’s Open Data Policy and a one-stop-shop for accessing more than 800 datasets.

**Proposed Actions**

*See proposed actions in response to interim report section 1.2 above.*

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1 The collaboration between the Telethon Institute for Child Health, Crime Research Centre at the University of Western Australia and multiple Western Australian government jurisdictions was the first of its kind in Australia has re-defined the meaning of "collaboration". The government agencies involved include Department of Health, Department of Justice, Department of Education, Department of Communities and WA Police.
2.4 Clarify the accountability and governance frameworks for government trading enterprises

We note there has been a longstanding tendency for governments to complain about a lack of transparency or alignment with government goals, despite having annual approval powers in regard to GTE strategic development plans (essentially five-year business plans) and generally, Ministerial powers of direction.

While there is a need for a more consistent legislative framework for GTEs, government also needs to take responsibility for setting direction for these agencies and enabling Ministers to actively manage the strategic relationship, while staying out of day-to-day business operations. A greater focus on each GTE’s unique public value proposition, and less on its dividend payments, would be a marked improvement.
3. Reshaping and strengthening the public sector workforce

If government wants committed, passionate, brave and reform-minded leaders capable of delivering better and more cost-effective outcomes, and a high-performing workforce, then it needs some new models and approaches. Other than some pockets of obstinate goodness, these desired results won’t happen within the current framework.

During this period of unprecedented change in the sector, coupled with budget cuts and the loss of experienced leaders, government needs to purposefully invest in reform and transformation capability in central and portfolio agencies—all in buying it from elsewhere and building it from within. We see this as a critical pillar for sustainable reform. If people know better, they’ll do better.

Contextually, this State has the most volatile economy and markets in the country. The ability for the public sector to scale up and down is essential, including the ability to act counter-cyclically; yet this ability is thwarted by the current paradigm about what it means to be a ‘public servant’ (i.e. ‘permanency is good; contracts are bad’). A more contemporary framework is urgently needed with broader employment types that reflect the needs of a modern, agile workforce.

Lastly, we agree with the factors causing sub-optimal performance in this area outlined in the interim report, but would also highlight:

- requirements, and increasing pressure, to recruit permanent public servants rather than time-limited contractors
- equal pay for equal levels irrespective of individual performance
- retention of level forever irrespective of performance (often blocking workforce renewal)
- long and arduous requirements to deal with under-performers (often several years)
- an inability for Directors General to manage resources flexibility within an overall budget
- limited capacity within universal human resource management rules to offer or tailor rewards and incentives to the aspirations of individuals, or to link them to successful project outcomes
- a dearth of policy, service design and co-production-style implementation capability
- a risk-averse culture than seems to reward good administrators more than visionary and transformational leaders.

3.1 Create a unified sector

We agree there is a need to achieve greater alignment and collaboration within and across government. The proposed unifying value proposition for the public service would provide a common purpose, and along with proposed whole-of-government targets, would be positive steps in providing a galvanising ‘why and what’ for the sector.

However, this drive would need to be balanced with recognition of employee’s motivations and passions, with many having a strong sense of purpose aligned to particular vocational areas. As people generally bring their hearts, as well as minds, to work in the public sector, there may be a need for a nuanced, multi-level approach.

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2 Public Sector Commissioner’s Instruction 2 “Subject to any industrial awards, agreements and legislative requirements, public sector vacancies should be filled on a permanent basis, or by permanent officers acting or seconded, unless a CEO/employing authority chooses to use a fixed term arrangement covering:
a) one-off periods of relief;
b) work on projects with a finite life, where funding is not guaranteed past a certain date or the work is seasonal;
c) roles where the skills and abilities to perform a function are expected to vary over time; or
d) periods of traineeships, apprenticeships and cadetships.

We understand there may be more restrictions on use of contractors in coming industrial instruments (awards/agreements).

3 For example, the Housing Authority is defending a CSA/CPSU application the WA Industrial Relations Commission on its use of fixed-term contracts: the Union arguing it is denying people the right to permanency and agency arguing the need for flexibility.
A ‘one sector, many opportunities’ paradigm may be useful to explore. For example, positioning the general public sector as an ‘employer of value’, but also allowing room for individual agencies to be ‘employers of choice’ that attract talented people with vocational interests and passions in particular areas. Defence Jobs, which is a single recruitment portal for Australia’s four defence services, is one example of a similar approach.

Furthermore, a more unified culture is as much about changing behaviour as it is about messaging from the top. Successes need to be highlighted and celebrated to re-build the brand value of the public sector. While it is not possible to stop negative media reporting, attracting high value employees (and partners) is impeded if leaders talk down, rather than talk up, the value of the public sector and its employees.

**Proposed Actions**

- Consider a ‘one sector, many opportunities’ approach to creating a unified sector.
- Once this MOG period settles down and agency performance begins to change, pursue a positive re-branding strategy with messages owned and sold across all arms of government.

3.2 Move to a simpler employment framework

The findings in the interim report strongly resonate with our experience and we would highlight the urgent need for a simpler employment framework.

While the intent of the *Public Sector Management Act 1994* was to provide decision-makers with the ability to mould and adapt their workforce in a way that best achieved the desired outcomes, prescriptive industrial and human resource policies and practices disproportionately emphasise a process-oriented focus (‘doing things right’) over a more outcomes-oriented approach (in this context, ‘getting the right person’). The resulting time, financial and cultural impact is possibly the biggest handbrake on high performance across the sector.

Permanency is also a major impediment and covered in 3.3 below.

Changes are needed not only to place greater emphasis on a PSC-driven enabling framework of system level standards, principles and outcomes, but also on embedding support for culture and practice change within the ‘gatekeeping’ areas (such as human resources) so that these frameworks are operationalised and not stymied at an agency level. Our recent MOG amalgamation has highlighted a bewildering array of interpretations across the previous agencies about what is and is not possible under the current framework.

**Proposed Actions**

- Urgently develop a new employment framework, with specific focus on:
  - broader employment types that reflect the needs of a modern agile workforce (beyond the current ‘permanent public servant, contractor, consultant’ split)
  - models that enable the sector and agencies to scale up and scale down in line with WA’s volatile social and economic conditions
  - the uniqueness of some regional/remote locations, particularly enabling a workforce composition that is more reflective of the community it serves.
- In the meantime, consider small practical actions that help shift from a process to a more principled-based focus. This could involve the PSC providing more guidance to agencies to shift ingrained thinking, as well as documents such as ‘recruitment myths’ (see an example in Appendix 2 of *Ahead of the Game*)4.

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3.3 Develop a high-performance workforce

We strongly support the focus on developing a high-performance workforce but argue that this goes well beyond just a sector-wide approach to workforce planning. Human capital is the cornerstone of the public sector value proposition and performance, and there is a need to consider how to optimise it across the whole spectrum from recruitment to retention, capability development and talent management.

In particular, a culture of permanency rather than performance is pervasive across the public service (see also Attachment 4) and largely antagonistic to a high performing, future-ready public service. While possibly representing an acceptable safety net for lower-level officers, the expectation of a job and level for life, along with arduous processes to manage poor performance, often results in mediocrity being tolerated, or becoming the norm. We have all watched good people leave the sector because of this issue.

We believe that this section of the interim report could be substantially expanded to reflect some or all of the proposed actions below.

**Proposed Actions**

Substantive change to performance and outcomes could be achieved through the following:

- Rebalance the culture toward ‘doing the right things’ as distinct from simply ‘doing things right’ (in a risk-reward sense, there appears to be far more value placed on ‘ticking the boxes’ and ‘staying off the front page’).
- Create more of a multi-level framework (ala the Australian Public Sector) with more bands and scope within bands to identify and reward different value and performance (WA appears out of step with other jurisdictions, particularly in regard to the one fixed salary point of SES positions).
- More actively use PSC ‘capability frameworks’ to assess performance and professional development needs within a consistent framework.
- Broader mechanisms to distinguish and reward performance.
- Broader employment types/categories (see 3.2).
- Allow people to be appointed to levels, rather than positions.
- Remove the right of permanency for all new appointments.
- Greater use of a non-permanent workforce, with performance driven through contractual arrangements.
- Greater flexibility for employing authorities to manage their workforce: within agreed sector-wide frameworks, this should include more flexibility to hire, fire and move people and positions in support of business needs.5
- Attracting, rewarding, and/or fast-tracking talent (e.g. graduate and high-potential programs).
- Explicit talent management systems (e.g. NZ Talent Exchange).
- Mobility across the public sector, along with mobility into and out of the non-government and private sectors to leverage and build broader capabilities.

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5 For example, an employing authority can only move SES staff between positions by submissions to, and approval from, the PSC - a process which requires considerable time and effort on both sides.
• Changing the perception of what working for government is, in order to attract a workforce more representative of the community it serves.

• Re-establishing the SES as a strategic leadership group for across-government, as well as agency, outcomes.

• Building high performance elements into executive performance agreements (e.g. contributions to whole-of-government initiatives).

• Explicit investment in things that have worked well in other governments (e.g. establishment of central strategy, policy and implementation units; development of toolkits, communities of practice etc).6

• Delivery of ANZSOG core units to a wider pool of talent—as standalone ‘master classes’ outside of the two-year masters’ program.

• Workforce planning and creative options to address critical capability gaps, particularly around commercial, reform, policy, commissioning, service design and implementation expertise, as well as transformational leadership.

There needs to be specific strategies to build local workforce capability in regional and remote areas, as it is difficult to attract, develop and maintain staff across WA’s 2.5 million square kilometres. A local workforce who are well-networked and representative of the community they serve is essential to credible and sustainable outcomes. This is particularly true in relation to the under-representation of Aboriginal employees in the public sector. Changing the approach needs strong and sustained government commitment, as well as pragmatic flexibility at a local level.

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6 A small, current example of collaborative action (in relation to the dearth of strategic policy capability in the sector) is the proposal by some of the ANZSOG alumni to pool and deploy policy talent into agencies for defined periods to help them break the back of significant policy problems.
4. Strengthening leadership across government

We strongly support the factors identified in the interim report, which span political, central agency and department domains and collectively serve to constrain strong leadership in the long-term public interest. Several of these factors have been evident in how the MOG process has been handled so far. As part of the collaborative reform effort, there needs to be an honest examination of leadership relationships, as the culture at the top permeates all the way through the sector.

We note that good leaders often do amazing things in spite of the constraining structures, systems and cultures around them. An examination of the personal attributes and contexts that have enabled this performance would be a worthwhile addition to the final report, as the purpose-driven mavericks and visionary boundary-pushers are some of the people the sector now risks losing.

4.1 Stewardship in the public interest

As we argue above, much of the sub-optimal performance in the sector is caused by the instructional architecture that sits around portfolio agencies. Previous reform efforts have largely failed to purposefully examine and re-engineer this paradigm, specifically the role of executive government and oversight agencies. Hence, reform outcomes have been patchy and generally not ‘stuck’ beyond the term of individual leaders.

This chapter would be enhanced by more focus on collective Director General/Chief Executive Officer and SES leadership (see, for example, Ahead of the Game, recommendation 4.4, p. 50). Such a focus could provide formal mechanisms for driving the concept of sector stewardship, rather than relying on the sporadic informal leadership of motivated individuals or the limited ‘profession’ leadership of the PSC or DPC.

There is also a need to explicitly focus on, and invest in, the move from technical leadership to transformational leadership, and the identification and nurturing of emerging leaders.

Recalibrating the institutional architecture

Stewardship role of Ministers

Cultural and structural change must include executive government, for this not only sets the agenda, but the risk-reward context within which agency leaders act. For example, the Department of Communities is working to generate a person- and place-based approach under a common outcomes framework. Continuation of arrangements in which there are five Ministers with 12 specific portfolio interests and responsibilities is not conducive to this integrated outcome in the long term. Ministers and ministerial portfolio arrangements need to be as integrated and coherent as they rightly expect departments to be.

As the interim report notes, there needs to be an integrated systemic reform agenda plus long-term, high-profile leadership on its implementation. A senior Minister to support the Premier and/or Cabinet subcommittee may be required to own and drive lasting reform.

Stewardship role of agency heads

Agency heads have an enduring stewardship function to ensure that the public sector has the capacity to serve the current government, as well as future governments. Stewardship relates not only to efficient management of resources, but also organisational health, capability, capacity to offer free and frank advice, and credibility in the eyes of citizens.

As outlined in Ahead of the Game (p.22), Department heads perform four distinct but inter-related stewardship functions, as:
1. a principal policy advisor to the Minister
2. a manager, ensuring delivery of programs and outcomes within their portfolio
3. a leader with a stewardship role for the Department, and
4. a whole-of-sector stewardship role in partnership with other agency heads.
If leaders are to embrace the breadth of these stewardship roles, they must also be supported by the government, as well as held more accountable.

Of note, *Ahead of the Game* (p.50) recommended establishing a Secretaries Board and an SES ‘APS 200’ group to strengthen leadership. These leadership groups were designed to drive reform in areas such as strategic policy, citizen-centred service delivery and collaboration across the sector. This kind of cross-fertilisation and opportunity to develop high performing individuals may be worth consideration here, as may regular roundtable meetings between the Premier and agency heads. We note that when Premier Kennett drove significant reforms to the Victorian public sector in the early 1990s, he met regularly with agency heads, collectively and individually.

In addition to formal structures, there can be disproportionate value derived from more Director General workshops and semi-formal events to develop collegiate ‘sideways’ relationships, as well as the predominant ‘upwards’ relationships to their individual Ministers.

### 4.2 Reform the role and function of central agencies

We support reform to the role and function of central agencies, particularly noting the need for central agency support and leadership on big picture outcomes—determining how priorities can come together and helping line agencies make intra- and inter-government connections work.

Our federation arrangements mean that we need to collaboratively tackle wicked problems with Commonwealth and local government counterparts. Central agencies have a pivotal role to play in facilitating bilateral frameworks within which portfolio agencies can develop sensible inter-jurisdiction arrangements. A discussion of this dynamic, which is ever-present in areas in which the Department operates, is largely absent from the interim report.

As noted in the interim report, the ‘hollowing out’ of capability, both in terms of policy skills and the kind of predictive analytics and forecasting that can facilitate longer-term investment decisions, needs to be addressed within DPC and Treasury.

The PSC has a critical role to play as head of the profession and a driver of sector-wide change. It may need more of a ‘root and branch’ review to examine how well equipped it is to play a more prominent and active role in uniting and leading the sector, and preparing for future challenges.

### 4.3 Focus agency leadership on cultural change

We welcome the focus on both capability and culture, as there are some fundamental gaps in our public sector (as elsewhere) that lead to sub-optimal outcomes for the people we serve. Some of these gaps are discussed above in Part 3.

In regard to the proposed agency capability reviews, we would urge consideration of the philosophy and approach underpinning them, as much as the substance of the reviews. Past reviews may have nobly intended to identify and facilitate improved capability, but over time disintegrated into yet another reporting requirement or stick with which to beat agencies. While not directly comparable, the ‘gateway review’ process focuses on identifying and dealing with issues in order to help projects succeed, and is an example of a performance- rather than conformance-based approach to supporting better outcomes (when done well).

To support a collaborative high-performance culture in the meantime, there would be benefit in developing executive level capability in areas such as entrepreneurial leadership, strategic thinking, service design, partnering and implementation/execution capabilities. This could be accompanied by training for mid-tier managers to help them move beyond ‘technical’ competence—especially during the current period of change and uncertainty for the workforce. Mid-tier managers are often overlooked in the leadership discussion yet can significantly impact on culture and outcomes, positively or otherwise.

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7 See for example, *Ahead of the Game*, recommendation 1.3, p.xii
4.5 Improve the incentives and accountability for performance

We are strong advocates for agencies being held accountable for whole-of-government as well as agency-specific outcomes. But additional accountabilities for agency heads must be coupled with additional control over the resources—human and financial—that is necessary to enable them to collectively innovate and succeed.

Within agreed sector-wide frameworks, and as set out above, this control should include more flexibility to hire, fire and move people and positions in support of business needs. But there is also a need to:

- **Redesign the money and accountability flows** to increase collaborative service design and delivery where multiple agencies pool funding and contribute to the development and implementation of initiatives. Underpinned by whole-of-government goals and agreed performance measures, this collaborative approach would need a nominated lead agency, along with tailored budgeting and performance agreement processes that allow time for agencies to develop coordinated solutions, work plans and contributions to priority initiatives.

- **Longer-term budget allocations** in return for absorbing budget cuts would also help leaders better plan for, and manage, impacts on services and staff. For example in New Zealand, where budgets are closely linked to four year plans, agencies must demonstrate how they will increase value in the medium term according to the funding and balance sheet they have available. In exchange for the certainty of four-year funding, agencies can be expected to deliver efficiency dividends or draw reduced appropriations.

- **Executive performance agreement requirements** that include responsibilities or contributions connected with grouped service delivery, specific initiatives or government reform priorities.

**Value-adding partnerships with the higher education sector**

In support of previous reform agendas, agencies such as the Disability Services Commission (in regard to fundamental change to its historic service delivery paradigm) and Landgate (re digital transformation) have forged strong links to universities and training bodies, both in relation to course content and funding new technology. This resulted in the development of contemporary course structures that supported reform directions, and graduates better equipped for the real world of service delivery.

The partnership of Australian jurisdictions with ANZSOG is a broader example of government-academia collaboration to enable much-needed access to relevant and contemporary thinking about public policy and leadership. It is worth contemplating how value-adding partnerships with the higher education sector can be enhanced in support on this period of reform, and more ‘direction’ provided about the requirements of the future public sector workforce. Customising some core ANZSOG units (e.g. around public value, leadership and evidence based policy) may be a good place to start.

**Proposed Actions**

- Reorient Ministerial portfolios to maximise collaboration and coherence with machinery of government structural changes and new whole-of-government targets.

- Consider soft as well as hard structures such as a Directors General sector governance board, an ‘SES 200’ group or network, and regular roundtable meetings between the Premier and Directors General.

- In addition to greater accountability, also provide greater flexibility to Directors General in the management of human and financial resources

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8 For example, an employing authority can only move SES staff between positions by submissions to, and approval from, the PSC - a process which requires considerable time and effort on both sides

• Examine and bolster the ‘whole of system’ leadership capability of central agencies.
• Redesign money and accountability flows in support of shared outcomes.
• Build a requirement for collaboration for outcomes (as distinct from collaboration for collaboration’s sake) into SES performance agreements.
• Invest in reform and change capability—especially in the portfolio agencies undergoing the most significant change.
• Invest in transformational leadership, as well as practical training for mid-tier managers who are often the overlooked backbone of the sector.
• Pursue value-adding opportunities with the higher education sector to influence course content in support of current and future capability needs, and harness graduate talent.

Implementation of reform

We expect that the final report will provide a recommendation on the implementation of the proposed reforms. We have provided some potential implementation actions below.

Specific Implementation Actions

• Dedicated senior Minister to support the Premier in heading and implementing public sector reform.
• Three-year implementation secretariat, with some permanent staff and others rotating in from and back out into agencies to help lead change in those agencies.
• Bringing in interstate and international expertise to support the implementation phase.
• Make public sector reform the first priority of the Directors General sector governance board (a second priority could be the implementation of whole-of-government targets).
Case Studies

Case study 1: Local Coordination (formerly Local Area Coordination)

Local Coordination has been an important part of the WA disability services system since 1988. Local Coordinators are based throughout metropolitan and regional WA and help people with disability, their families and carers to advocate, plan, organise and access the supports and services they need. Local Coordination was recognised by the Productivity Commission report into disability issues as an effective way to support people with disability to access local supports and services, and is key component of the National Disability Insurance Scheme (NDIS).

Local Coordinators provide people with disability, their families and carers with a single, locally based point of contact that is person-centred. Local Coordinators also have strong connections with mainstream services and community organisations in their local area, and these connections provide additional support and assistance to ensure people’s holistic needs are considered during the planning process and that their supports are working well together.

Under the WA NDIS, people with disability, their families and carers work with a Local Coordinator to develop an individual plan which outlines their personal goals and the strategies that can be used to achieve them. The person with disability drives the plan development, with support from their Local Coordinator, to the level that the person wishes. Planning can take place over several meetings and the person can include anyone they would like in these meetings. In addition to funded disability supports and services, individual plans reflect and acknowledge the importance of informal, natural supports such as friends, neighbours, and local community connections to help people with disability to achieve their goals and participate in their local community.

Case Study 2: UK Commissioning Academy (text from UKCA website)

The UK Cabinet Office established the Commissioning Academy in 2012 as a unique development program for senior leaders from all parts of the public sector in the UK. It has been designed to equip a small group of professionals to tackle the challenges facing public services, take up new opportunities and commission the right outcomes for their communities.

The Commissioning Academy is delivered by the Public Service Transformation Academy, a not-for-profit social enterprise, and held at venues across the UK. The intention of the program is to stimulate debate and help participants develop the skills and confidence to address the challenge of public service transformation. The program achieves this through a series of master classes, workshops, guest speakers, and site visits that cover key commissioning issues, such as:

- outcome-based commissioning
- whole-systems thinking, bringing all facets of public services together to deal with issues
- working with the voluntary and community sector
- behavioural insights
- market engagement and development
- alternative funding models
- joint commissioning across organisational boundaries
- new models of delivery.

The program achieves practical results by requiring each participating organisation to implement a ‘hundred day plan’, developed throughout the course of the program to improve commissioning practice. All participants also join an alumni network, giving them access to a supportive group of peers who will share experience and help each other deal with new challenges.

The overall result of the Commissioning Academy is the embedding of commissioning capability across the UK public sector, and the identification of opportunities to work better across agency boundaries.
Case study 3: HOLMES AND MYCROFT

HOLMES (Heuristic On-Line Management Enquiry System) is a data visualisation tool hosted by the WA NDIS Scheme Actuary which provides comprehensive insights into all aspects of the WA NDIS. This tool is updated with a monthly data extract and allows visualisation and analysis at scheme, regional, plan and strategy levels and includes an array of slicing and categorisation controls. It also allows for the assessment of outlier data, risk analysis and trend analysis from whole of scheme down to the level of individual participants, plans and strategies.

HOLMES is a critical tool for assessing the sustainability of the WA NDIS and ensuring people with disability receive the supports and services included in their individual plans. It is possible to track what services and supports people are choosing to meet their goals, an individual’s level of satisfaction with those strategies and whether those supports assisted the person to achieve what they wanted in their life for that year.

The tool also provides important data on which providers are delivering services against which service types and strategies. This information is useful in identifying market gaps or where the sector’s offerings are not aligned to changing consumer preferences.

MYCROFT (Monitoring Yardsticks, Collection & Reporting of Facts and Trends) is hosted internally in the Department and based on live production WA NDIS data from which it generates a range of dashboards that make key metrics available to staff with regard to overall scheme management, regional and area level management. MYCROFT is being used by the Department to analyse NDIS market conditions and support the roll-out of the Scheme across WA.
Case Study – Transitional Housing in the Kimberley

Context

The Kimberley has an unbalanced housing market with a high reliance on social housing at one end (largely occupied by low-income Aboriginal families) and unaffordable private housing at the other. Social housing is rationed to those most in need, and eligibility levels set so low that people who gain employment often become ineligible. Combined with little or no support services for educational and vocational success, dysfunction and dependence becomes embedded. Difficulties for families who have the potential to move out of social housing are compounded by high housing prices, and limited supply of affordable housing for low to moderate income earners.

Program description

The Transitional Housing Program has demonstrated how gaps in the local housing market can be used to incentivise families to commit to broader employment, education and household functionality outcomes in exchange for new affordable housing and the potential for home ownership. With the majority of the Aboriginal population under 25, it creates a powerful point of intervention with the current generation of young adults and families to profoundly change the outcomes for the next generation.

In exchange for well-located high-quality housing, participants must commit to sending their children to school and participating in employment and training. Rents are tied to a percentage of income and tenants have the right to purchase the property or transition to other home ownership options if and when they have the capacity to do so. The program started in Kununurra and has now been extended to Halls Creek, Derby and Broome.

Eligibility

- Children must be attending school at or above a minimum benchmark of 85% of the time
- Adults must be in work or training
- The family must meet tenancy obligations and agree to engage with wrap-around support services (including financial literacy) designed to assist the family transition to private rental or home ownership.

Results (from the Kununurra site)

- 92% school attendance (compared to average Aboriginal school attendance in the Kimberley of around 67%)
- 96% of households have had at least one adult in employment
- All households have engaged with money management support
- 96% of households have kept their properties in excellent or good condition
- 91% of households have been compliant with other tenancy obligations

Summary

The program shows how, with good policy design and a focus on multiple outcomes, positive results can be achieved across a range of social indicators from a single program spend, and in the process, participants can break long-term dependence on welfare and provide role models for others to follow.
Whole-of-Government Goals and Key Performance Indicators

To deliver desired government outcomes, as well as drive change across the sector, the new government goals and their associated KPIs should be individually impactful (line of sight for agencies and staff), collectively unifying (providing a coherent whole) and resonate with the community (reflecting things that matter to ordinary people). To this end, the goals could usefully cover the dimensions of social, economic, natural and human capital.

There are four interim government goals for the 2017-18 State Budget, namely:

1. **Sustainable Finances**: Responsible financial management and better service delivery
2. **Future Jobs and Skills**: Grow and diversify the economy, create jobs and support skills development
3. **Strong Communities**: Safe communities and supported families
4. **Better Places**: A quality environment with liveable communities and vibrant regions.

While contributing to all goals, the purpose and functions of the new Department strongly align to the third and fourth goals. Potential areas of focus for these goals might usefully include:

- enhancing individual, family and community well-being and resilience
- protecting vulnerable children, individuals and families
- social and economic opportunity at an urban, regional and remote community level
- inclusive and sustainable towns, suburbs and communities
- civic contribution and governance
- responsive housing markets – including supply, diversity and affordability
- improved Aboriginal outcomes – including connection to country, culture and kin
- advancement on specific social challenges such as family and domestic violence, recidivism, drug use, homelessness etc.

In the child protection space, Communities has inherited some early work on an outcome and performance indicator framework to support the Earlier Intervention and Family Support Strategy (see next page). While granular in nature and intended to support the management and evaluation of separate intervention programs, this work (which has also identified available data sources for each indicator) provides a range of indicators relevant to goals 3 and 4.

Whatever approach is finally determined, it would be useful if fewer, broader performance measures were used, with targets and performance indicators framed around existing data collections (and benchmarks), rather than creating new requirements.

In this respect, the Australian Early Development Census may prove useful in the ‘Strong Communities’ area as it is a national measure based on the developmental progress of young children prior to their first year of full-time school.\(^\text{10}\) It focuses across five key developmental domains: physical health and wellbeing; social competence; emotional maturity; language and cognitive skills and communication skill and general knowledge.

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\(^{10}\) See [https://www.aedc.gov.au/](https://www.aedc.gov.au/)
### Outcome and indicator map to support the Earlier Intervention and Family Support Strategy

<table>
<thead>
<tr>
<th><strong>Outcome statements</strong></th>
<th><strong>Culture</strong></th>
<th><strong>Governance and engagement</strong></th>
<th><strong>Wellbeing</strong></th>
<th><strong>Family &amp; community</strong></th>
<th><strong>Economic</strong></th>
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<td>Children are safe living with their families</td>
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<td>Children are physically and mentally well</td>
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<td>Children attend and thrive at school</td>
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<td>Children and families maintain links to community, culture and kin</td>
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<td>Families are solid and strong</td>
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<td>Families are free from violence</td>
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<td>Families are free from alcohol and drug-related harm</td>
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<td>Number of repeat offences and arrests</td>
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<td>Frequency or length of Community Corrections Orders</td>
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<td>Hospital admissions – violence-related</td>
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<td>Emergency department presentations</td>
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<td>Mental health appointments attended and hospitalisations</td>
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<td>Ambulance call-outs</td>
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<td>Police cautions and charges</td>
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<td>Reports of family violence to police</td>
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<td>Self-assessment pre- and post-intervention</td>
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<td>Length of tenancy</td>
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<td>Number of income-earning hours worked for household</td>
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<td>Household earnings increasing</td>
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<td>Tax return data on income</td>
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<td>Social housing incident reports/notifications</td>
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<td>NAPLAN achievement</td>
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<td>Hospital admissions – AOD-related</td>
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<td>Emergency presentations for injured children</td>
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<td>Evidence of accessing AOD services</td>
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<td>Case worker reports. Community/school awards or certificates</td>
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Promoting Performance, Not Permanency

Permanency drives the culture of the public service, often working to mediocrise performance and impede the flexibility and responsiveness of agencies.

Provisions do exist under the legislation to manage poor performance and ultimately terminate employees if required. However, the provisions are unnecessarily long and arduous—requiring disproportionate time, effort and endurance to resolve—and are not always well understood.

While performance management is critical to any outcome-based culture, too often permanency creates its own expectations and bureaucratic behaviours that conflict with the need to maximise effort, focus and resources on outcomes. At a practical level, it has proved virtually impossible with broad-based permanency to eliminate underachievement or build a widespread culture of high-performing teams. This challenge is potentially the single biggest drain on public sector efficiency and effectiveness.

Permanency is a major impediment to scaling up and down the workforce (as discussed, a necessary feature of this State’s public sector given our volatile economy) and to finding efficiencies during times of resource constraint (as now).

Permanency is also a major driver of one of the worst cultural aspects of the public sector, which is an expectation in certain parts of the workforce that employees should only retire upon the offer of a voluntary redundancy payout. Some employees go so far as to factor a payout into their retirement planning. Not only are such attitudes antithetical to a high-performance culture, they inhibit appropriate workforce renewal and can impose a significant deadweight cost on agencies.

In order to strengthen current arrangements and facilitate a more flexible performance-oriented culture, a new operating framework should be established to bring public service permanency standards in line with those applying to GTEs or the private sector. Specific reforms could involve:

• greater flexibility for Directors General, subject to appropriate sector-wide guidelines and principles
• removing the right to permanency for all new appointments (implementation could involve ‘grandfathering’ existing arrangements)
• implementing easier termination provisions, including in SES contracts
• varying ‘right of return’ options in SES employment contracts.

New arrangements would need to be matched with increased scope for sensible risk-taking and entrepreneurialism in the pursuit of innovation, with appropriate tolerance and rewards for those prepared to innovate and reform. In this respect, some targeted guidelines and principles in this area would be needed to ensure that the removal of permanency did not have the unintended consequence of creating a culture of ‘managing up’ rather than pushing the boundaries.

Reviewing and modernising human resource management rules and practices are crucial reforms for helping leaders create a flexible and efficient high performance culture to contribute more gainfully to government goals and aspirations.
Department of Finance  
Submission to the Service Priority Review Panel  
July 2017

The economy and cost of living are reported as two of the biggest concerns for Western Australians. At the same time, community expectations continue to rise around a safe community environment, jobs, citizen engagement and the innovative delivery of key services such as health and education. Delivering a more efficient, collaborative, adaptable and outcomes-based public sector, while balancing the Budget and reducing net debt, is challenging in this context.

As a central agency, the Department of Finance can assist government to address these challenges and deliver greater value to the community. There are significant opportunities to leverage the Department’s strengths to enhance the efficiency and effectiveness of Western Australia’s public sector. This includes making better use of the Department’s services to other agencies, sector-wide perspective and data, and its diverse skills and capabilities to facilitate the efficient operation of government. This can be achieved through policy and advisory expertise in relation to better procurement, the management of building projects and office accommodation, and revenue and grants administration.

This submission provides a brief synopsis of initiatives the Department of Finance is leading and those it could potentially lead or support, and also outlines the Department’s perspective on the Review’s major themes:

- customer-focused and outcomes-based service design and delivery (theme 1);
- contemporary, adaptable and high performing workforce (theme 2); and
- efficient and effective systems and processes (theme 3).

The Department’s vision of a ‘high performing public sector’ strongly supports the need for the public sector to work together better, reduce duplication and waste, and provide essential services, in a way that is efficient, effective and seamless to the end-customer.

A functional leadership approach can offer significant opportunities to achieve these objectives. Given the Department’s role as a central agency, opportunities for better cross-sector coordination and collaboration are recurring themes in this submission.

Recent machinery of government changes provide a structural platform for achieving efficiencies through consolidation of public sector functions. However, efficiencies will not be achieved unless the structural changes are supported by genuine reform in the way services are delivered. This should also be supported by efforts to promote a culture of collaboration and customer-centric services across the sector. If not, all that may have been achieved is a reduction in the number of silos.

Finally, by far the most important asset in the public sector is its workforce – this inherent capability and capacity needs to be valued accordingly. However, the public sector workforce is constrained from delivering its full potential by inconsistent, onerous and inflexible industrial relations conditions. Major industrial relations reform can help to remove these constraints and further improve efficiency.
PART I – Perspectives on the Review’s Major Themes

This section outlines insights and the perspective of the Department of Finance to inform the examination of functions, operations and culture of the Western Australian public sector.

Insights are provided for questions outlined in the Service Priority Review – Major Themes – May 2017.

Theme 1: Customer-focused and outcomes-based service design and delivery

- What does the WA community require from the public sector? How best can the community and government communicate about those needs as they change over time?

At a macro level, a broad and coordinated economic growth strategy would offer government a comprehensive plan across the main levers of growth and job creation: productivity, investment attraction and workforce participation. This would make a substantial contribution to improving living standards in Western Australia, diversifying the economy and repairing the State’s Budget.

Elements of the strategy could include

- identifying sectors of the economy the Government wishes to focus on driving growth in, and ensuring agencies align their business strategies accordingly;
- developing a comprehensive whole-of-government approach to infrastructure planning, financing, construction and management;
- refocussing innovation policy to include removing impediments to entrepreneurial initiatives and innovation across the public and private sectors; and
- enhancing investment and major project attraction.

Departments across government would be accountable for delivering initiatives in major reform areas, with a central agency taking responsibility for coordination.

At a more micro-level, there is increasing demand from the community for high quality and accessible customer-centric services. In order to deliver these services more efficiently, cultural change may be needed to help agencies collaborate better across government and with the community.

Accelerating regulatory, red tape and competition reforms can also free up business and the public sector. The Department of Treasury’s Economic Reform team could lead whole-of-government regulatory and red tape reduction work to support agencies in delivering reform initiatives that support the overarching strategy.

- How can public sector service delivery best meet the needs of regional communities?

There are several challenges in delivering services to regional areas in Western Australia, including the broad and expansive geography and the lack of supporting ICT infrastructure in some areas. In overcoming these issues, past experience suggests that local buy-in on the design and delivery of services leads to better outcomes, rather than all decisions being made from central head offices. This does not necessarily imply a completely decentralised model and the Review should investigate the different models outlined by the Local Service Delivery Working Group that acknowledge the tensions and trade-offs between efficiency and effectiveness with the level of centralisation.
• **What opportunities are there for collaboration in designing and delivering public services?**

There is a growing body of evidence to suggest the use of behavioural insight interventions in the initial invoicing or assessment stage of a debt collection process can have a significant impact in bringing forward the collection of overdue payments.

A number of interstate government departments have moved to centralise their debt collection functions across agencies. While this may in part address the consequences of failure to pay it does not address the cause. The Department of Finance considers a centralised debt collection approach may reduce the incentive for the agency which incurs the debt to use techniques to encourage early payment of debt.

The Department considers greater benefits could be achieved by establishing a debt recovery community of practice that facilitates the exchange of information on debt management strategies (including the use of behavioural insights) between agencies with debt collection responsibilities. This could be supported by the exchange of data to identify early warning signals associated with high risk debtors and consolidated debt collection activity where warranted.

• **What is the public sector doing well in the area of service design and delivery, and what can it do better?**

**Partnering with Community Service Providers**

The Delivering Community Services in Partnership (DCSP) Policy is an example where government aimed to fundamentally change the relationship with not-for-profit community services providers from a funding provider to a purchaser of services. The objective was to leverage provider’s infrastructure, expertise and ability to adapt quicker than government to better meet the complex needs of disadvantaged members of the community. The Policy was supported by a $604 million investment to address historically underfunded services and enable organisations to transition to more commercial operations delivering a range of sustainable services.

The procurement framework that underpins the Policy has successfully transitioned providers onto commercial agreements. However, there are further opportunities to leverage the Policy to drive greater collaboration and engagement to inform a more integrated community service sector. There is also an opportunity to amend the Policy to move from community outcomes to the needs of the individual so that services are more customer-centric.

**Clustered Systems and Services**

Throughout the sector there are agencies that provide back-office services and systems (for example, Finance and Payroll) to other agencies, forming clusters for the provision of services, including payroll, finance and information and communications technology. This cross-sector sharing leverages economies of scale, reduces red tape and increases the level of standardisation and simplification for functions required within all agencies.

For example, the Department of Finance provides a range of corporate services to the Department of Treasury, the Office of the Government Chief Information Officer and the Government Employees Superannuation Board (GESB). The former Department of Mines and Petroleum provided similar support to the Department of State Development and the former Department of Regional Development provided services to the cluster of regional development agencies.
There are more opportunities for small to medium agencies to leverage the back-office capabilities of larger agencies to reduce cost and drive greater efficiency in the delivery of corporate services across the sector. Increasing the number of common systems that support corporate functions across government aligns with the Government’s digital strategy and allows agencies to focus more resources on their specialist services to the community.\(^1\)

**Digital Service Delivery**

In addition, the Department of Finance recognises the need to modernise its outward facing systems and processes to meet the increasing expectations of Western Australians for digital service delivery. Particularly in relation to duties, there is a need for continuing digitisation of revenue systems to accelerate the move away from cumbersome and inefficient paper-based documents.

State Revenue already collects around 70 per cent of its $7 billion in revenue using online systems. As part of its strategy to reduce the inefficiencies of assessing and paying duty using bulky, paper-based documents, the Department continues to identify further service improvements through the expansion of electronic lodgement and payment methods, and automation of high volume approval processes, such as payment extensions.

**Theme 2: Contemporary, adaptable and high-performing workforce**

- **How can the public sector foster a high performing workforce that meets both government goals and community needs?**

Workforce management in the public sector is complex and is underpinned by rigid industrial relations legislation, salary, leave and full-time equivalent caps, standards and instructions set by the Public Sector Commissioner and supported by the Labour Relations division in the Department of Mines, Industry Regulation and Safety. Within that framework each agency independently develops and implements policies and guidelines to manage its workforce.

The Public Sector Commissioner reported in 2016 that fiscal pressures, rapidly changing information and communications technology and evolving workforce demographics are key factors leading to a more complex operating environment.\(^2\) Legislative changes and workforce initiatives have been introduced by the Public Sector Commission to support agencies with these external pressures, however, more needs to be done. Current workforce arrangements are considered to be risk averse, inflexible and incentivise the wrong behaviours and decisions. For example:

- the mechanisms to support staff reductions, including voluntary and involuntary severance provisions, are unnecessarily process driven, time consuming and labour intensive;
- inconsistent and inflexible industrial relations and legislative conditions hinder movement between agencies, and even within agencies, particularly when there are differing awards/agreements;
- the senior executive service could be more flexible across the public sector and within agencies by facilitating movements to priority areas without the need of central agency involvement;
- use of broadbanded classifications could be extended to more appropriately remunerate employees reflecting the skills and knowledge they possess;

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\(^1\) Digital WA: Western Australian Government Information and Communications (ICT) Strategic 2016-2020.

• red tape (restrictive conditions) associated with attraction and retention incentives could be loosened to give Directors General more flexibility;
• limitations with workforce flexibility could be reduced by having employees appointed to a level where they can be used in different roles;
• effective performance is not sufficiently rewarded or incentivised, particularly at chief executive officer level; and
• non-performance requires an onerous and lengthy process that often leads to a lack of incentive by management to tackle performance issues, until such time when the performance is well below standard.

In summary, greater industrial flexibility would help agency heads manage their workforce. While it is easy to point to external factors, agencies including the Department of Finance need to also look internally at their own policies and practices. A risk averse culture seems to exist, particularly with human resource practitioners, that creates additional workforce management burdens beyond what is required by minimum standards.

• **What is required to support a sustainable workforce in regional WA?**

Particularly in the regions where resources are constrained and spread across large geographical areas, greater flexibility is required to make better use of the workforce across agencies. Shifting the focus onto service delivery rather than agency structures would allow agency staff to deliver services across multiple agencies.

An example of this is with The Quarter building in Karratha, where co-location of 10 agencies has provided some service benefits but there are still three separate reception counters as a result of agencies being unable to negotiate a shared reception service arrangement. This means customers have to navigate counters before they can access the service they need, rather than a single reception service providing a triage role across all agencies. If the cultural barriers to collaboration on services are insurmountable, the other option is to consider outsourcing the services that can be provided across agencies, as an external provider would not be constrained by public sector workforce inflexibility.

**Theme 3: Efficient and effective systems and processes**

• **What new technologies could be used to achieve better service outcomes?**

Emerging technologies and improved business analytics are presenting opportunities for agencies to automate routine transactional work. There are also opportunities to join up and share information across agencies, creating efficiencies and improved services to citizens as per the Government’s Digital WA Strategy. This enables agencies to free up resources for higher value services to the community and creates space to consider and implement different strategies for service delivery challenges.

For example, the introduction of behavioural insights to State Revenue was driven by a desire to explore innovative solutions to improve efficiency and effectiveness. While relatively new as a full body of work, behavioural insight concepts have been widely trialled in taxation environments, with a number of targeted initiatives already tested and applied in the New South Wales and Queensland State Revenue offices as well as the Australian Taxation Office.

There is growing recognition that behavioural insights – which focus on how people actually make choices – can contribute to the delivery of more efficient and effective administrative and policy solutions. By understanding human behaviour, there is an opportunity for the Western Australian public sector to better design services that leverage new forms of intervention, which can complement traditional approaches (regulations, incentives, and information requirements).
The New South Wales Government has a Behavioural Insights Unit and some of their achievements from 2016 include:

- trialling new text messages to get people to attend their hospital appointments, projected to save just one hospital at least $66,000 per year;
- showing that an effective reminder text message can help social housing tenants pay off their rental debt, with 9.4 per cent more tenants exiting arrears compared to those that were not sent a text message (from 68.8 per cent to 75.3 per cent); and
- changing a reminder letter, which could lead to an additional 7,500 women attending their cervical cancer screenings each year.

**How can government contracting and purchasing practices be improved to get better results?**

The Department provided the Service Priority Review panel with supporting information about:

- the recent procurement reform to rebalance to a more risk-appropriate model for the Department's role in procurement across government;
- how Government Procurement is building goods and services procurement capability across government to support greater agency procurement independence and better outcomes for the Western Australian community:
  - assistance is provided in the form of targeted capability building programs, agency support and tools and resources; and
  - Government Procurement is also developing a targeted capability building program to improve the contract management capability of line agencies. Recent programs include Key Performance Indicators and performance management, negotiation skills and Risk Management and Assurance; and
- benchmarking that will shortly commence to review current Common Use Arrangements (CUAs), make recommendations on improved practices and identify organisations with product and service cost data/reference sets against which Government Procurement can benchmark its CUAs.

In addition, Strategic Project Support Services (SPSS) within Government Procurement provide higher value to government while enabling flexibility in delivering services for complex and high risk projects. Services are delivered through specialist temporary co-location of staff at an agency and charged under a cost recovery model. While the primary role of SPSS is to undertake the procurement function, there have been instances where it has been requested by an agency to develop guidelines, frameworks and best practice documentation to ensure the agency complies with internal authorisations/delegations and State Supply Commission policy requirements. These documents not only support the relevant project, they also become embedded within the agency over the longer term.

The Department of Finance is aware procurement in the public sector is a specific area of interest of the Review. The Department can provide further information and additional briefings if required and has also outlined specific procurement initiatives related to agency collaboration and improved expenditure analytics.

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PART II – Reforms Aligned to the Review’s Objectives

This section of the submission provides a brief synopsis of initiatives the Department of Finance is leading and those it could lead or support to achieve a more efficient, collaborative, and outcomes-based public sector.

The Department does not necessarily have the resources and capability to take on all these initiatives immediately, but rather this is intended to provide an overview of how the Department thinks it could support achievement of the Review’s objectives. The Department welcomes any feedback on which initiatives are considered most useful and important to the Review.

Theme 1: Customer-focused and outcomes-based service design and delivery

1. Modernise Management of Government’s Office Accommodation Portfolio

Office accommodation is generally the second largest operating expense for government agencies behind employee related costs. To achieve cultural reform within the public sector and drive down recurrent expenditure at a whole-of-government level, a more centre-led and contemporary approach to managing government’s office estate is required.

Significant savings can be achieved by applying the lessons learned from the private sector and other jurisdictions, including a more modern approach to fit-out design and greater use of new technologies to enhance the way people work, encourage flexibility and innovation, reduce the Government’s office footprint and improve service delivery to the community. These changes could progressively deliver an estimated 10 per cent reduction in office space (owned and leased premises), with savings in the order of $50 million per annum by year five. To achieve these reforms, the Department has developed a comprehensive office accommodation strategy that is currently with the Minister for consideration, and involves:

- a more centre-led approach to management of agency-owned office accommodation;
- better data capture, analysis and reporting to support whole-of-government decision-making; and
- the introduction of incentives to promote more efficient use of space by agencies.

The Review’s Final Report could support this initiative by recognising the value that could be delivered if the Government agrees to pursue the reforms proposed by the Department and, in particular, a staged approach to the improved management of agency-owned office accommodation.

Theme 2: Contemporary, adaptable and high-performing workforce

2. Project Management Resource Sharing

Management of the planning and delivery of infrastructure projects is undertaken by a number of agencies across the public sector. Traditionally, there has been limited sharing or movement of project management resources between agencies, and resourcing strategies (in-house as opposed to outsourced) vary widely. There is a significant opportunity to improve project management capability across government by facilitating resource movement across agencies, which will accelerate workforce development through broader experience and reduce reliance on more expensive, contracted resources.

Enhanced by the recent incorporation of the Strategic Projects business unit (from the Department of Treasury), the Department of Finance has a substantial pool of project management staff. The Department is therefore well placed to lead collaboration between asset delivery agencies through the sharing of infrastructure project resourcing and expertise.
The Review's Final Report could support this initiative by recognising the inherent value in establishing and implementing an interagency resource sharing model for management of infrastructure projects. The initiative could target major or high risk projects, enabling a whole-of-government approach to aligning project management capability with priority projects, as well as identifying important employee development opportunities. This would, in turn, shift the focus away from who should deliver infrastructure projects on behalf of government onto more productive discussion around what is required to successfully deliver community assets.

Theme 3: Efficient and effective systems and processes

3. Better Agency Procurement Collaboration

Better cross-agency procurement collaboration and leadership will develop opportunities for aggregated buying for large purchases, help reduce costs and improve the value derived from government expenditure. Under a functional leadership approach, the Department of Finance can provide guidance and expertise to coordinate government's approach to procurement, using government buying power to save money through economies of scale.

The Review's Final Report could support this initiative by acknowledging that, while there are some arrangements in place to accommodate common purchasing needs (common use arrangements), opportunities for aggregated buying of some large purchases have been missed through lack of leadership and coordination. Establishing a coordinated and consolidated place for agencies to share their planned contracts could facilitate earlier identification of opportunities to maximise government purchasing power. The report could:

- recommend a policy that requires agencies to lodge annual forward procurement plans with the Department of Finance; and
- acknowledge that the Department will review the forward procurement plans to identify opportunities for collaboration in procurement between agencies.

4. State Taxation Clearance Certificates

Government collectively spends billions of dollars each year on goods, services and works. Improved due diligence processes can be embedded into tender and contract management processes to ensure businesses that benefit from government contracts have a history of meeting their taxation obligations and are otherwise considered to be good corporate citizens. The Department is ideally placed to leverage its State taxation data to screen government contract tenderers, and potentially provide early warning of contractors experiencing cash flow difficulties during contract terms. This process is already in place for Government Procurement and Building Management and Works contracts but could be extended across government to all high value contracts.

The Review's Final Report could highlight the importance of government reducing the risk of government contracts being awarded to entities with outstanding State taxation debts. The Department can support this initiative by operating a service that provides a State Taxation Clearance Certificate to the tenderer to verify their State taxation obligations are up-to-date.

5. Analyse Whole-of-Government Expenditure

The Department of Finance has prototyped an interactive dashboard which provides intelligence on goods and services expenditure across government. The information brings together data from government agencies, suppliers to government, and government tendering systems. The dashboard can provide insight and be used to:

- provide the Government with comparative and other intelligence that can be used for decision-making and support improved accountability within the public sector;
• guide agencies on their expenditure, in comparison to other agencies, and in comparison to their historical patterns;
• negotiate more favourable prices and terms with government suppliers that have large market share in their expenditure category; and
• provide specific information about regional purchasing, purchasing from Aboriginal business, and purchasing from small business.

The Review’s Final Report could support this initiative by recognising that the data collected in the course of government’s procurement operations could be used to improve accountability, productivity and service delivery. This information can also be used to provide insights to assist central agencies, Ministers, individual agencies and suppliers. Specifically, the Report could:
• acknowledge that the capture and use of procurement data is a priority for effective government;
• support the Department of Finance’s role in capturing and analysing procurement spend; and
• require agencies to fulfil their obligations to improve the quality of procurement data they record, to record the data in a timely fashion, and to collaborate with the Department of Finance in making use of this information.

6. Better Asset Management Outcomes through Improved Data

The Department of Finance could assist government to achieve better asset management outcomes through improved data capture (centrally) and the standardisation of building related information, supported by an analysis and advisory service to guide agency decision-making. This is a logical extension to the Department’s current asset management role, spanning asset planning, delivery and facilities management for non-residential buildings (including office accommodation).

Management of billions of dollars of the Government’s non-residential building assets is devolved across the public sector with incomplete and inconsistent information on age, condition, utilisation and performance to support agency-level decision-making. A consolidated, whole-of-government approach to the issue, while still leaving responsibility for asset management with the agencies, would enable the Government to improve its return on asset investment, the delivery of services to the community and financial outcomes for the State.

The Review’s Final Report could support this initiative by recognising the value in developing and maintaining a common use asset management platform and associated data standards. This platform would also provide government with an overall picture of its assets, including ownership, value, condition and performance, leading to improved decision-making and community outcomes.

7. Centralised Land Assembly

Different approaches for land assembly and associated statutory approvals are adopted by the Department’s Building Management and Works (BMW) and Strategic Projects business units. BMW is largely reliant on service delivery agencies handing over sites that are ready for non-residential building projects.
Conversely, Strategic Projects manages land assembly and approval processes (for example, statutory planning, environmental, Aboriginal heritage) for its major projects, as an integral part of project planning and delivery. A small, dedicated team within Strategic Projects performs this function for all its major projects, working closely with asset owner agencies, statutory authorities and other stakeholders.

The latter approach ensures land assembly processes are fully coordinated with project planning, significantly reducing the risk of delays and additional costs due to insufficient land assembly expertise within some client agencies. The greater integration of BMW and Strategic Projects resources going forward provides the opportunity for the Department of Finance to adopt a similar, coordinated approach to land assembly for projects managed across government. In addition to delivering savings through avoided project risk, a centralised land assembly function within the Department of Finance will avoid duplication and therefore reduce resourcing requirements within agencies.

The Review's Final Report could support this initiative by recommending the Department of Finance establishes a small centralised land assembly unit responsible for securing land and associated approvals for non-residential building projects, and that this function be removed from asset owner agencies.

8. Centralised Revenue Collection Services

Responsibility for the collection of revenue, such as mining and petroleum royalties and gaming and betting taxes, rests with agencies responsible for the regulation of those industries. Experience in the Northern Territory, Queensland and New South Wales has shown a centralised revenue collection service for government, separate from policy functions, can remove role conflicts and lead to increased revenue.

Leveraging the State Revenue's existing systems, expertise dealing with complex corporate restructuring and value shifting, and strong compliance focus in other revenue areas would increase benefits to the State by reducing revenue leakage, reducing duplication across agencies and improving equity in the administration of relevant revenue laws.

The Review's Final Report could support this initiative by examining those departments with dual responsibilities for industry regulation/policy formulation and revenue collection, and requiring independent analysis (for example, the Office of the Auditor General) to determine whether the dual role is adversely impacting revenue collection.

9. Consolidate the Verification of Concession Entitlements

There is an opportunity to improve the verification of entitlement to grants and concessions paid to Western Australians (particularly seniors and pensioners) by consolidating the validation approach across various departments. Administration of concessions is fragmented across multiple agencies, leading to varying levels of customer service, the duplication of effort, varying levels of compliance, and potentially the overpayment of entitlements. A consolidated approach would make it easier for customers by:

- providing a single point of contact to apply for all government concessions;
- enabling citizens to 'tell us once' and update information with multiple agencies; and
- verifying entitlements to allow eligibility to be quickly determined for all available grants and concessions.
This would also reduce costs by centralising validation processes, providing a single point of contact for Commonwealth and other agencies and giving the Government a more holistic picture of the grants and subsidies paid to each citizen. It will also improve the delivery of grants and subsidies that have threshold limits where partial amounts are paid across multiple agencies (for example, the Hardship Utilities Grants).

The Review’s Final Report could support this initiative by recommending a review be undertaken to determine the cost savings and customer service improvements that could be made by centralised validation of senior and pensioner concession entitlements and improved information sharing across government agencies and utilities who provide concessions.

Conclusion

The Department of Finance supports the work being undertaken by the Service Priority Review to create a more efficient, collaborative, adaptable, and outcomes based public sector. Recognising the strong alignment between the objectives of the Review and the Department’s role as a central agency, the Department looks forward to assisting with implementation of the Review’s objectives.

Department of Finance
July 2017
The Department of Finance welcomes the Service Priority Review's interim report and supports the need for thoughtful reform of the Western Australian public sector to reduce cost, improve service delivery outcomes and make this the best public sector in Australia.

The interim report highlights the need for the public sector to engage with the public in innovative ways that can meet increasing demands for service delivery while also creating efficiencies. This will hopefully enable the sector to improve service delivery while also addressing the economic and fiscal challenges currently facing the State.

The report also addresses long standing cultural and capability issues, such as unproductive rules, a siloed mentality across agencies and a lack of information sharing and collaboration. These barriers are real and significantly hinder the sector's ability to achieve high performance and deliver good outcomes for the community.

The need for strong leadership across government, for functional leadership in corporate areas and a whole-of-government stewardship approach are all ideas that resonate strongly with the Department of Finance. Similarly, the opportunity to strengthen the capability of the public sector workforce is an exciting prospect for Department of Finance staff.

These are issues that should be important to all members of the Western Australian community and even more important to all public servants. As such, the Department of Finance commends the Panel and the Secretariat on an excellent interim report and has provided more detailed comments and practical considerations in relation to a number of themes identified in the report.

**Theme 1: Building a public sector focused on community needs**

*Deliver better services through digital transformation*

Strong sector wide leadership and a holistic approach is recommended to overcome the cultural and legal barriers to sharing information and transforming the delivery of services at a whole-of-government level. Integrating the delivery of services from different agencies can also be used to overcome some of these barriers and improve outcomes for the community. For example, consolidating the collection of revenue across government, to include mining royalties, could create opportunities to ensure the payment of due revenue, enable better information sharing and address potential conflicts of interest.

Finance can demonstrate the benefits of online service delivery through the successful transition of a significant portion of its tax collection services:

- One hundred per cent of taxable employers in Western Australia self-assess their payroll tax liability using an electronic system that is fast, secure and efficient;
- Around 93 per cent of duties transactions are self-assessed online, enabling customers to reap the time and costs savings flowing from using the system; and
- The integration of the online duties system with the new e-conveyancing solution PEXA allows paperless property transactions to be performed securely and seamlessly.

This success has been achieved by engaging customers in the redesign of services using online systems, which has resulted in high levels of voluntary acceptance by a range of customer groups. As per the Government’s Digital WA Strategy, the next steps for the
Department will be to extend and integrate the Department’s digital services with other agencies to create a seamless cross-agency experience via the ServicesWA portal being developed by the Office of the Government Chief Information Officer.

Adopt a whole of government approach to transactional services

The Department of Finance could take the lead on coordinating a whole-of-government approach to transactional services given its strong service delivery focus and good track record in online revenue services. It is recommended that this work is supported by a stronger focus on collaboration through the ServicesWA services portal and by adopting good practices and learnings from the Department of Finance, Services and Innovation in New South Wales.

Given the low level of maturity in implementation and ICT capability, it may also be sensible to start small using an agency clustering approach (for example, education services, justice and emergency services, planning and transport, etc.) with a view to ultimately joining up clusters across government. This approach would also enable commonality between agencies to be used as a starting point for driving change and collaboration in service delivery.

Recognise community needs in designing and delivering services, especially for regional and Aboriginal communities

The Department currently provides procurement support, non-residential building maintenance services and manages office accommodation for agencies in Western Australia’s regional areas. Regionally based officers provide important local intelligence that informs the delivery of these services and helps avoid a metro-centric ‘one-size-fits-all’ approach as highlighted in the interim report. Finance recognises there are often tensions between the metro-based head offices and regional offices of its client agencies and suggests that there needs to be communication and balance in agency decisions to avoid high costs or poor outcomes.

The Department’s previous submission to the Review highlighted some of the challenges with co-locating agencies within The Quarter building in Karratha, however, this move did provide some benefits including a single-point of contact for the community, increased opportunities for collaboration across agencies and a lower cost, higher standard fit-out than would otherwise have been possible. These benefits all support the objectives of the Review and the Department’s contribution to the Regional Service Delivery review also highlighted the opportunity to use trial sites to further encourage collaboration on government services within the regions.

The Department’s Government Procurement and Building Management and Works functions have also been involved in the Regional Services Reform initiatives. Through this involvement the Department has highlighted Government needs to do more to ensure sufficient capacity and appropriate skills existed within the regional workforces to properly support the policy objectives.

Design and implement good quality regulation

Prior to the machinery of government changes in July 2017, the Economic Reform function was located within the Department of Finance. The approach taken by the Department was to bolster capability within the unit, drive a progressive deregulation and red tape reduction agenda across government and strengthen the capability of regulators across the sector.
The Department agrees with the interim report’s comments about the importance of good regulation for the business sector and the economy and the need for a cross-agency approach. Transferring the Economic Reform function into the Department of the Premier and Cabinet (from the Department of Treasury) would increase the prominence of this role, enable a whole-of-sector approach and provide synergies with other functions, including the Public Sector Reform Implementation Unit. The function would also better align with the broader interests of the Department of the Premier and Cabinet in promoting positive business outcomes for the State than the sometimes narrow focus of Treasury.

Introduce whole of government targets
Finance understands and supports the approach and objectives for whole-of-government targets. The need for a central implementation role is critical, but a centre-led ‘hub and spoke’ model that leverages expertise from other central agencies could help reduce costs and reemphasise the importance of central agencies’ stewardship role. This model would also complement the broader governance arrangements being developed for the targets and embed central oversight and assistance to ensure cross-agency collaboration.

The Department also believes that as a provider of services to other agencies it will have opportunities to support the achievement of whole-of-government targets by helping other agencies achieve their outcomes efficiently and effectively.

Theme 2: Enabling the public sector to do its job better
Discard counterproductive rules and processes
Finance is leading the Directors General Public Sector Efficiency Working Group to identify counterproductive rules and processes that can be removed, as well as addressing the cultural and systemic issues which underlie the proliferation of red tape. The Working Group has been in close communication with the Service Priority Review and echoes its views on the issues of stifling innovation, a focus on process over outcomes and a cultural tendency to avoid risk.

The Working Group’s focus on the areas of recruitment, procurement, financial reporting and record keeping and cumulative burdens will lead to tangible recommendations that can be implemented to begin improving efficiency in the sector, in a way that is consistent with the interim report. Importantly, the Working Group’s recommendations will also target those underlying causes in order to drive sustainable change within the sector that stops red tape from creeping back into government rules and processes.

The Working Group will continue working with the Service Priority Review and the Public Sector Reform Implementation Unit within the Department of the Premier and Cabinet to ensure the alignment of recommendations and the achievability of lasting reform.

Get better value from procurement
The Department of Finance has been proactively pursuing the clustering of procurement processes to leverage the State’s buying power, improving procurement capability and increasing the efficient use of procurement information. The opportunity to step up this action on the back of the Service Priority Review is welcomed.

Introducing a mandate for agencies to share forward-looking procurement plans would further enable Government Procurement to lead aggregated purchasing processes. This could drive efficiencies in procurement by leveraging the collective spend of multiple agencies and potentially improve economic opportunities for businesses if the plans were made publicly
available. This could be also supported by a framework with clear protocols for identifying procurement activities that require early engagement with industry.

In addition to work already being done by Government Procurement to build public sector capability in commercial negotiation and contract management, the sector would also benefit from strengthening the Chief Procurement Officer role within agencies and increasing the prominence of this role. Currently, the Chief Procurement Officer role is performed to varying degrees of effectiveness across agencies due to a lack of clear responsibilities and accountabilities for the role. Formalising this role would support efforts from the centre to build capability, help focus the procurement function on delivering business objectives and strengthen the governance around procurement.

In relation to better leveraging procurement information, Finance is currently developing analytical capabilities and trialling automation techniques to improve the classification of information. Other opportunities to leverage the information more effectively could include:

- Establishing a central pricing database that government buyers can access to facilitate greater knowledge sharing and build negotiation capability across government. The database would be administered centrally to protect the information and would allow buyers to understand what pricing was obtained and what terms and conditions suppliers have forgone to ensure each agency can achieve outcomes that are as good, if not better.

- Leveraging State Supply Commission audit findings to release biannual procurement health checks for whole of government that would improve transparency and encourage agencies to consider procurement activity as a key function of the business.

- Mandate that agencies complete supplier performance evaluations for all contracts over $1 million. This information will be maintained centrally through Tenders WA and would inform a status rating only visible to agencies to help them make informed procurement decisions.

There are also specific opportunities to improve outcomes for community services procurement. This could be achieved by introducing a framework that ensures contracts deliver against government service delivery objectives, enables proper evaluation of outcomes and improves engagement with the not-for-profit sector and the community, particularly for large contracts. The strong leadership needed to drive these frameworks and obtain buy in from line agencies, service providers and central agencies is an area that could be improved, with the role currently split between the Department of Finance and the Department of the Premier and Cabinet.

**Theme 3: Reshaping and strengthening the public sector workforce**

*Develop a high performance workforce*

The Department recognises the sector must invest in workforce capabilities needed for effective service delivery in the future, yet there seems to be a lack of any holistic approach to developing the required skillsets across the sector.

One model could be to examine the core business of each agency and re-align the delivery of non-core functions in a manner that focuses on developing agency strengths and therefore improves the overall performance of the sector. The Department of Education’s willingness to focus on delivering education outcomes and delegate the delivery of capital works and maintenance services to Building Management and Works provides a good example of how this can work. There are other opportunities to make better use of strengths that exist across government, for example leveraging the State’s systems and compliance expertise to take on a broader role in the collection of mining royalties and payment of grants.
This approach could complement and strengthen the proposed functional leadership model for other corporate areas.

The proposal for internal and external reviewers of agency capabilities also has some synergies with the existing Gateway Review process. The accreditation and panel convening functions currently performed by the Department’s Gateway project assurance function could be broadened to facilitate critical analysis and recommendations for service improvements in a broader range of areas.

**Theme 4: Strengthening leadership across government**

*Strengthen central agencies’ roles as facilitators*

Strong leadership, better coordination and collaboration by central government agencies is essential to good public policy development. Implementation of good policy also requires the ability to work with agencies and assist them in a very practical manner. This is where the Department of Finance’s central agency role, with its practical focus and operational orientation, coexists well with other central agencies. This is closely related to the interim reports strong focus on the need for functional leadership.

This needs to be underpinned by new governance arrangements which focus on bringing together central agencies to work with the key line agencies. Of course, the establishment of whole-of-government targets would provide a further unifying theme for new governance arrangements that could be driven through the Directors General Implementation Group.

Harnessing the expertise and levers from across central agencies would provide a strong platform for oversight and leadership of government priorities. This would also provide a basis for leading cultural change across the sector and enable the sector to more effectively address priorities such as improving implementation capability. A stronger collective role for central agencies would also facilitate a greater emphasis on stewardship across government and support the objective of a unified sector.

*Focus agency leadership on cultural change*

The interim report identifies risk aversion, siloed operations, a lack of focus on outcomes and the attitude of spending to budget as key areas of cultural change needed within the public sector.

The Public Sector Efficiency Working Group intends to also highlight the risk adverse culture prevalent in the sector. Importantly, culture change needs to be driven at all levels, from Ministers through to more junior public sector staff.

The need to address siloed operations and lack of focus on outcomes has been widely covered. The issue of incentives for behaviours is an area worth further examination.

For instance, to address the culture of agencies spending up to budgets needs to be dealt with as part of our fiscal challenge. Recently the Department of Finance and the Department of Treasury have introduced gain-sharing savings measures to incentivise agencies to exceed externally imposed targets for accommodation and severances respectively. A broader focus by central agencies on incentives, the consequences of rules and policies and the practical unintended consequences needs further attention. For example, controls on full time employees lead agencies to pursue more contracting-out of services, which undermines the overall intent of the control to achieve savings.
Use functional leadership to drive best practice in ICT, human resources management and regulation

The Department is an advocate of the interim report’s views on the need for greater functional leadership of corporate functions across the sector and believes Finance has enormous scope to build on its current leadership role to improve the efficiency and effectiveness of the public sector.

The Department already has a type of functional leadership role in relation to procurement but recognises the need to further develop that role. The areas for improvement around capability building and analytics have been openly discussed with the Secretariat and the Panel and have been covered in relation to better value from procurement. There is also more work to do to in relation to improving legislation, addressing policy gaps and taking a more holistic approach to procurement.

The report notes that the Department of Finance also has an established functional leadership role in office accommodation. This role was extended by the previous Government to ensure agencies in the general government sector no longer enter leases in their own right, enabling the application of central expertise in lease negotiation and the minimisation of vacant space through centralised management. In the 2017-18 Budget, the Department’s role was further broadened to gather information on the 187 agency-owned buildings (280,000 square metres worth of accommodation) so an informed decision could be made about whether to centralise ownership or control. This reform is expected to deliver around $125 million in savings to Government by reducing government’s office accommodation footprint and implementation of an asset management platform to be shared across government.

The Department also suggests there is a functional leadership gap in realising the full potential of the tens of billions of dollars invested in Government’s assets. The Department of Treasury’s Strategic Asset Management Framework provides a set of policy principles for asset owners but there is a lack of practical implementation of the framework and governance around agency compliance with these principles. Across the sector there is also a lack of any data standards or information on the condition of Government’s assets, which means there is no opportunity to benchmark the utilisation and performance of assets or take a holistic approach to the assets management.

The Department’s view is that agencies should generally continue to own an asset where it is an essential part of their service delivery role. Over time, there is potential for the Department to leverage its existing expertise in asset delivery and maintenance to fulfil a much needed functional leadership role for planning and land assembly, business case development, asset maintenance, facilities management and whole-of-government asset information. This role would be focussed on assisting asset owning agencies in improving their asset management performance and providing oversight and assurance to the Government (as the asset investor). The ability to benchmark performance and inform whole-of-government decision making would lead to efficiencies in the maintenance of assets for agencies and ultimately improve the delivery of services to the community through these assets.

This gap around realising efficiencies in asset ownership is an area that should be developed further.
The interim report highlights the benefits of digital service delivery, digital transformation and better information sharing. The Government Chief Information Officer has a clear functional leadership role in this area, however, this role could provide even greater benefit to the sector by:

- increasing the focus on implementation and practical assistance to agencies transitioning to GovNext-ICT, to achieve the full savings and economies of scale; and
- combining the role with the State Records Office to support the forthcoming *Born Digital* strategy and increase the emphasis on digital technologies for efficient recordkeeping.

These views also align with draft findings from the Public Sector Efficiency Working Group, which has found a lack of functional leadership in some corporate functions are a cause of inefficiency in those areas.

**Conclusion**

The Department of Finance is keen to pursue the reform directions outlined in the interim report to increase the public sectors focus on community needs, enable the public sector to do its job better, strengthen the public sector workforce and strengthen leadership across government. Recognising the strong alignment between the objectives of the Review and the Department’s role as a central agency, the Department looks forward to assisting with further development and implementation of the Review’s recommendations.

Department of Finance
September 2017
Dear Mr Rennie,

RESPONSE TO THE SERVICE PRIORITY REVIEW INTERIM REPORT

Thank you for the opportunity to comment on the Interim Report of the Service Priority Review Panel. Overall, I support the directions for reform set out in the Report, and in particular on the needs of our community, and consider it to be a clear and concise discussion of the current challenges facing the sector and opportunities for improvement.

There are however some areas of concerns for the WA health system which I believe should be considered in the context of the Panel’s final report and recommendations.

The Panel’s focus on better data sharing to enable more informed decision making, and in the human services context, improved outcomes for individuals, is welcomed. The Health Services Act 2016 includes new provisions to enable better sharing of patient information across the WA health system but more could be done to enable sharing with other human services agencies. The Panel’s support for an “open by default” approach to information is also consistent with a recent review of quality and safety which recommended greater transparency of information relating to safety and quality, including “a presumption in favour of publishing at all times”. The likely recommendation to develop a clear legislative framework across Government to improve data sharing is also supported. In developing its final recommendations and report, it would be useful for the Panel to consider the review of data linkage capabilities, including improvements already made by the Department of Health.

I note that the Report describes a “paucity of information” (see page 8) but would argue that this is not the case in health. There is significant data available but the key issue is how, and whether, this information is used effectively to inform decision making and improve service delivery.

I am concerned about the use of emergency department (ED) performance information in the Report. The information provided on page 9 is not referenced but appears to be based on data reported by the Australian Institute of Health and Welfare on the “proportion seen on time”. This is not the most relevant Key Performance Indicator (KPI) for ED access. The WA Emergency Access Target...
(WEAT) (otherwise known as the “four hour rule” and referred to nationally as the NEAT) is recognised as having direct relevance to patient mortality and morbidity as proven by clinical evidence. This should be acknowledged in the final Report, particularly given the development of whole of Government KPIs and the need to ensure the most relevant measures are used. While WA is second last compared to other jurisdictions in terms of the “seen in time” indicator, it is ranked first for WEAT/NEAT.

There could be benefit in the Panel including some more commentary in relation to comparisons with other jurisdictions, for example in relation to attraction and retention incentives and wages growth (see page 8), workforce composition (see page 28) and the number of staff who work in the public sector.

Regarding workforce performance, it is critical that the public sector not only develops its capability to attract and retain talent, but also its capability around “renewal”, including ensuring effective performance management and development processes and standards are in place and actively applied. More detailed commentary in relation to specific aspects of the Report relating to workforce is attached.

I note the Panel’s support for more centralised procurement, or “clustering contracts” (see page 20) and recognise that there are opportunities to streamline the sector-wide operating model, standardise processes, and look toward more contemporary procurement strategies (for example, category management and market testing/building strategies). However, I also acknowledge that a centralised approach can increase the time taken to undertake procurement processes if not executed well. Through its Strategic Procurement Program, the WA health system has significantly improved its procurement practices over the past three years. A deliberate focus on the management of whole of health contracts has delivered significant savings, but this centralised approach needs to be balanced with the need for timely and locally responsive procurement in some circumstances.

I also note the discussion and potential benefits around improving our capability to deliver services online (see page 13) and the concept of the ‘one-stop’ model (see page 14). I would like to emphasise the need for strong cross-sector commitment and leadership to ensure effective and efficient delivery, and reduce the risk of it simply becoming another layer of complexity or cost. Increasing the use of Telehealth is also a key focus for the WA health system.

There is also a need to further consider the delivery of services to Aboriginal people, noting that while there has been significant investment in this area, outcomes are still poor compared to other Western Australians.

It will be important to ensure that the recommendations in the final Report provide clarity in relation to roles, responsibilities and accountability. It is not clear in this
Report, for example, whether it is proposed that the Public Sector Commission take on responsibility for whole of sector industrial relations (see page 27), and where accountability would lie if the New Zealand model described on page 365 was implemented, allowing the Government Chief Information Officer or other nominated officers to override Directors General/agency heads.

It is also imperative that change, transformation and implementation capability, and a culture that supports this, is developed across the public sector to ensure that the opportunities identified are delivered. Consideration will need to be given to the model that underpins implementation and whether implementation will be centrally driven or devolved.

In relation to setting targets and the operation of the Outcome Based Management (OBM) framework (see page 41), I would welcome the opportunity to provide the Panel with an overview of how the establishment of the OBM has provided the WA health system with significant clarity on costs, outcomes and value. There may be lessons to be learned for other agencies about how the OBM can be an effective tool in understanding the impact of an agency, rather than a simple compliance process. While I am supportive of the concept of Whole of Government targets, they must be meaningful and drive the right outcomes. It will also be important to ensure that the implementation of targets does not have unintended consequences or reduce the focus on other important aspects of service delivery.

I note that the SPR Panel Chair and Secretariat are liaising with the Sustainable Health Review (SHR) Panel Chair and Secretariat, with the SHR Panel required to provide advice to Government on how to best implement any Government-endorsed recommendations of the SPR. I look forward to ongoing discussions in this context and would welcome early engagement and consultation on relevant draft recommendations to ensure they are able to be effectively implemented within the WA health system.

Yours sincerely

Dr D J Russell-Weisz
DIRECTOR GENERAL

20 September 2017

encl.
Additional commentary by the Department of Health on reshaping and strengthening the public sector workforce

Move to a simpler employment framework

The Department of Health (DoH) welcomes a review of the WA public sector human resource management and industrial relations systems. The DoH agrees that a streamlined approach of the industrial relations system is appropriate; however, given the diversity of industries across the public sector, industry expertise must be incorporated as part of this approach.

Further, there may be merit in undertaking comparisons with other jurisdictions related to attraction and retention incentives, wages growth and workforce composition.

In relation to the areas identified by the Panel, feedback is as follows:

Legacy provisions in awards and agreements

There are a number of legacy provisions in WA health system industrial instruments. Over the years, attempts have been made to remove some of these provisions. Given the Public Sector Wages Policy Statement 2017 (Wages Policy) limitations on bargaining, it will be difficult to negotiate the removal of legacy provisions if they are deemed to be less favourable to employees.

Limitations regarding the use of fixed term contracts

It is noted the Panel identified that new public sector employees are seeking greater flexibility from the organisations for which they work. At present, the relevant union/s involved in bargaining for replacement WA health system industrial agreements have been reluctant to consider expanding on provisions related to the use of fixed term contract arrangements.

The current focus of unions involved in bargaining for replacement WA health system industrial agreements has been to limit the use of circumstances for which casual and fixed term contract arrangements may be utilised.

At present, the DoH is conducting an audit related to the employment arrangements of support workers, enrolled nurses and assistants in nursing consequent to the Minister for Health’s commitment to United Voice. Arising from this review, it is anticipated that a number of casual and fixed term contract arrangements will be appointed as permanent employees as part of a merit selection process.
The DoH has been involved in whole of Government discussions as part of the Public Sector Policy election commitment regarding the development of a framework criteria for the conversion of employees on long term fixed term contract arrangements and the determination of criteria for the conversion of eligible casual employees.

**Classification systems no longer fit for purpose**

Classification management is a key factor in ensuring that any new or changed positions or job groups are evaluated to ensure consistency in the determination of the relative worth of positions or group of positions across the WA public sector.

Job evaluation systems and processes are used throughout the world and various types of point scoring tools are an integral element of the job evaluation process. The WA health system ensures that job evaluation is carried out in accordance with the Public Sector Commission’s Approved Procedures and processes governed by the Western Australian Industrial Relations Commission (WAIRC). These procedures provide for the use of the points based BIPERS job evaluation tool for positions classified from Level 1 to 8 within the public sector.

The BIPERS job evaluation tool as explained in the Classification Determination Manual issued in 1989 is no longer fit for purpose. The BIPERS job evaluation tool has limitations and does not reflect a contemporary workforce. The WA health system supports a review of the BIPERS job evaluation tool with the intent to update the evaluation tool or propose an alternative job evaluation tool and process. Furthermore, it has been noted in a number of decisions of the WAIRC that BIPERS is not of itself determinative of the classification level of a position as it is purely a tool to assist in the job evaluation process.

**Inflexible wage setting arrangements**

Wages Policy specifies a limit of $1,000 per annum increase to industrial agreement wages and associated conditions and no-cost improved administrative arrangements and/or cost-neutral flexibilities. This limits the ability of public sector agencies to negotiate changes to industrial agreements.

It has been identified through recent rounds of negotiations for replacement industrial agreements, there is difficulty in coordinating authorisations and approvals across public sector agencies. Holding separate discussions with stakeholders was onerous and led to protracted timeframes. To better facilitate the coordination of authorisations and approvals, it is recommended that the DoH, as the health industry expert, continues to lead negotiations for replacement WA health system industrial agreements, but that all relevant stakeholders are collectively involved in discussions at critical junctures during negotiations. This includes the commencement of
bargaining, during negotiations and prior to an offer being made; however, engagement with relevant stakeholders should not delay the bargaining process.

**Recruitment requirements**

It is noted the Panel found variable agency recruitment performance and that additional “layers” of policy and process was being applied to mitigate risk against Breach of Standard claims. A review of recruitment requirements is welcomed.

**Management of substandard performance**

The DoH welcomes a review of Part 5 of the *Public Sector Management Act 1994* (WA) (*PSMA*) in relation to the management of substandard performance. Subsection 79(5) of the PSMA provides for an investigation to be held into whether or not the performance of an employee is substandard in circumstances where the employee does not admit their performance is substandard. A similar provision has been included in the *Health Services Act 2016* (WA) (*HSA*) at subsection 159(2). The DoH recommends that the PSMA provision be amended to remove the requirement for an employing authority to conduct an investigation where the employee does not admit their performance is substandard as it is onerous and prohibitive to the management of substandard performance.

**Other policies and practices that ultimately disempower managers and employees**

A review of the management of disciplinary matters under Part 5 of the PSMA is welcomed. The management of disciplinary matters in Health Service Providers (*HSPs*) differs slightly to the management of disciplinary matters for public sector employees under Part 5 of the PSMA and provides greater flexibility to manage a breach of discipline of a clinical nature. On this basis, it would be difficult to standardise the management of disciplinary matters for the broader public sector and within HSPs.

**Develop a high performance workforce**

The DoH agrees with the finding that there is “an absence of systematic and long-term workforce planning, capability development and effective workforce management”. The DoH is currently undertaking a strategic program of work to determine the future state workforce functions of the DoH in its role of System Manager under the HSA in order to develop a system-wide strategic workforce management approach.
The WA health system is complex and includes a variety of occupational groups including medical practitioners, registered nurses, enrolled nurses, midwives, assistants in nursing, allied health professionals, health science professionals, administrative staff, public service officers, support workers, engineering and building trades amongst a workforce of 44,000. The development of a high performance workforce across the WA health system is essential to the provisions of high quality health care to the WA community.
Our ref: M/2017/502
Enquiries: Duncan Ord OAM

Ms Michelle Andrews
Secretary
Service Priority Review
Dumas House, 2 Havelock Street
WEST PERTH WA 6005

Email: michelle.andrews@dpc.wa.gov.au

Dear Ms Andrews

SERVICE PRIORITY REVIEW

I have been contacted by Professor Margaret Seares AO, who has advised that the Service Priority Review panel is interested in meeting with me in the forthcoming weeks.

As Acting Director General of the Department of Local Government, Sport and Cultural Industries, I have an interest in a number of matters that are being considered in the review.

In regard to ‘Theme 1 – Customer-focused and outcomes-based service design and delivery’, particularly focusing on the category ‘How can public sector service delivery best meet the needs of regional communities?’, State Government services delivered in partnership with local government and the not-for-profit sector are an effective way of delivering services in regional and remote areas; reducing potential costs to government of maintaining regional State agency offices or servicing regions through fly-in fly-out arrangements from the capital city.

In relation to the category ‘What key outcomes should the public sector be trying to achieve? How can results be measured and shared with the community’, there is evidence that targeted downstream investment could have a significant impact on the higher than CPI growth in expenditure in tertiary health services, justice, and community safety.

Finally, in regard to the category ‘What is the public sector doing well in the area of service design and delivery, and what can it do better?’, we have a particular interest in the service delivery across sport and recreation, local government, and the cultural sectors as they impact on the success of communities and contribute to the wellbeing of families; particularly in the formative years for children and youth.

Moving on to ‘Theme 3 – Efficient and effective systems and processes’, under the category ‘What new technologies could be used to achieve better service outcomes’, we seek to raise current inefficiencies regarding the management of government information; inclusive of compliance of the State Records Act 2000 and the creation and storage of archival records.

Letter.docx
Secondly, in the category of ‘How can the public sector better collaborate – both between agencies, and with the private sector – to operate more efficiently’, there is significant duplication in the provision of services by way of grants between agencies with aligned purposes such as: Healthway, Lotterywest, Culture and the Arts (WA), and Sport and Recreation (WA). We propose that grants are delivered through a single grants management system and grant assessment and accountability process, which could potentially save administrative costs and enables focus to be placed on the core purpose of the agencies.

Finally, in regard to the category ‘How can government contracting and purchasing practices be improved to get better results’, we would seek to raise with the panel the effectiveness and efficiency of current practices for the procuring of asset maintenance and property services; through a centralised Building Management and Works contracting model. A recent analysis by Culture and the Arts (WA) indicates significant savings could be made with a direct market and procurement model; without any loss of oversight or accountability.

I look forward to discussing these matters further and will provide briefings, if requested.

Yours sincerely,

Duncan Ord OAM
Director General

4 July 2017
RESPONSE - Service Priority Review Interim Report

As at 15 September 2017

Prepared for the Service Priority Review Panel

Prepared by the DMIRS MOG Phase II Project Team

September 2017
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BACKGROUND

ABOUT THE DEPARTMENT

The Department of Mines, Industry Regulation and Safety (DMIRS) (The Department) formed on 1 July 2017 following the amalgamation of the Department of Mines and Petroleum (DMP) and the Department of Commerce (DoC). The focus of DMIRS, on behalf of the Western Australian Government, is to ensure a safe, fair and responsible future for the community, industry and resources sector. DMIRS will bring together regulation and related activities for mines, petroleum, building, consumer protection, labour relations, and energy and worker safety.

PURPOSE OF THE REPORT

This document is in response to the Service Priority Review Interim Report circulated by the independent panel in August 2017.

DMIRS thanks the Panel for the opportunity to comment on the suggested directions outlined in the Interim Report. Overall, the four directions for reform identified by the report coincide well with the areas we are currently examining as part of the continuing amalgamation reform process. Whilst that process is still underway, the interim report provides useful input for our consideration. These processes of internal consideration also give a good basis for providing this feedback to the panel on their report and how the themes might be best given practical effect. The following are comments regarding the areas where DMIRS could particularly benefit from reform.
1. BUILDING A PUBLIC SECTOR FOCUSED ON COMMUNITY NEEDS

Part of the current DMIRS strategy is to digitise transactional services, offering online services wherever possible, whilst following Digital WA ICT strategy.

This will make interactions between the Department and industry and small business simpler, and offer 24/7 transactional services. DMIRS has identified two areas in particular (digitisation and customer centric services) where change is necessary, not only to be more efficient, but also to reflect the change in the way the public wishes to do business with the department.

A focus of the Department is to reduce the number of bespoke applications and lodgement systems maintained by DMIRS. The Department considers there is an opportunity for better integration and the potential to improve customer service by pursuing commercial solutions.

DMIRS has found, throughout the amalgamation of the two former Departments, some significant challenges in bringing together incompatible technologies. Before DMIRS makes further changes to its ICT portfolio, it would be helpful to get direction from the GCIO to ensure the most appropriate course of action. The GCIO could provide stronger direction to ensure appropriate platforms are acquired, and systems developed, with compatibility and integration on a sector-wide scale.

Examples of the Department’s digital direction in transactional services are e-Bonds, e-Licensing and PoW Spatial.

**e-BONDS**

e-Bonds is an electronic transaction process for lodging and returning tenancy bonds. The initiative provides quicker refunds of bond monies to tenants and landlords, and a reduction of red tape for industry. Since the introduction of electronic capabilities in 2015, approximately $192 million from 165,048 transactions has been lodged electronically by agents. In August 2017 alone 12,059 transactions with a value of $18 million have been lodged and disposed of electronically. Currently more than 96 per cent of new bonds lodged by real estate agents are transacted electronically, 58 per cent of refunds are also being transacted through electronic transactions, with that percentage expected to increase over the next 12 months.

Most tenants who have their bond transacted via the electronic transaction system now receive their bond money back within 48 hours, once the tenant and agent have agreed on the amount to be returned. Previously, there was an average wait of eight to twelve days, with some bond disposals taking up to a month under the paper-based processing system.

**e-LICENSING**

The department is pursuing a digital strategy to address the many occupational licences for application and renewal. In particular, WorkSafe’s High Risk Work Licence (HRWL) renewal and application process, which affects 60,000 applicants per year. It is the first step and part of a broader strategic initiative known as LicencesOnline, which aligns with the government’s strategic direction to provide online services.
POW-S

The Mining Act 1978 requires that a Programme of Work (PoW) is lodged in the prescribed manner and approved by the Minister (or a prescribed official) prior to an explorer or prospector conducting any ground disturbing activities with mechanised equipment. Recently the department released a new lodgement system, Programme of Work - Spatial (PoW-S). The new system offers real time feedback, giving all the relevant information on the tenement(s) at the lodgement stage. The system will prompt information from the tenement holder during the lodgement process, hence ensuring adequate information is provided in the application and reducing the likelihood of questions during the assessment.

This will reduce the average time to get critical information to and from explorers and prospectors. These efficiency gains have meant staff resources can be better utilised elsewhere, resulting in a 320 per cent increase in compliance audits and inspections since 2012-13.

2. ENABLING THE PUBLIC SECTOR TO DO ITS JOB BETTER

DMIRS agrees that a clear legislative framework for data sharing will provide certainty and confidence around what information can be shared.

A clear legislative framework allowing information to be shared and a commitment from Government to drive that legislation through parliament would assist in giving effect to the Government’s Open Data Policy to share information to make informed decisions about service delivery.

As it stands, a majority of the legislation for which DMIRS is responsible contains legislative restrictions with respect to the sharing of information, with some exceptions. Even if the legislation is silent on the sharing of information, there is a view that the common law may impose restrictions on the sharing of particular information.

DMIRS is subject to limitations such as those for statutory office holders, including the Worksafe WA Commissioner, who are restricted from sharing information about their areas of responsibility due to uncertainty as to whether the relevant legislation will allow it. The Department has already identified several instances where operational benefits could be achieved by DMIRS through greater sharing of some information. A number of strategies are being considered to address current or potential limitations, for example, if one person was to assume all statutory roles under the department’s legislation, that person will still be restricted with respect to the use of information collected in the course of their functions. DMIRS would be keen to discuss further with the Panel how these issues could be addressed.

3. RESHAPING AND STRENGTHENING THE PUBLIC SECTOR WORKFORCE

LABOUR RELATIONS

In respect to the suggestion of bringing the central industrial relations and human resource functions together, the following information will assist the Panel in coming to a recommendation.

First and foremost, to maximise and retain the professional skills required to deliver the overall labour relations functions, the labour relations function should not be disaggregated.

The WA State Labour Relations function is unique amongst State jurisdictions, as WA has not referred its industrial relations powers to the Commonwealth. Consequently, the Labour Relations
Division (LRD) covers the public and remaining private sector (comprised of sole traders, unincorporated partnerships, trust arrangements and some incorporated associations). The Minister responsible for Industrial Relations and the Executive Director Labour Relations have responsibility for the coordination, governance and consistent management of public sector labour relations; and policy development and legislative responsibilities, research, representation and review, inspection, education and compliance of industrial legislation.

The issues raised by stakeholders and identified by the Services Priority Review (page 26) are challenging, often being subject to the political context of the day. This context also influences bargaining outcomes and industrial instruments where provisions have been agreed to achieve negotiated settlements and may contribute to the complexity of employment arrangements.

Labour relations and public sector human resource management issues are interrelated and we agree there need to be closer links between the two, to achieve the required reforms identified by stakeholders in the SPR. There is positive collaboration at officer level between LRD and the Public Sector Commission currently.

DMIRS agrees that gradual change within a well-developed strategic framework will require strong political and policy focus over a sustained period. The strategic level collaboration required to tackle the issues identified by SPR and stakeholders can be achieved by a formalised arrangement between the human resources and labour relations functions. Such an arrangement would require ministerial support and Cabinet endorsement.

While the central labour relations function is currently located with DMIRS it could be placed elsewhere in the sector.

**HIGH PERFORMANCE WORKFORCE**

In developing a high performance workforce, the department agrees that workforce planning is an area where greater collaboration is needed between agency heads, human resource professionals and the Public Sector Commission. DMIRS agrees there is much more that can be done by central agencies, although the Department acknowledges that some of this is now being addressed through whole of government collective recruitment practices.

The changing labour market, the impact of digitisation and the exit of the baby boomer generation from the workforce will make strategic workforce planning an essential component in achieving agencies’ mandates and objectives. Fundamental to this will be the requirement for information, including current workforce analytics and predictive analytics.

The Public Sector Commission (PSC) already gathers considerable information on the public sector workforce through such avenues such as the Minimum Obligatory Information Requirements (MOIR) surveys. DMIRS recommends that the PSC invest more into analysing the information it gathers and produce, in collaboration with the Department of Training and Workforce Development, more detailed analytics for departments addressing their particular workforce characteristics.

Effective performance management is key to an engaged and productive workforce. Unfortunately individual performance management is often treated as a compliance exercise rather than as a tool for career development. Effective performance management should be forward-looking and tailored to an individual’s position on the performance continuum. Removing unnecessary prescription from those subsidiary instruments (such as Approved Procedures, Commissioner’s Circulars and Public Sector Standards for Human Resource Management) could substantially increase the flexibility available to manage the public sector workforce, especially in performance management.
Attracting and recruiting the right people quickly is also integral to achieving a high performance workforce. DMIRS agrees that much of the restrictions and red tape around human resource management, especially recruitment, is self-imposed and built on ‘myth’. However, the recruitment process remains lengthy and rule-bound. In times of a tight labour market, recruiting quickly, especially from the private sector, is essential to retaining applicants.

Another recommendation from DMIRS is for PSC to look at removing prescription at the macro level. PSC should look to a more risk-based approach to compliance, for example by removing such things as four-day review rights for unsuccessful applicants. This would greatly assist in ameliorating the compliance and risk avoidance culture around recruitment, which contributes to the existing lengthy recruitment process and resultant productivity loss.

4. STRENGTHENING LEADERSHIP ACROSS GOVERNMENT

DMIRS supports the proposal for agency capability reviews as a tool to maximise the gains from the amalgamation of the former departments of Commerce, and Mines and Petroleum. The model applied by the Australian Public Service (APS) has merit. That model also established a whole of APS Capability Network with agencies sharing information on successful initiatives and identifying common capability development areas. DMIRS would also support such an approach for the WA public sector. Such a review for DMIRS would be welcomed, as it would assist in identifying the Department’s strengths and development areas, in the context of the anticipated future operating environment.

FURTHER DISCUSSION

DMIRS welcomes the opportunity to discuss further with the Panel and its Secretariat the finalisation of the Panel’s recommendations and in particular, implementation of those final recommendations.
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Introduction and Summary of Key Recommendations

This paper sets out reform areas which have been identified for priority consideration by the Department of Treasury. The focus is on:

- program redesign and achieving better outcomes (applying data capacity and analytics to encourage innovation in service delivery and improve coordination across agencies);
- demand management (reconfiguring services to prioritise early intervention initiatives as a means of reducing demand for more complex and costly services over the longer term); and
- a number of specific reforms to existing programs or funding arrangements where evidence is clearly identifying sub-optimal outcomes (program evaluation, funding of the Road Trauma Trust Account and central office resourcing of the Department of Education and the Department of Training and Workforce Development).

Summary of Key Recommendations

1. **Data Utilisation**: implement a *Whole of Government Data Strategy* for service prioritisation and performance monitoring, including the creation of a new Office of Data Analytics, reforms of the data linkage system and an enhanced centralised data leadership role.

2. **Behavioural Insights**: pilot zero/low cost ways of raising service efficiency through influencing customer and agency behaviour.

3. **Social Impact Bonds**: trial Social Impact programs which provide scope and incentives for innovation by service providers to achieve measurable outcomes.

4. **More Effective Early Intervention**: adopt a data-driven, *Social Investment Approach* to early intervention programs, including establishing a Social Investment Unit in a central agency.

5. **Program Evaluation**: implement an *Evaluation Schedule* which requires agencies to regularly evaluate their programs to determine if they are achieving their objectives and delivering value for money.

6. **Human Services**: implement a strengthened approach to outcomes reporting, including a shared *Outcomes Framework* for all human services.

7. **Justice Pipeline**: implement a Justice Pipeline Model to provide more detailed modelling of the criminal justice sector for effective policy decisions.

8. **Community Corrections**: alleviate future pressures on prison capacity by increasing the use of community corrections.

9. **Road Trauma Trust Account**: implement data driven, evidence-based investments in road safety initiatives, including closer collaboration with the Insurance Commission of WA on accident data provision and analysis.

10. **Education – Student-Centred Funding Model**: implement an equitable distribution of funding to smaller schools and relatively poorly performing student cohorts.
11. **Education – Central Office Resourcing**: implement a targeted increase in the Department of Education's ratio of students to out-of-school staff, to be achieved through central office efficiencies.

12. **Education – School Bank Accounts**: implement pooling and centralised management, with surplus funds redirected to educational priorities such as asset investment.

13. **Education – Infrastructure Planning**: adjust local intake areas to better utilise existing facilities, increase the capacity of new primary schools, and close schools which no longer have sufficient numbers of students.

14. **Public Transport**: implement a program to increase accountability, comprising of data improvements, cost and service delivery modelling, performance metrics and aligning services with patterns of customer demand.

15. **Medical Services in Prisons**: service redesign, including expanded capacity for telehealth consultations.

16. **Department of Training and Workforce Development**: transfer non-training functions (such as migration services) to more relevant agencies and align central administration resourcing to national benchmarks.

17. **Government Trading Enterprises**: implement governance reforms to improve the oversight of Government Trading Enterprises (GTE's).
1. Whole of Government Data Strategy

Complex social policy problems, including those relating to child abuse and neglect, drug dependence, mental health, crime and Aboriginal disadvantage, impose a heavy personal cost on many individuals and families in WA. The economic and fiscal costs of these problems are also very significant, both in terms of lost productivity and greater demand for State government services.

Like many other governments and large organisations, the Government routinely collects and stores large volumes of administrative data in these areas. However, this information is not being used effectively in WA to target government services and to evaluate social outcomes.

A whole of government data strategy is needed to better inform policy making and to progress key social policy reforms, including early intervention strategies and better demand management. In this regard, a number of governments in Australia and overseas are now investing in centralised ‘data analytics’ teams to help address some of these problems (see Table 1).

<table>
<thead>
<tr>
<th>Jurisdiction</th>
<th>Unit</th>
<th>Agency</th>
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<tbody>
<tr>
<td>NSW</td>
<td>Data Analytics Centre (since 2015)</td>
<td>Finance Services and Innovation</td>
</tr>
<tr>
<td>Queensland</td>
<td>Govt. Statistician’s Office (since 2014)</td>
<td>Science, Information Technology and Innovation</td>
</tr>
<tr>
<td>Victoria</td>
<td>Centre for Data Insights (2017)</td>
<td>Premier &amp; Cabinet</td>
</tr>
<tr>
<td>South Australia</td>
<td>Office of Data Analytics (2017)</td>
<td>Premier &amp; Cabinet</td>
</tr>
<tr>
<td>Northern Territory</td>
<td>Analytics and research unit (proposed 2019)</td>
<td>Department of the Chief Minister</td>
</tr>
<tr>
<td>Australian Capital Territory</td>
<td>Data Analytics (proposed)</td>
<td>TBD</td>
</tr>
<tr>
<td>New Zealand</td>
<td>Social Investment Agency (2017)</td>
<td>Independent agency</td>
</tr>
<tr>
<td></td>
<td>Data Analytics Centre – NZ Treasury (2013)</td>
<td>NZ Treasury</td>
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</table>

A common objective is to improve data linkage and better target services to vulnerable individuals and families, for instance children most at risk of harm or engaging in criminal behaviour, and to rigorously evaluate the effectiveness of government programs, including assessing the return on investment of early intervention strategies.

Centralising this capacity within governments is motivated by a number of factors. It recognises that complex social policy problems often extend beyond the remit and control of any single government agency, and that a whole of government approach is required to analyse these issues. It also reflects that many agencies do not have the time, skilled staff and data access needed to undertake highly complex analysis.

To support a centralised analytics function, access to linked government administrative data is essential. In WA, the existing Western Australian Data Linkage System (WADLS) was established in the 1990s as a partnership between the Department of Health (DoH), local universities and the Telethon Kids Institute. The Data Linkage Branch (DLB) in the DoH currently manages the WADLS, including creating and maintaining linkages, as well as administering the human research ethics

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1 Big data analytics involves interrogating very large datasets to identify patterns, statistical correlations and other useful insights to improve service design and delivery.
approvals process. Although WA has a long and successful history in data linkage, the WADLS has not evolved to keep pace with the rapid increase in demand for whole of government linkage data. A review headed by the Chief Scientist, the Office of the Government Chief Information Officer (OGCIO) and Professor Fiona Stanley was finalised in March 2017, and identified problems including:

- the current system involves linking and extracting data on a project by project basis, with agency data custodians being called upon to extract the same information on multiple occasions. This results in considerable duplication of effort and significant opportunity costs. A more contemporary approach is to combine an enduring linked database of de-identified information;

- there is no permanent funding for linking non-Health datasets – the linkage of these datasets is being funded by a temporary Australian Research Council grant, which is set to expire in 2017; and

- there is a need for a whole of government focus to produce optimal outcomes from a whole-of-government perspective.

**Recommendation**

Implement a Whole of Government Data Strategy with the following key elements:

(1) create a new Office of Data Analytics to analyse whole of government policy problems and issues;

(2) reform of the data linkage system; and

(3) invest the OGCIO with a mandate to take a lead role on data policy, including assessing the merits of introducing data sharing legislation and taking ownership of the open data function.

Further details of each these recommendations are provided below.
Investing in a centralised data capability would assist the Government by providing useful insights on:

- **resource allocation and optimisation**: e.g. international police and justice agencies use data from government, the private sector and social media for algorithms to predict crime rates and locations to better allocate and employ resources.\(^2\)

- **evaluating outcomes**: data analytics can help assess ‘what works’ i.e. whether government programs and services meet their stated objectives, operate as intended and are being targeted and delivered in ways that provide value for money. A key barrier often cited by agencies required to undertake evaluations is the alleged absence of skills, resources and data to assess program outputs and outcomes.

- **better targeting of ‘at risk’ cohorts**: analysis of large linked datasets can be used to identify patterns of disadvantage and address key issues that involve more than one agency. It can also help identify events that contribute to an individual’s transition to social exclusion, such as job loss, incapacity, illness and family breakdown.

More generally, a centralised data analytics capability could support other important policy initiatives, including Social Impact Bonds, Investment Approaches to Policy, Evaluation Schedules and Outcomes Frameworks.

**Governance and Resourcing**

Similar to models in some other jurisdictions, Treasury proposes that the ODA be led by a Chief Data Scientist and undertake research projects that have been approved by the Premier and/or Cabinet. The projects could align with any priorities laid out in the proposed Outcomes Framework for the State Government.

The ODA would have responsibility for regularly engaging with senior officials across the government to develop research proposals every 12 months. The Chief Data Scientist would oversee delivery of these projects and report either directly to the Premier or to the Director General of the Department of the Premier and Cabinet (DPC). A supplementary function of the ODA would be to provide a general advisory service to government agencies on data analytics and to drive capacity building across the public service.

The ODA would consist of a mixture of dedicated data scientists, project managers and subject matter experts, who could be seconded by the ODA on a project by project basis. Whilst staff in the ODA would be permanent or temporary public servants, the ODA could partner with academics and other external experts as required.

In its first year of operation, the ODA could be overseen by a Steering Committee (e.g. consisting of the Deputy GCIO, the Director General of DPC and the Under Treasurer). The Steering Committee could provide initial guidance on the selection of a Chief Data Scientist and research topics. Treasury or DPC could provide the secretariat support for the Steering Committee.

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\(^2\) See: http://www.nij.gov/journals/266/pages/predictive.aspx
Treasury estimates that the resourcing of the ODA would cost around $2.2 million per annum, including salaries and consultancy costs.

Example projects

Appendix A lists the type of potential projects the ODA could take on subject to further consultations and advice from the proposed ODA Steering Committee. Table 4 outlines a sample of research projects undertaken in other jurisdictions. A comprehensive list of projects being delivered by the NSW DAC can be found in Appendix B.

Table 4: Sample of Research Projects in Other Jurisdictions

<table>
<thead>
<tr>
<th>Jurisdiction</th>
<th>Topic</th>
<th>Project</th>
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<tbody>
<tr>
<td>New South Wales Data Analytics Centre</td>
<td>• Out-of-Home Care</td>
<td>• Linkage and analysis of unit record data to analyse outcomes of children leaving care.</td>
</tr>
<tr>
<td></td>
<td>• Infrastructure planning</td>
<td>• Analytics of over 100 datasets to predict future infrastructure needs of communities</td>
</tr>
<tr>
<td></td>
<td>• Mapping government services in NSW</td>
<td>• improve infrastructure planning.</td>
</tr>
<tr>
<td></td>
<td></td>
<td>• This project includes an online mapping tool to show the geographic concentration of services.</td>
</tr>
<tr>
<td>New Zealand Social Investment Agency</td>
<td>• Data Linkage</td>
<td>• Develop a data exchange.</td>
</tr>
<tr>
<td></td>
<td>• Youth at risk</td>
<td>• Use data to investigate indicators of poor outcomes for children and youth at risk.</td>
</tr>
<tr>
<td></td>
<td>• Welfare system</td>
<td>• Investment approach to identifying cohorts most at risk of contact with welfare system</td>
</tr>
<tr>
<td></td>
<td></td>
<td>and associated lifetime costs.</td>
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</table>

Based on lessons learned in other jurisdictions, the success of the proposed ODA would depend on access to high-quality data and productive relationships with government agencies.

Researchers in the ODA would need to have sufficient confidence in agency data to draw reliable inferences and conclusions. This includes having access to good quality metadata\(^3\) and any other contextual information. Where key data sets require cleaning, ODA staff would need to work closely with data custodians in agencies.

As with any cross-agency initiative, agency support would be necessary to drive successful outcomes. Seeking agency advice on topic selection, as well as in-posting subject matter experts from line agencies, would assist in driving agency engagement and support.

Ultimately, the ODA would need to demonstrate that it adds value and provides useful insights for the Government. The successful delivery of a small number of pilot projects initially, together with an effective communication strategy, should assist in this regard.

Reforming the Data Linkage System

While the ODA could be established independently of other changes, Treasury also recommends some supporting reforms to the data linkage system. Connecting up currently detached data initiatives such as data linkage and policy initiatives (e.g. open data) with the proposed new ODA would produce better and more coordinated benefits for the Government and the community.

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\(^3\) That is, data about a data set – for example, the author, date created, and date modified.
Treasury recommends the following reforms, which are largely on the back of the above-mentioned review of existing WADLS which was finalised in December 2016:

- the centralisation of the data linkage function within the WA Government;
- the creation of an enduring linked database(s) of de-identified information, i.e. as opposed to the current system that involves a database of linkages;
- streamlining the ethics approval process for government-approved research officers, including for permanent employees of the proposed ODA; and
- maintaining strong protections for personal privacy.

**Data Policy Leadership**

Treasury recommends that, in order to support the reforms outlined above, that the OGCIO is invested with a mandate (and resources) to take a stronger leadership role on data policy in WA. Under this role, the OGCIO could:

- investigate the merits of introducing data sharing legislation similar to NSW’s *Data Sharing (Government Sector) Act 2015* and SA’s *Public Sector (Data Sharing) Act 2016*
- investigate WA gaining integrated authority status to assist with the linkage of State data with data from the Commonwealth;
- provide guidance on data standards, including geographical standards classification;
- identify and document a list of key data assets held by government agencies (a ‘data audit’) to assist researchers in understanding the information that is currently available to answer research questions; and
- take ownership of the State Government’s open data portal (from Landgate).

The OGCIO is already the driver of digital reform in the WA public sector, vital for delivering the Government’s election commitments. The proposed roles above would build on progress already made by the OGCIO to develop the start of a data analytics framework including the Open Data Policy, Data Classification, progressing privacy legislation, as well as supporting a range of data initiatives such as hackathons, competitions, and continues to design and develop initiatives for greater data sharing and implementation. In addition, the OGCIO is the State representative on a number of key data committees, including COAG and Productivity Commission based committees and the National Open Data Committee.

**Indicative Financial Impact**

The costings below are for the proposed resourcing of the ODA from 1 July 2018.

<table>
<thead>
<tr>
<th>Impact on State Finances</th>
<th>2017-18 $'000</th>
<th>2018-19 $'000</th>
<th>2019-20 $'000</th>
<th>2020-21 $'000</th>
<th>TOTAL</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net Operating Balance</td>
<td>0</td>
<td>-2,200</td>
<td>-2,200</td>
<td>-2,200</td>
<td>-6,600</td>
</tr>
<tr>
<td>Public Sector Net Debt</td>
<td>0</td>
<td>2,200</td>
<td>4,400</td>
<td>6,600</td>
<td>6,600</td>
</tr>
</tbody>
</table>
Appendix A: Potential Office of Data Analytics Projects

The ODA would submit a detailed research agenda for consideration by the Premier and/or Cabinet in its first year of operation. It will be informed by consultation with relevant agencies and advice from the ODA Steering Committee. Example projects are listed below:

<table>
<thead>
<tr>
<th>Social Services</th>
</tr>
</thead>
<tbody>
<tr>
<td>• Investment approach to targeting early intervention programs.</td>
</tr>
<tr>
<td>• Estimate risk factors associated with young people entering out of home care.</td>
</tr>
<tr>
<td>• Assess outcomes for children and young people in out of home care.</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Justice</th>
</tr>
</thead>
<tbody>
<tr>
<td>• Identify and estimate risk factors associated with juvenile offending.</td>
</tr>
<tr>
<td>• Estimate the effectiveness of various interventions on adult reoffending.</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Education</th>
</tr>
</thead>
<tbody>
<tr>
<td>• Better understanding determinants of school performance.</td>
</tr>
<tr>
<td>• Examining the relationship between VET and employment outcomes.</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Transport</th>
</tr>
</thead>
<tbody>
<tr>
<td>• Better understanding and predicting demand growth.</td>
</tr>
<tr>
<td>• Building simulation models to analyse network design options and time tables.</td>
</tr>
<tr>
<td>• Optimising the public transport system.</td>
</tr>
</tbody>
</table>
Appendix B: NSW Data Analytics Centre Projects

The NSW Data Analytics Centre had 22 active projects as at June 2017. The projects are summarised in the table below:

<table>
<thead>
<tr>
<th>Project title and collaborating agency</th>
<th>Description</th>
</tr>
</thead>
</table>
| Understanding the Infrastructure Needs in the Community  
*Infrastructure NSW* | This project uses insights from more than 100 datasets to better understand the composition of communities and their dependence on infrastructure, including transport, schools, hospitals, water and electricity. These analytics will then be used to predict future infrastructure needs of communities and improve infrastructure planning in NSW. This is a pilot project in South Eastern Sydney, developed in partnership with Data61, UNSW and University of Wollongong. The project is split into three phases and combines techniques of machine learning, agent-based modelling and locational insights.  
"Thanks to the DAC, we've been able to access insights from over 100 datasets—the most ever used to understand a place. Their data scientists have also allowed us to explore the advantages and limitations of five unique approaches to infrastructure planning, so when it's time to make a decision in real life, we'll feel confident that we've made the right one."  
*Michael Comninos, Executive Director, Infrastructure NSW* |
| Improving Emergency Response Times and Outcomes  
*Fire and Rescue NSW* | Fire and Rescue NSW responded to 48,000 automatic fire alarms in 2015, 97% of which were unwanted or false alarms. This project will determine whether data can predict the scale of an incident, before the crew arrives. Accurately predicting the scale of a fire event when a fire alarm is triggered may lead to fewer fire trucks being deployed for unwanted alarms and improved response times in cases of genuine emergencies. |
| How Public Transport is Used in NSW  
*Transport for NSW* | Despite the investment in public transport, the percentage of weekday journeys by private vehicle remains around 70%. While the drivers for peak-hour journeys are well understood, drivers for off-peak and weekend journeys are less so. As a result, capacity planning for these periods can potentially be improved. This project aims to better understand motivations for off-peak passengers and see what improvements can be made to maximise the use of public transport in NSW. |
| What's the Relationship Between VET and Employment Outcomes?  
*NSW Department of Industry* | This project helps the NSW Department of Industry understand the impact of Vocational Education and Training (VET) on employment outcomes. By doing this, the NSW Government can understand the relationship between industry need, service offering and student enrolments. This has the potential to better align courses to regional need, as well as |
<table>
<thead>
<tr>
<th>Service Priority Review</th>
<th></th>
</tr>
</thead>
</table>
| **Improving Care Pathways in Out Of Home Care**  
*NSW Department of Premier and Cabinet* | **increase student satisfaction and improve economic outcomes.**  
Improving the welfare and wellbeing of children and young people in Out Of Home Care (OOHC) can lead to better life outcomes. In this project, we are working out the probability that a child will successfully exit OOHC, so services can make more effective decisions about their care pathway and prevent them from re-entering the system.  
|
| **Developing Regional Infrastructure to Improve Skills and Create Jobs**  
*NSW Department of Industry* | **The Rebuilding NSW strategy includes an investment of $6 billion for projects in regional and rural NSW. Given the scale of this commitment, it's important to understand how government infrastructure will impact regional skills and jobs. This will ensure the right types of infrastructure are developed in the right areas of NSW, as well as provide an insight into how communities will benefit.**  
|
| **Predicting Builder Insolvency**  
*Insurance and Care NSW* | **In 2014, construction of new homes and building renovations was worth $75.2 billion nationally. Unlike the commercial and civil construction sectors, the residential industry is comprised of small businesses and independent contractors. By identifying the early signs of insolvency, the number and magnitude of builder insolvency claims may be reduced.**  
|
| **Identifying Illegal Tenants**  
*NSW Fair Trading* | **Illegal tenancy is a serious problem affecting large cities in NSW, which can lead to property overcrowding, property damage, fire safety and health issues. By better understanding the trends, characteristics and early indicators of offenders, it will be easier to identify illegal tenants and result in a more effective use of resources when prosecuting them.**  
|
| **Mapping Government Services Across NSW**  
*NSW Department of Finance, Services and Innovation* | **Significant resources are dedicated to improving community, social, health and education outcomes for the people of NSW. As such, it's critical that these resources are allocated efficiently. This project comprises an online mapping tool where existing data can be entered, to see the geographic concentration of NSW Government and non-government organisation services.**  
|
| **Understanding the Demand for Social Housing**  
*NSW Department of Family and Community Services* | **In 2014-15, the NSW Department of Family and Community Services (FACS) spent $5 billion in delivering services across NSW. This project aims to better understand service users, so that FACS can anticipate demand for social housing and develop more effective interventions. It may also reduce demand for other services, once the client is successfully diverted away from disadvantage.**  
<p>|</p>
<table>
<thead>
<tr>
<th>Project Title</th>
<th>Agency</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>What is the Worth of Water?</td>
<td>NSW Department of Primary Industries</td>
<td>Understanding and quantifying the true value of water will help the NSW Government develop evidence-based policies for water and natural resource management. It will lead to improved productivity, social and health outcomes in communities, as well as increased value of agricultural businesses, which will drive economic growth in NSW.</td>
</tr>
<tr>
<td>Reducing the Impact of Heatwaves in NSW</td>
<td>NSW Office of Environment and Heritage</td>
<td>Heatwaves are the most expensive natural hazard in Australia, responsible for more deaths than all other natural hazards combined. Their frequency and intensity are expected to increase due to climate change, while the ageing population will add to the increasing burden over time. This project will better understand heatwaves, so improvements can be made to reduce their impact.</td>
</tr>
<tr>
<td>Predicting School Enrolments to Inform Future Planning</td>
<td>NSW Department of Education</td>
<td>The Department of Education has highlighted the need for a significant capital injection, to meet the demand for an additional 172,000 public school enrolments by 2031. By using big data, there is the potential to produce a more powerful and accurate method of forecasting student enrolments, which will inform asset planning and resource allocation.</td>
</tr>
<tr>
<td>Identifying Hot Spots of Non-Compliance</td>
<td>NSW Department of Finance, Services and Innovation</td>
<td>The Innovation and Improvement in Regulatory Services (IIReS) regulator group is made up of 14 regulators that work together to overcome areas of non-compliance. This project will help NSW Government agencies make it easier for businesses to understand and meet their regulatory obligations, so they can efficiently and effectively achieve outcomes for the community.</td>
</tr>
<tr>
<td>Identifying Buildings at Risk of Non-Compliant Aluminum Cladding</td>
<td></td>
<td>The use of non-compliant aluminum cladding has become widespread in the past 10 years and presents the greatest risk to human life in the event of a fire. By identifying buildings with non-compliant external cladding, a more targeted audit of at-risk buildings can take place, reducing the risk of catastrophic fires in densely populated buildings.</td>
</tr>
<tr>
<td>Predicting Contact with the Justice System</td>
<td>NSW Department of Justice</td>
<td>There is a strong link between young people in Out Of Home Care and those who come into contact with the juvenile justice system. By understanding these and other factors that lead to contact with the juvenile and adult justice system, preventative strategies can be developed in areas that cause the greatest harm. This may reduce offending and re-offending rates across NSW.</td>
</tr>
<tr>
<td>Reducing Domestic Violence</td>
<td>NSW Department of Justice</td>
<td>Research shows that higher rates of domestic violence occur in social housing, compared to the rest of NSW. Risk factors such as financial stress, alcohol, drugs, low social support, disability, mental health and unemployment are much more likely to be present in social housing. Understanding and predicting these</td>
</tr>
<tr>
<td>Project Area</td>
<td>Summary</td>
<td></td>
</tr>
<tr>
<td>--------------------------------------------------</td>
<td>------------------------------------------------------------------------------------------------------------------------------------------</td>
<td></td>
</tr>
<tr>
<td>Improving Pedestrian Safety</td>
<td>Approximately one in seven people killed on NSW roads is a pedestrian, with 10% of Compulsory Third Party (CTP) insurance claims each year related to pedestrian accidents. There are strong behavioural, attitudinal and environmental factors involved in these crashes. By understanding these risk factors and focusing on the link between the risks, consequences and outcomes, we can build the evidence base to improve awareness campaigns. The aim is to reduce the risk of injury and death, as well as manage risk across road safety agencies, health services and CTP insurers.</td>
<td></td>
</tr>
<tr>
<td>Improving Compulsory Third Party Scheme Performance</td>
<td>The NSW Government has established a taskforce to crack down on fraud in Compulsory Third Party (CTP) insurance. The taskforce will develop strategies to deter, detect and respond to fraudulent CTP claims. This project will identify suspicious claims with high accuracy and machine learning approaches, to reduce fraudulent claims and improve compliance by service providers.</td>
<td></td>
</tr>
<tr>
<td>Reducing the Risk of Workplace Injuries</td>
<td>NSW has committed to the Australian Work Health Safety Strategy 2012-22 targets of reducing serious injuries and fatalities. As there is under-reporting present within the workers’ compensation system, there is a need to aggregate big data to conduct predictive analysis, which will inform the development of policies to reduce workplace injuries.</td>
<td></td>
</tr>
<tr>
<td>Making It Easy to Do Business in NSW</td>
<td>To ensure government is creating the right environment to attract and support business in NSW, it’s necessary to understand the drivers of a successful business environment and compare these with other areas in Australia and around the world. This project will develop data-driven metrics that will increase the flow of investment in NSW, attract high-skilled jobs and create a stronger and more competitive economy.</td>
<td></td>
</tr>
<tr>
<td>Investing in Vulnerable Children and Families</td>
<td>An independent review of the Out Of Home Care (OOHC) system in NSW recommended that the NSW Government undertake an investment approach to child protection and OOHC. This will ensure there is an accountability and outcomes framework for vulnerable children and families, with evidence for resource allocation and policy decisions.</td>
<td></td>
</tr>
</tbody>
</table>
2. Behavioural Insights

Behavioural Insights (BI) is a low/no cost approach to resource allocation and program design to address issues such as:

- managing an increasing population and demand for public services;
- reducing agency expenditure in order to meet budgetary targets; and
- improving customer satisfaction and outcomes of public services.

BI does this by ‘tweaking’ the way options and processes are presented in low/zero cost ways to ‘nudge’ a person into displaying a desired behaviour (without taking away their freedom of choice). BI can have significant impacts on behaviours such as moderating demand for government services and potentially generating substantial savings.

BI uses rigorous design and evaluation methods such as the use of randomised controlled trials (RCT) to ensure outcomes are measurable and attributed to the intervention. This allows a project to be piloted to demonstrate its effectiveness before the project is rolled out further. This can provide a low risk way of testing new policies or processes that could ultimately assist with the design of broader evidence based government service delivery.

In 2010, the world’s first government BI unit was set up in the United Kingdom. Due to its success, other governments including NSW (2012) and the Commonwealth (2016) have followed since then.

BI can deliver significant benefits for government and citizens by developing targeted initiatives to improve the efficiency and effectiveness of services, as indicated in Table 1.

### Table 1: Examples of BI Achievements in NSW and the United Kingdom

<table>
<thead>
<tr>
<th>Achievements</th>
<th>BI Actions Implemented</th>
</tr>
</thead>
<tbody>
<tr>
<td>$11m revenue and savings from increased private health insurance (PHI) usage in public hospitals*</td>
<td>Ministry of Health NSW: Clearer advice to patients and tangible incentives so that patients are more inclined to use their PHI in public hospitals.</td>
</tr>
<tr>
<td>$4m p.a. savings from 60,000 late fees avoided for fines and taxes*</td>
<td>Office of State Revenue NSW: Simplification to letters and notices for taxes, fines and debts.</td>
</tr>
<tr>
<td>$66,000 savings per year by reducing missed appointments**</td>
<td>St. Vincent’s Hospital NSW: Better text messages to patients reduced missed appointments.</td>
</tr>
<tr>
<td>7,500 more women for cervical screening**</td>
<td>Office of Preventive Health NSW: Better reminder letters informing women of cancer risks and normalising screening.</td>
</tr>
<tr>
<td>3.3% reduction in UK antibiotic prescriptions4</td>
<td>UK Government: Letters to GPs saying their peers prescribe less antibiotics than they do.</td>
</tr>
</tbody>
</table>


---

4 Applying Behavioural Insights, Simple Ways to Improve Health Outcomes, Doha, Qatar: World Innovation Summit for Health, 2016, p21
**Recommendation**

In recognition of the momentum of BI in other jurisdictions, establish a centralised BI unit for a two year pilot period. The aim of the unit would be to test whether BI can achieve government and community benefits in WA, and ensure the consistent application of BI.

The unit would conduct BI projects in partnership with relevant agencies, and leverage off the experience of other governments such as NSW to increase expertise in delivering BI projects. To support coordination of effort and information dissemination, the new BI unit should sit in a central agency.

A new working group of relevant agencies would need to be formed to support the unit and help with selection of key projects, agency consultations, capacity building and the sharing of information/data.

The cost of implementing and testing the BI projects is mainly from staffing costs for new BI officers to help agencies conduct their interventions. In most cases, the BI projects would focus on changes to existing infrastructure, processes and systems to improve current services and programs.

**Resourcing**

Treasury estimates that the BI unit would require four FTE to deliver up to four trial projects over the two year pilot period. The unit can be scaled depending on the proposed scope of work. Depending on the model adopted, the unit would cost up to $1.4 million over the two years including salaries and consultancy costs. Figure 1 illustrates how the pilot projects would be administered, in collaboration with the working group and agencies.

**Figure 1: Proposed Roles in the Delivery of BI Projects**

To minimise establishment cost and allow flexibility in how the BI unit operates, there are options to use existing resources within the central agency where the unit is located, with additional resources or consultancies funded on a project basis. Resources can also be seconded from relevant agencies to ensure subject matter expertise to deliver specific BI projects.

The proposed resourcing and structure of a BI unit and projects is comparable to other jurisdictions as shown in Table 3 below:
Table 3: BI Units in Other Governments

<table>
<thead>
<tr>
<th>Unit</th>
<th>Areas of focus</th>
<th>Staff</th>
</tr>
</thead>
<tbody>
<tr>
<td>Behavioural Insights Unit New South Wales (2012) Department of Premier and Cabinet</td>
<td>Private healthcare demand management, domestic violence, hospital discharge rates, social housing, mode of transport choices, childhood obesity.</td>
<td>5 FTE when established, now 14 FTE</td>
</tr>
<tr>
<td>Behavioural Insights Unit Victoria (2016) Department of Premier and Cabinet</td>
<td>Public health, water quality, public transport signage, fine recovery.</td>
<td>6 FTE</td>
</tr>
<tr>
<td>Behavioural Insights Team of the Australian Government (BETA) Commonwealth (2016) Department of the Prime Minister and Cabinet</td>
<td>Various collaborative projects with partner agencies including the Departments of Human Services, the National Disability Insurance Agency and the Australian Taxation Office, as well as delivering behavioural insights training throughout the public sector.</td>
<td>16 staff (~8 FTE &amp; 8 secondees)</td>
</tr>
<tr>
<td>Behavioural Insights Team United Kingdom, with units in London, Sydney, Manchester and New York UK (2010) UK Cabinet Office</td>
<td>Higher education participation, prescription medicine, crime and policing, energy consumption, fraud reduction, tax payments.</td>
<td>~20 FTE when established, now 90+ staff</td>
</tr>
<tr>
<td>Social and Behavioural Sciences Initiative United States (2015) White House Office of Science and Technology Policy</td>
<td>Social Security benefits, school enrolments, renewable energy, re-entry of prisoners into the community, policing, water quality, food safety, tax payments.</td>
<td>~15 FTE</td>
</tr>
</tbody>
</table>

An evaluation of the unit at the end of the two year pilot period would allow for assessment of savings and outcomes achieved, and recommendations regarding the future of BI in WA.

Example Projects

Table 4 lists the type of proposed projects the unit could take on, subject to agency consultations. It is recommended that the projects closely replicate successful BI projects by other governments to make implementation and testing easier and quicker, increase the prospects for success and advance relationships with other governments experienced in BI.

A case study from NSW is presented in Appendix A. This BI project focused on increasing the use of private health insurance in a public hospital setting.
Recent advances and interest in BI may be hampered if a centralised BI unit in WA fails to develop as proposed. The new BI unit could also assist in understanding the level of theoretical and practical experience that exists in the public sector and where knowledge or skills gaps require solutions. Other jurisdictions such as NSW engaged staff from the United Kingdom’s Behavioural Insights Team to help establish their BI capacity and increase their BI knowledge/skills. Proposed consultancy costs allow for similar experts (e.g. from the NSW Government), to assist with similar requirements.

The proposed BI pilot projects need a close partnership between the central BI unit and the agency/service conducting the project. To ensure this occurs, extensive consultation is required and documented agreement obtained as early as possible. If the relevant agency/service refuses to participate then an alternate pilot project would need to be considered.

Based on experience from NSW, pilot projects will require up to 12 months to plan, test and evaluate the outcomes. These timeframes may vary by project. Adequate timeframes are necessary to allow for proper validation of results but do also pose risks (such as changes to project staffing, changes to the working group and shifts in government priorities).

### Indicative Financial Impact

The costings below are for the proposed resourcing of the BI unit from 1 July 2018 for a two year pilot period.
Appendix A: Public to Private Patients in NSW

Westmead Hospital is one of NSW’s largest public hospitals. Around half of all admitted patients come through the Emergency Department (ED), and around 16% of these patients use their private health insurance (PHI), compared to a State average of 20%. Several weeks were spent undertaking fieldwork in the hospital to understand the behavioural barriers and triggers for using PHI, from the patient, administrative staff and clinical staff perspective.

Many patients were concerned about being hit with out of pocket costs, and the benefits of using PHI - for patients or the hospital - weren’t easily visible or understood. In addition, the process for electing to use PHI was more complicated and onerous than electing to be a public patient.

The project simplified processes and created tangible benefits for patients and staff. Building on fieldwork, project staff worked with staff members to make the process easier to understand for patients and the benefits more salient. It drew on a range of behavioural techniques, including:

- Loss aversion – working with hospital executives and staff to clearly communicate to patients that they would not face any out of pocket costs or burdensome billing when making an informed election to use their PHI.
- Incentives and reciprocity – introducing tangible benefits for patients and staff (e.g. overnight toiletries bags for patients provided an immediate and visible reward). Similarly, a proportion of the additional revenue generated was reinvested in life-saving equipment selected by the ED staff.
- Affect and Ego – communication materials were re-designed to highlight that revenue from PHI directly benefits patients and staff in the hospital.

The Westmead Hospital trial increased the use of PHI from a baseline of 16%, to an average of over 18%, and an additional $1.6m in revenue and costs savings. Importantly, the changes introduced were also viewed positively by patients and staff.

The model is being expanded to other Local Health Districts with low PHI usage rates. The first replication trial was with Auburn Hospital’s ED where PHI usage rates for patients admitted from the ED tripled after two and a half months — from a baseline of just 2% to 6%. Two additional Local Health Districts were identified for trial, and if similar improvements were achieved within their EDs, this would generate an estimated $11 million in additional revenue and cost savings.

\[5\] Understanding People, Better Outcomes, Behavioural Insights in NSW, 2014, pp6-7
3. **Social Impact Bonds**

Social Impact Bonds (SIBs) are an innovative tool that can be used to develop targeted and accountable investment in intervention programs for social outcomes. SIBs embed the use of data and outcomes to design and deliver tangible solutions to social problems that are not constrained by standard government service delivery models.

Traditionally, government contracts with providers of social services have largely defined performance by the measurement of inputs and outputs. Little regard is given to the delivery of outcomes for the population group receiving the service, with little to no mechanisms for government to scale back or cease funding where the provider has not been able to demonstrate positive service outcomes.

A SIB offers a new way of partnering to design, finance and deliver services for a particular target group and social issue with an emphasis on early intervention. As a type of payment-by-results contract, SIBs bring together government, service providers and investors to deliver evidence-based intervention programs.

SIBs are administratively complex to develop and deploy, involving long lead times to take to market and multi-party negotiations and collaborations. Experience of other jurisdictions has shown that approaches that are fragmented, poorly-coordinated and have no central oversight risk adverse consequences to Government, bond issuers and to individuals.

In WA, there is no dedicated unit in Government currently pursuing SIBs. At present, SIBs can be progressed on an ad-hoc basis which precludes central oversight and coordination, and risks policy inconsistencies or resources being misallocated. This approach also limits opportunities for cross-agency development and capacity building across the sector.

To reap the full benefits of a SIB and its efficiencies to social service delivery, central oversight is needed to deliver an approach that is flexible, targeted and that drives innovation in the delivery of social and community services. A centralised approach to the development of SIBs provides essential line-of-sight monitoring, ensures coordination and consistency, and encourages robust collection and analysis of data that improves evidence based policy.

**Structure and Design**

A SIB is a collaborative approach to social service delivery, involving upfront agreement by government and the service provider on the social issue they wish to address and the specific social outcomes they want to achieve.

SIBs involve government contracting with an intermediary to obtain services in a specific, high priority social services area contending with embedded social disadvantage.

In a typical SIBs structure, the intermediary sources private investment to fund the cost of an early intervention, and engages a service provider (a not-for-profit organisation) for service delivery. If the service provider achieves improved social outcomes for the intervention cohort, savings can accrue to government from avoided future costs. Investors are then re-paid the upfront investment, plus a return based on the achievement of agreed social outcomes (Figure 1).

A SIB typically takes around two years to develop and once implemented, the intervention is delivered to the target cohort over a five to seven year period.
SIBs encourage innovation and co-design to deliver targeted interventions for a priority cohort, adjusting delivery to achieve outcomes. They also provide a mechanism for government to monitor the success of an intervention, allowing for a program to cease if not successful or roll-out the intervention more widely to other cohorts or locations if it proves successful.

**Benefits of SIBs**

SIBs are designed to improve outcomes for disadvantaged cohorts and have wide-ranging application to many human service areas such as child protection, homelessness and mental health (Figure 2).

The main advantage of a SIB is that it provides Government with a rigorous mechanism for outcomes measurement by linking investment with outcomes and requiring evidenced-based service design and evaluation. This allows for the development of an evidence base with service providers to clearly measure the costs and benefits of various interventions, and enable investment in ‘what works’.
SIBs are targeted to a particular, well-defined cohort or location and trialled to demonstrate effectiveness before the service is rolled out further. This can provide a low risk way of testing new programs that could ultimately assist with the design of broader evidence based government service delivery and support demand management on complex social issues.

SIBs have proven to be successful in other jurisdictions, and can deliver savings to government by diverting individuals away from acute services.

In the three years to June 2016, the NSW Government’s Newpin Bond successfully restored 130 children to their families and prevented an additional 47 children from entering care, with investors receiving a 12.2% return based on these outcomes in 2016. While NSW is still assessing the net and gross savings of this initiative, modelling has indicated the program could potentially save a total of around $80 million by 2030.

**SIBs in Other Jurisdictions**

SIBs have been launched in NSW, Queensland and South Australia and are being developed in Victoria. While all jurisdictions have taken a centralised approach, not all have chosen to embed a dedicated SIBs unit as shown in Table 1.

NSW and Queensland both have dedicated SIBs teams. In NSW, the Office of Social Investment was established as a joint unit with the Department of Premier and Cabinet and Department of Treasury, to focus on SIBs and social impact investment more broadly.

Victoria and South Australia progress SIBs on an ad-hoc basis within their respective Department of Treasury or Department of Premier and Cabinet but not as part of a dedicated SIBs team. These ad-hoc approaches have been at lower cost than the centralised units and have required longer and flexible timeframes to develop and implement a SIB.

In response to the momentum of social impact investing by State governments, the Commonwealth Government’s 2017-18 Budget announced a package of initiatives totalling around $30 million over 10 years to encourage the continued development of the Social Impact Investing market. This included initiatives to improve outcomes for young people at risk of homelessness and funding for data sharing with the States and Territories to determine priority groups and build an evidence base for future social impact investments.
Table 1: SIBs Units in Other Jurisdictions

<table>
<thead>
<tr>
<th>Central agency oversight</th>
<th>New South Wales</th>
<th>Queensland</th>
<th>Victoria</th>
<th>South Australia</th>
</tr>
</thead>
<tbody>
<tr>
<td>Office of Social Impact Investment [Treasury/DPC]</td>
<td>Department of Treasury</td>
<td>Department of Treasury</td>
<td>Department of Premier and Cabinet</td>
<td></td>
</tr>
<tr>
<td>Dedicated SIBs unit</td>
<td>Yes</td>
<td>Yes</td>
<td>No</td>
<td>No</td>
</tr>
<tr>
<td>Budget</td>
<td>n/a (estimated at $1.5 million per annum)</td>
<td>$2 million over 2 years to pilot 3 SIBs</td>
<td>$700,000, market testing and procurement of 2 SIBs</td>
<td>n/a (estimated at $500,000 per annum)</td>
</tr>
<tr>
<td>Areas of focus</td>
<td>2 x SIBs on - out-of-home care 1 x SIB - mental health 2 x SIBs in development - chronic health - out-of-home care leavers 1 x Social Investment - recidivism</td>
<td>2 x SIBs - out-of-home care (indigenous disadvantage) - youth recidivism 1 x SIBs in development phase - homelessness</td>
<td>2 x SIBs in early development phase - out-of-home care leavers reducing harmful alcohol and drug use</td>
<td>1 x SIB - homelessness</td>
</tr>
</tbody>
</table>

**Recommendation**

Establish a centralised unit to oversee the development and implementation of SIBs, in recognition of the momentum across Australia where SIBs are being trialled in a number of other jurisdictions.

**Role Requirements**

The SIBs unit would undertake a range of tasks to deliver and implement the Government’s social impact investment priorities. These tasks would initially include drafting the Government’s social investment principles and strategies, as well as developing governance structures.

As the development phase of the SIB begins, it is expected the SIBs unit would:

- engage with stakeholders from the philanthropic sector, financial sector and government for market sounding;
- determine suitable areas for SIBs based on a relevant evidence base;
- coordinate SIBs proposals, shortlist and select a bond issuer;
- determine the data and evaluation requirements; and
- consult with relevant agencies to address any challenges associated with accessing, sharing and storing data.
The SIBs unit would then work closely with the successful proponent to lead the joint development phase to design a structure of the bond, the length of the SIB, the timing of payments and other technical components. In later stages, the SIBs unit would also be responsible for ongoing oversight and monitoring with the bond-issuer, coordination of legal and government procurement advice, communications within government and coordination of performance reporting for government and investors.

**Resourcing**

The technical nature of SIB development would require the unit to have a range of expertise and skillsets including familiarity with government financial, contracting and procurement systems, coordination and stakeholder management skills, proficiencies in financial modelling, data management and evaluation together with public relations and ministerial advisory expertise.

The size and scope of the unit would also impact on the speed in which a SIB can be delivered. Initial estimates show that a centralised unit would require staffing of up to five full-time equivalents to undertake the development of a SIB and an additional budget for external consultancy. The estimated total cost of a SIBs unit, which focuses solely on SIBs, is expected to be between $500,000 and $1 million per annum, including consultancy costs. This is comparable to other jurisdictions.

Resources for the unit are intended to be scalable – dependent on government’s desire to focus on more than one SIB, on social investment more broadly, implement a SIB more quickly than anticipated and its desire to build internal capacity and capability (or to engage consultants). As such, the costs of the SIBs unit may vary. Costs are also dependent on whether the unit is focussed on the development of SIBs, on other contracting arrangements (such as payment-by-results), or on social investment more broadly.

It is also proposed that a SIBs unit be piloted on a four year trial basis, consistent with the evaluation periods used internationally and by other States for programs which are funded by SIBs.

**Potential SIBs Areas**

Potential areas in WA that may be suitable for a SIB include out-of-home care, mental health, homelessness and recidivism. Market sounding with the not-for-profit sector and consultation with relevant government agencies would be required to further scope and identify these areas.

A lack of data, or the inability to access and share data across agencies, would impact the SIB, which rely heavily on evidence to establish and track outcomes. Improvements to data linkage and analytics capacity more broadly across government in WA would support the implementation of SIBs.

**Implementation**

It is recommended that a SIB could be implemented within two years after a Government decision to establish a SIBs unit. This estimated timeframe has been based on jurisdictional experience, and the proposed size and scope of the unit.
Indicative Financial Impact

As noted in the previous section on resourcing, the unit would require staffing of up to five full-time equivalents (FTE), estimated to cost up to $1 million per annum (including consultancy costs).

<table>
<thead>
<tr>
<th>Impact on State Finances</th>
<th>2017-18 $'000</th>
<th>2018-19 $'000</th>
<th>2019-20 $'000</th>
<th>2020-21 $'000</th>
<th>TOTAL</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net Operating Balance</td>
<td>0</td>
<td>-1,000</td>
<td>-1,000</td>
<td>-1,000</td>
<td>-3,000</td>
</tr>
<tr>
<td>Public Sector Net Debt</td>
<td>0</td>
<td>1,000</td>
<td>2,000</td>
<td>3,000</td>
<td>3,000</td>
</tr>
</tbody>
</table>

Intervention programs delivered by a SIB have significant capacity to deliver savings to government by diverting individuals away from high cost tertiary services as shown in the indicative analysis below (Table 3). Any savings would be net of related bond implementation costs and interest payments.

Table 3: Indicative Avoided Costs

<table>
<thead>
<tr>
<th>Potential SIB area</th>
<th>Cost and demand (2015-16)</th>
<th>Example avoided costs</th>
</tr>
</thead>
<tbody>
<tr>
<td>Reducing recidivism (Adult Justice)</td>
<td>$319 per prisoner-day 2,141,100 prisoner-days</td>
<td>Each 1% reduction in prisoner-days saves $6.8 million per annum.</td>
</tr>
<tr>
<td>Reducing recidivism (Youth Justice)</td>
<td>$1,074 per detainee-day 48,678 detainee-days</td>
<td>Each 1% reduction in youth detention saves $0.5 million per annum.</td>
</tr>
<tr>
<td>Preventing children coming into care</td>
<td>$171 per night of out-of-home-care 1,471,795 total nights</td>
<td>Each 1% reduction in the need for out-of-home-care saves $2.5 million per annum.</td>
</tr>
</tbody>
</table>

Source: ROGS 2017 (and Treasury unpublished)
4. **More Effective Early Intervention: Social Investment Approach**

Early intervention can be effective in preventing social problems and thereby avoid a future need for services. WA’s current approach to investment in early intervention is not well integrated, targeted or evaluated. A Social Investment approach has been adopted in New Zealand and the Commonwealth to provide a rigorous evidence based way of ensuring intervention programs are well-designed and effective at achieving social outcomes.

Investment in early intervention is designed to support individuals (often children and their families) to deal with problems as early as possible. This investment can provide a “double dividend” of improving social outcomes for individuals while also diverting demand from costly acute services such as child protection, social housing or justice services. Governments across the world have increasingly moved in this direction, particularly as it has become clear that government service models predicated on responding to acute problems with emergency treatment are financially unsustainable.

Despite some investment in early intervention programs, WA has made little progress in reducing demand for acute services as shown in Figure 1.

**Figure 1: Demand for Key Social Services 2003-04 to 2018-19**

The effectiveness of current early intervention programs in WA has been impacted by a number of factors including:

- the siloed nature of service delivery, despite demand for services being driven by a number of interrelated factors often outside the control of one individual agency;
- limited oversight of early intervention expenditure across the sector and how each program aims to deliver on social outcomes;
- the lack of timely and cost effective access to whole of government data to design, target and monitor evidence based programs;
- the lack of robust evaluation, monitoring and measurement of outcomes; and
• the failure to link investment with long term benefits for services across the sector.

While there has been a movement towards evidence based approaches in some early intervention programs, the lack of adequate linked whole of government data and consistency in the use of outcomes has limited its application.

Data Approaches in Other Jurisdictions

There has been an increased focus in other jurisdictions on evidence based, data-driven approaches to improve the targeting of intervention investment.

Social Investment Approach

“Social Investment is a more rigorous and evidence based feedback loop linking service delivery to a better understanding of people’s need and indicators of effectiveness of social services” Hon. Bill English, Prime Minister New Zealand⁶.

An Investment Approach seeks to improve social outcomes by applying rigorous data-driven techniques for identifying vulnerable populations and assessing the effectiveness of different policy interventions.

Typically, these approaches use large linked administrative datasets for a population to map service usage, demand drivers and associated costs of services. The approach then uses actuarial analysis to identify at-risk cohorts and value the cost of a government’s future obligations to make payments or provide services to these cohorts.

Early intervention programs may then be targeted at those groups most likely to be the heavy users of government services over their lifetimes and the programs rigorously evaluated.

This approach has been widely adopted in New Zealand in the welfare sector in 2012, social housing in 2015 and is increasingly being applied across the justice, education and health sectors. This has included the establishment of an independent Social Investment agency in 2017-18 to oversee the application of evidence-based investment practices in New Zealand. The Commonwealth Government in Australia is also currently applying an Investment Approach to their welfare reform.

Centralised Data Analytics

There is a general drive worldwide to increase the capacity of government to make decisions based on robust evidence of what works, supported by data. This has included the establishment of centralised government data analytics units in NSW, Victoria and South Australia.

Social Impact Bonds

Social impact bonds (SIBs) use data to deliver intervention programs that are rigorously designed, targeted and evaluated. As a type of payment-by-results contract, they link investment with social outcomes (usually a trial). SIBs are currently being implemented in NSW, South Australia, Queensland and Victoria.

Recommendation

Adopt a data-driven, Social Investment Approach to investment in early intervention programs. This approach would use linked administrative and cost data to identify key at-risk cohorts to target interventions and improve social outcomes.

Whole of Government Linked Dataset

It is recommended that a linked dataset be developed containing administrative and cost data from key service agencies including:

- WA Police;
- Department of Justice;
- Department of Communities;
- Health and Mental Health; and
- Education.

Linkage of Commonwealth datasets such as Centrelink and the Australian Taxation Office would further support the evidence base.

Data Analysis

An Investment Approach would require analysis, including actuarial modelling, of the linked dataset to:

- identify at-risk cohorts, map their service utilisation and calculate the associated risk factors for interaction with government agencies;
- identify lifetime cost for at-risk cohorts;
- identify cohorts, locations and approaches to target intervention programs;
- estimate the return on investment of any proposed interventions; and
- evaluate interventions to measure the achievement of social outcomes and return on investment.

In addition, the following analysis is recommended to establish a baseline of current intervention programs and expenditure:

- an audit of current expenditure on early intervention programs across key social service agencies to develop a baseline expenditure profile of services currently available; and
- mapping of available outcomes data on this expenditure to identify gaps in current service delivery.

Evidence Based Program Design

Based on data analysis, intervention options would be identified and policy implications modelled, including long term cost impacts.
All funded early intervention programs would be subject to an evaluation. The linked database would facilitate the assessment of outcomes and return on investment. This process may also feed into the government evaluation schedule framework (if implemented).

Further consideration would also be given of how the linked dataset compiled as part of the social investment approach can be applied to other initiatives such as social impact bonds and outcomes reporting on government goals.

**Governance**

It is recommended that a dedicated Social Investment Unit be established within a central agency, or the proposed Office of Data Analytics to deliver the approach, with support from consultants as required.

The Unit would be overseen by a Steering Committee (e.g. consisting of DPC, Treasury and relevant social service line agencies), and report to the Cabinet Sub-Committee on Community Safety and Family Support.

Early intervention programs require up-front investment (and potentially higher initial costs) for long run expenditure savings. Crisis driven policy responses may divert resources before meaningful expenditure savings are realised.

Ensuring the accessibility of linked whole-of-government datasets is essential in providing the evidence base necessary to deliver an Investment Approach. While some whole of government data is currently available via the Department of Health’s Data Linkage Branch, the timeliness and cost of accessing this data limits the ability for it to be used for policy development. Success of this project would depend on agencies sharing data in a timely manner. A lack of agency cooperation or the lack data availability and quality would impact the delivery of this approach.

**Indicative Financial Impact**

It is estimated that a Social Investment Approach would cost up to $1.5 million per annum over three years, including salaries and consultancy costs including software acquisition, data linkage, analytics and actuarial modelling.

It is recommended that the Unit be piloted for three years and evaluated. Further funding may be required beyond this time period to continue the application of the approach to early intervention investment, subject to the findings of the evaluation.

An effective early intervention approach has capacity to deliver long term expenditure savings to government as shown in the high-level analysis of acute service costs shown below. Potential avoided costs for each intervention program funded will need to be assessed following appropriate evaluation and data analysis.
Table 1: Potential Avoided Costs from More Effective Early Intervention

<table>
<thead>
<tr>
<th>Potential SIB area</th>
<th>Cost and demand (2015-16)</th>
<th>Example avoided costs</th>
</tr>
</thead>
<tbody>
<tr>
<td>Reducing recidivism (Adult Justice)</td>
<td>$319 per prisoner-day  2,141,100 prisoner-days</td>
<td>Each 1% reduction in prisoner-days saves $6.8 million per annum.</td>
</tr>
<tr>
<td>Reducing recidivism (Youth Justice)</td>
<td>$1,074 per detainee-day  48,578 detainee-days</td>
<td>Each 1% reduction in youth detention saves $0.5 million per annum.</td>
</tr>
<tr>
<td>Mental Health</td>
<td>$1,243 per day of psychiatric hospitalisation  200,357 total days</td>
<td>Each 1% reduction in psychiatric hospitalisation saves $2.5 million per annum.</td>
</tr>
<tr>
<td>Hospitals</td>
<td>$877 per emergency room presentation  193,891 total presentations</td>
<td>Each 1% reduction in emergency room presentations saves $1.7 million per annum.</td>
</tr>
<tr>
<td>Preventing children coming into care</td>
<td>$171 per night of out-of-home-care  1,471,795 total nights</td>
<td>Each 1% reduction in the need for out-of-home-care saves $2.5 million per annum.</td>
</tr>
</tbody>
</table>

Source: ROCS 2017 (and Treasury unpublished)
5. Evaluation Schedules

The WA Government will spend around $30 billion on programs to deliver important public services in 2016-17. Despite some improvement in WA’s program evaluation framework, the extent to which these programs align with existing Government priorities, achieve their expected outcomes and deliver value for money is not clear.

There is limited information from agencies about what programs are currently being delivered, whether they are value for money and what outcomes are being achieved. This reflects an absence of an overarching framework that directs agencies to regularly assess the performance of their current programs before seeking funding for new programs from Government.

Sunset Clause Policy

The Sunset Clause (SC) policy was introduced to partly address this problem in 2014. It aims to embed program evaluation in the public sector, across government agencies and prevent automatic roll over of programs deemed inappropriate, ineffective, or too costly. The SC policy applies to all new or extending programs without an end date that impact the State’s net operating balance by $5 million or more in any one year.

The policy does not adequately capture programs for review, as it currently excludes existing programs and does not capture initiatives funded by the Royalties for Regions scheme.

What is a Program?

A program is a group of related activities (may be called a program, project, policy, intervention, initiative, strategy or service) undertaken by or for Government that intends to have a specific impact (that is, Government is choosing to do something to achieve a result)\(^7\).

Programs can vary in size and structure from small single location agency level programs to whole of government reforms with multiple agencies or organisations delivering the program.

Other Jurisdictions

Other jurisdictions such as NSW and the Australian Capital Territory have established annual evaluation schedules. In both cases, evaluation schedules are developed annually and evaluation reports provided to their ERC equivalent (through Treasury).

In November 2016, the NSW Auditor General conducted a review of the implementation of NSW’s evaluation program and found weaknesses which could be addressed in developing a similar policy for implementation in WA.

\(^7\) Evaluation Guide, Department of Treasury 2015, Government of WA, Perth.
Table 1: NSW Auditor General Findings

<table>
<thead>
<tr>
<th>Key Findings</th>
<th>Mitigation (Avoiding similar problems)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Program evaluation information not being provided to decision-makers in Treasury and the DPC.</td>
<td>The central role of Treasury and annual reporting to ERC will ensure that evaluations and supporting data/evidence is provided to key decision-makers.</td>
</tr>
<tr>
<td>Little assurance that the right programs are being evaluated including a lack of connection between Government goals and programs for evaluation.</td>
<td>Government goals and priorities will be critical to agency evaluations as noted in the evaluation methodology, outcomes summary and the reporting to ERC.</td>
</tr>
<tr>
<td>The absence of a process to ensure issues raised in the evaluations are resolved within agencies.</td>
<td>Evaluations must be signed off by agency heads before submission to Treasury.</td>
</tr>
</tbody>
</table>

Recommendation

Implement an Evaluation Schedule which requires agencies to regularly evaluate their programs to determine if they are achieving their objectives and delivering value for money.

The first step would involve directing agencies to identify and prioritise programs for evaluation based on size, strategic importance and risk, whilst also having regard to their available capability and resources to conduct these evaluations.

Based on this information, Treasury and DPC would prepare a consolidated evaluation schedule for consideration by the Expenditure Review Committee (ERC).

Subject to approval by ERC of the schedule, agencies would conduct the evaluations and report back as part of the annual State Budget process. Central agencies (Treasury and DPC) would have a role in providing advice on the planning and managing of the evaluation in partnership with agencies.

Ultimately, the purpose of this policy is to provide the Government with more information about how it allocates scarce fiscal resources to achieve its objectives. More detail is outlined below.

Step 1: Audit

Agencies would provide a list of all relevant programs they currently fund. This would be used to identify the programs subject to an evaluation.

Step 2: Evaluation Schedule

Each year, agencies would identify a proposed schedule of programs for evaluation. Treasury and DPC would have a role in providing support to agencies on the selection of programs.

Program Selection

The initial selection of programs by agencies should consider the following:

- size of the program;
- strategic importance to the Government; and
- risk and complexity.

Both new and existing programs would be included under the policy. New programs would be identified and selected via a mechanism similar to the current Sunset Clause process. Terminating
programs, i.e. programs that have been funded on a time-limited basis should be prioritised for evaluation (prior to the termination date) to inform and support future decision making on their continuation.

It is proposed that programs funded by Royalties for Regions would be captured under the policy, but that capital projects would be out of scope.

**Number of Evaluations**

It would not be feasible, cost effective or appropriate to ask agencies to fully evaluate everything, so agencies would need to decide what should be evaluated, at times with advice and support from central agencies.

It is recommended that agency size be used to determine the minimum number of evaluations to be undertaken each year.

**Step 3: Agency Evaluations**

It is proposed that agencies would be largely responsible for planning and managing evaluations of their programs.

The scale of an evaluation should be proportionate to the size or significance of a program. Similar to the 2013 NSW Government Evaluation Framework, a tiered approach is recommended (see following table).
Table 3: Types of Evaluation

<table>
<thead>
<tr>
<th>Category</th>
<th>Program Characteristics</th>
<th>Evaluation Requirements</th>
</tr>
</thead>
</table>
| 1        | Low to moderate investment  
Low risk  
Low strategic importance  
Simple design  
Similar to other programs that have been successful | Scale of the evaluation at the discretion of the agency, with minimum requirements being a short summary report outlining the following information:  
- Program rationale and objectives  
- Budget and resources  
- Performance measures, e.g. KPIs, outcomes  
- Risks  
- Responsible Executive | |
| 2        | Moderate to large investment (relative to agency size)  
Moderate risk  
Identified in agency strategic plan  
Not recently reviewed | An agreed evaluation plan with specific and measurable outcomes.  
Evaluation budget.  
Evaluated internally or contracted out.  
Support and advice from DPC/Treasury if sought. | |
| 3        | Significant investment (relative to agency and government; or program has over $5 million dollars per annum impact on State net operating balance)  
Resource intensive  
High priority  
High risk  
Complex  
Innovative or a pilot, trial or proof of concept  
Multiple delivery partners | Formal evaluation, conducted independently in consultation with Treasury.  
Detailed evaluation plan, covering methods, data collection, outcomes.  
Quarantined evaluation budget.  
Evaluation steering committee co-chaired by senior executives in the agency, DPC and Treasury.  
Report to ERC/Cabinet, responsible Ministers and DGs/CEOs. | |

Regardless of length or complexity, it is recommended that all evaluations should include an ‘outcomes summary’ and verifiable data to assist with funding and policy decisions. All evaluations must demonstrate how the program and/or service links with government goals, objectives and priorities. Further guidance material would be developed by Treasury to support agencies in determining the appropriate scale and requirements for their evaluations.

For some programs (i.e. those that are large and complex), formal independent evaluations would be mandatory and need to meet certain requirements. In these instances, it is likely that central agencies would have a role in advising on, planning or managing the evaluation in partnership with agencies.

A schedule would provide a central register for public sector evaluations but would not capture all programs delivered by agencies. Agencies should not be discouraged from undertaking evaluations as necessary (outside of the scheduling process).

**Step 4: Reporting to ERC**

Treasury, in conjunction with DPC, would compile a report to ERC each year based on agencies’ evaluations. The aim is to ensure Government receives robust and detailed information to help with funding and policy decisions and to encourage transparency and accountability.
Implementation

It is intended that the evaluation schedule framework would be ready for consideration in the 2018-19 Budget process and if approved, would be rolled out over the 2018-19 financial year. Consultation would be required with DPC and other key agencies as required.

Treasury has established an Evaluation Guide, which can be adjusted and customised to suit the needs of the proposed evaluation schedule policy. In addition, Treasury would develop templates and other materials to support consistent outputs for an evaluation schedule, outcomes summary and ERC reporting. This would include the development of outcomes guidance documentation to assist agencies in outcomes definition and measurement.

Treasury would also continue its established Evaluation Network (of key agency representatives) to support capacity building and consistency of evaluations across the sector.

Indicative Financial Impact

The Evaluation Schedule would generate a large increase in the number of programs being evaluated across government.

In most cases, agencies would be required to fund these evaluations internally, especially in relation to simple evaluations for existing programs. For new programs, agencies would be expected to set aside funding for evaluation as part of their initial bid for program funding.

The Evaluation Schedule would also place additional demands on Treasury to provide support and advice.

The financial benefits of the schedule and evaluations would accrue over the longer term through the termination of ineffective programs and more targeted funding for programs that are verifiably value for money and linked to Government goals.
6. Human Services Outcomes Framework

Despite significant investment in human services, limited information on outcomes is measured or published unless mandated by the Expenditure Review Committee (ERC) and Cabinet. There is limited transparency concerning whether human service programs are achieving outcomes, whether programs are effective or service re-design is required.

There are also concerns with identifying, tracking and determining attribution for long-term outcomes, including cross-agency collaboration to measure shared outcomes.

Human Services Contracting with the Non-Government Sector

In 2015-16, the Government held approximately 1,500 community service contracts with Not-For-Profit (NFP) organisations under the Delivering Community Services in Partnership (DCSP) Policy, worth an estimated $1.65 billion\(^8\). This value has been growing overtime with little evidence of improved outcomes for Western Australians.

![Figure 1: NFP Service Contracts under the DCSP Policy](image)

Despite providing a framework for outcomes contracting between government agencies and non-government service providers, the DCSP Policy has not facilitated adequate progress in outcomes definition and measurement. The 2015 Evaluation\(^8\) conducted by Treasury found that the transition to outcomes contracting is ongoing and more work is required by both government agencies and service providers to enhance outcomes identification and measurement in contracts, including the setting of appropriate indicators and targets.

Outcome Approaches in Other Jurisdictions

A number of jurisdictions have been implementing outcomes approaches to government investment in service delivery. This includes:

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\(^9\) ibid
• Victoria, NSW and Tasmania, who have implemented outcomes frameworks and related guidance for human services delivery;

• NSW Premier’s Priorities which publicly tracks progress towards the achievement of 12 specific whole-of-government goals\(^10\); and

• New Zealand Government which has set 10 time-bound targets to be achieved over a five year period, with progress published online.\(^11\)

A summary of these jurisdictional approaches is in Appendix A.

Work recently undertaken by the Productivity Commission also acknowledged the value of outcomes reporting. This has included:

• coordinating the proposal for a national reporting framework on ‘what works’ to improve service outcomes;\(^12\) and

• preliminary findings from Introducing Competition and Informed User Choice into Human Services: Identifying Sectors for Reform Preliminary Findings Report, which identifies a need for an increased focus on outcomes, especially for community services and programs for remote communities\(^13\).

Based on approaches being applied in other jurisdictions, a new approach to outcomes reporting is required in WA to address the following key issues:

• program-level outcomes are not well defined or measured by government agencies; and

• program-level outcomes information is not routinely provided to Government, leading to:
  o limited transparency, oversight and accountability for social services programs due to limited outcomes information; and
  o the absence of an evidence base of ‘what works’ for human service programs.

**Recommendation**

It is recommended that a strengthened approach to outcomes reporting be implemented to improve the accountability and performance management of government expenditure on human services. This approach would complement the proposed Scheduled Evaluation policy.

**Outcomes Framework**

It is recommended that an outcomes framework be implemented for human service agencies to support improved outcomes definition and measurement across government. This framework would


identify high-level, cross agency outcomes, with related indicators and targets. This framework would support the:

- improved collaboration between government agencies to measure shared outcomes across human services programs;
- improved and consistent data collection processes across government agencies on key indicators and targets; and
- the collation of outcomes information to support Government decision making.

In 2016, the Partnership Forum (PF) began to develop a shared outcomes framework for use by the Department for Child Protection and Family Services Earlier Intervention and Family Support Strategy. Initial work from the PF can be leveraged in the development of a framework for all human service agencies.

**Reporting on the Outcomes Framework**

Once in place, biennial reporting to Cabinet on the outcomes framework would detail the aggregated impact of human services programs and support value for money assessments. This would assist Government in reviewing the allocation of human services funding, reprioritisation of programs and requests for specific program evaluations.

Depending on the effectiveness of this process, there is scope to expand the outcomes framework to include other government agencies and establish whole-of-government outcomes.

**Outcomes Guidance**

It is recommended that an outcomes guidance document is developed for use by government agencies, outlining Government expectations for:

- outcomes definition for programs;
- outcomes measurement, including specific indicators and time-bound and quantified targets;
- data collection processes;
- the specification of outcomes information in business case submissions, ERC submissions and evaluation plans and reporting; and
- the use of outcomes for contract development and management.

This document would complement the existing Evaluation Guide developed by Treasury, which promotes the use of outcomes and evaluation across the public sector.

The guidance document can be used to support the proposed Scheduled Evaluation policy. It would also align with existing policies and processes, including the DCSP policy, and would support adequate data capture to assist in improved data analytics.
Application of Outcomes to Human Services Procurement

It is recommended that the application of outcomes frameworks to human service procurement (including services delivered under the DCSP Policy) be further investigated. This would include the use of outcomes based contracting, integrated service delivery and social impact bonds.

A number of these innovative procurement models are being trialled around the world, providing governments with a suite of options that focus procurement on the achievement of outcomes.

Indicative Financial Impact

Outcomes reporting would allow for the improved monitoring and evaluation of any financial benefits related to changes in service delivery. It is likely that improvement in social outcomes would result in reductions in expenditure on human service programs beyond the forward estimates, through lower growth in the community’s need for services.
# Appendix A: Outcomes Frameworks in Other Jurisdictions

<table>
<thead>
<tr>
<th>Jurisdiction</th>
<th>Framework</th>
<th>Application</th>
</tr>
</thead>
<tbody>
<tr>
<td>NSW</td>
<td>Human Services Outcomes Framework[^14]</td>
<td>Framework includes seven high level wellbeing outcomes in key areas of: social and community; education and skills; economic; health; home; safety; and empowerment. The first application of this framework is for social housing.</td>
</tr>
<tr>
<td>Victoria</td>
<td>Outcomes Framework – How to Track Outcomes[^16]</td>
<td>Outcomes measurement approach applied by the Department of Health and Human Services. Key outcome areas include: housing; work and meaningful use of time; cultural &amp; social wellbeing; health; safety and behaviours.</td>
</tr>
<tr>
<td>South Australia</td>
<td>Results Based Accountability[^18]</td>
<td>Applies results based accountability for community services.</td>
</tr>
<tr>
<td>Tasmania</td>
<td>Department of Health and Human Services Community Sector Outcomes Purchasing Framework[^19]</td>
<td>Applies to grant funding with the community sector, with a key focus on outcomes definition and measurement (includes population outcome indicators and program performance indicators).</td>
</tr>
<tr>
<td>New Zealand</td>
<td>Better Public Services 2012-2017[^20]</td>
<td>Introduced in 2012, identifies 10 results and targets to be achieved over 5 years, with progress reporting published. In March 2017, a new set of 10 results and targets were announced (e.g. better access to social housing - to reduce the time to house for Priority A clients from the social housing register by 20% by 2021).[^21]</td>
</tr>
</tbody>
</table>

7. Justice Pipeline Modelling

WA’s criminal justice system has experienced significant demand and cost pressures over the past two years. Key pressure points include:

- strong growth in reported crimes (up 19% since 2014), corresponding with a weaker economy and jobs market;
- an increase in the number of people charged, coinciding with more crime and an increase in the number of police staff;
- greater demand on the courts, with growth in criminal case lodgements placing upward pressure on time to trial and the number of cases on hand;
- a sharp increase in WA’s prison population (up 21% over the past two years); and
- corresponding demands on the State’s budget.

Figure 1: Composition of WA’s Prison Population

In the past, policy decisions have been made without careful consideration of the downstream resource and cost implications (for instance, investing in more police staff without corresponding investments in the courts and corrective services systems). This partly reflects the absence of an integrated approach to funding cost and demand pressures across the criminal justice sector.

In order to respond to these challenges effectively, policy makers need more detailed modelling of the criminal justice sector, including how changes to one component of the system affect activity and costs in the rest of the sector.

The development of a Justice Pipeline Model, to represent the criminal justice sector as a whole, including the police, courts and corrective services system would be critical to increase the understanding of the flow of activities, resources and costs throughout the justice sector, and to simulate the downstream impact of any changes within the system.
Approaches in Other Jurisdictions

Criminal justice systems were first developed in the United States in the 1960s. Over time, developments in information technology and software have enabled these models to become increasingly complex. For instance, the New Zealand Government developed a simulation model of their criminal justice sector in 2008 (see below).

Figure 3: New Zealand’s Justice Sector Pipeline Model

In recent years, the Australian Institute of Criminology has developed a number of simulation models (including for Queensland’s juvenile justice system and the national criminal justice sector). The Bureau of Crime Statistics and Research in NSW has also recently committed to develop an expanded model of its criminal justice system.

Recommendation

Commission a Justice Pipeline Model (JPM) using a linked dataset to capture the flow of activities and costs throughout the justice sector, and to simulate the downstream impact of any changes within the system.

Data Linkage

The JPM would incorporate core justice sector agencies and services, i.e. police, courts, corrective services, the Legal Aid Commission and the Office of the Director of Public Prosecutions.

Data Analytics

The JPM would:

(1) simulate activity and demand across the following sectors and agencies: police, courts, corrective services, legal aid and the Office of the Director of Public Prosecutions;
(2) generate estimates of the resource and cost implications of changes in demand;

(3) estimate the impact of policy and parameter changes on resourcing, cost and other key metrics, e.g. time to trial and cases on hand; and

(4) generate some insights on how resources can be reallocated to minimise system costs.

Governance

It is proposed that development of the model could be overseen by a Steering Committee, comprising of senior representatives from the justice agencies, Treasury and the DPC. The Steering Committee would be supported by a technical Working Group also consisting of representatives from Treasury and the key justice sector agencies. Treasury would provide project management.

Benefits

Key objectives of the model would be to:

- provide richer and more timely estimates of activities and flows across the justice sector;
- support better prisoner demand projections by incorporating lead indicators of activity;
- estimate the downstream cost implications of changes in justice policy and practice;
- generate insights on the reallocation of resources to minimise overall costs; and
- support better targeting of spending in the justice system.

Indicative Financial Impact

The estimated upfront cost of the model build, inclusive of software and consulting fees, would be $850,000 and it is expected the project would have a timeframe of 12 months.
8. Community Corrections

Compared to other States, WA has relatively high imprisonment rates and low rates of community correction.

The decision on whether offenders will serve their sentence in the community or in custody is made by the courts. This is contingent on a range of factors, including the nature of offending, the offender’s risk to the community and the judiciary’s level of confidence in the program.

The daily cost of managing an offender in the community is approximately $45, compared to $319 to manage an offender in prison. Apart from being less costly, community corrections enables eligible offenders to maintain connection with their community and family, to remain employed, and to undertake programs to address their offending behaviour.

Notwithstanding that community correction orders are less expensive than imprisonment, WA continues to be less efficient in the management of offenders in the community.

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Recommendation

Alleviate future pressures on prison capacity by increasing the use of community corrections to more closely match the national average rate. This strategy would include:

- a comprehensive statistical review and scenario analysis of savings from redirecting various categories of eligible offenders from prison to community corrections;
- improving the effectiveness of community corrections as a form of rehabilitation and the confidence of the judiciary in these programs; and
- consideration of legislative changes, e.g. to the Sentencing Act 1995, to allow more offenders to be managed in the community.

Indicative Financial Impact

Preliminary estimates indicate marginal cost savings of approximately $188 per offender per day for every offender diverted from custodial sentencing and into community corrections. By way of illustration, lifting WA’s community corrections rate (209 per 100,000 adults) to the national average (312 per 100,000 adults) would mean that up to 2,090 offenders could potentially be managed in the community\(^{23}\). This could translate into savings of approximately $143 million per annum, with a partial offset from additional resources for the procurement of electronic surveillance equipment and greater numbers of community corrections officers.

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\(^{23}\) The actual number of prisoners that could be diverted to community corrections would be highly dependent on factors such as the types of offences the offenders have been convicted of, the judiciary’s appetite for community corrections as an alternative form of sentencing, and circumstances that would result in successful rehabilitation under a community corrections order.
9. Road Trauma Trust Account

WA has the third highest rate of road fatalities at 6.2 per 100,000 of the population, compared to a national average of 5.1 and a lowest rate of 4.2 for Victoria\(^\text{24}\). While WA has achieved a reduction in its fatality rate over the past decade (down from 9.8 in 2006), the number of fatalities in 2016 (193) was the highest since 2010.

In 2012, the Auditor General found that the Road Safety Council could not demonstrate that it had an effective process for making recommendations nor that it effectively evaluated road safety measures. This was reiterated in the 2013 Browne Review of Road Safety Governance in WA, which indicated that there are opportunities to secure better value for money from RTTA expenditure. Despite both reviews and an increase in expenditure on road safety initiatives, there remains a lack of evidence or evaluation of RTTA funded road safety initiatives to translating into positive road safety outcomes.

In response to the 2013 Browne Review, the then Government established the Road Safety Commission on 1 July 2015 to address the deficiencies in the current management of the RTTA. However, there is yet to be any noticeable improvements or added sophistication to the yearly RTTA budget allocation process.

*Interjurisdictional Comparison*

In 1990, WA had the second lowest rate of KSI in Australia. Whilst WA has seen reductions in rates of KSI since then, it now ranks as the third highest in Australia.

All States have a consistent Towards Zero road safety strategy based on the safe road system (safe roads, safe speeds, safe vehicles, and safe road use). However, unlike WA, the leading States have a detailed action plan for the implementation of the strategy.

Victoria has been identified as the leading jurisdiction in Australia in terms of having the lowest rate of road fatalities. In comparing WA to Victoria:

- Victoria does not have a standalone agency dedicated to Road Safety;
- Victoria does not hypothecate fixed camera speed and red light fines revenue into a special purpose account for road safety initiatives; and
- whilst Victoria has a higher number of red light and speed cameras per 100,000 population, the current expansion will bring WA in line with Victoria and other jurisdictions in regards to this form of safe speed enforcement.

The Victorian Government has also adopted a sophisticated model of road safety investment which utilises claims data from the Government’s no-fault personal injury insurer and crash data from its Roads department. This data is used effectively to target investment in areas which affect road fatalities.

\(^{24}\) Bureau of Infrastructure, Transport and Regional Economics, Road Trauma Australia, Annual Summaries, 2015
Recommendation

Reform the RTTA to be a data driven, evidence-based investment in road safety initiatives, including closer collaboration with the Insurance Commission of WA (ICWA) on data provision and analysis.

To overcome the current insufficient data analysis and evaluation practices, comprehensive road safety data needs to be collected, centralised and made available to all relevant stakeholders. In light of the lessons of the Victorian model, collaboration with ICWA would enable a more comprehensive data set. The exchange of data can illustrate the relationship between accidents, injury and cost, and demonstrates the efficacy of particular road safety interventions.

An evaluation framework needs to be built into the RTTA’s funding allocation process to ensure program outcomes are measurable, aligned to KPIs and the Towards Zero strategy. Furthermore it is imperative all programs (current and new) have a sunset clause to trigger analysis and consideration of whether programs should be continued, ceased or expanded.

Consistent with the 2013 Browne Review’s recommendation, the Road Safety Commission should develop an action plan for the implementation of the Towards Zero strategy which contains milestones by which progress can be assessed.

Estimated Financial Impact

The implementation costs would be met from within existing resources of relevant agencies and no direct savings are anticipated from this initiative. The main benefit is better investment of RTTA funds to achieve improved road safety outcomes.
10. Education: Student-Centred Funding Model

The Student-Centred Funding Model (SCFM) was implemented in the 2015 school year to determine the recurrent funding requirements of individual schools. Under the SCFM, schools are allocated a one-line budget and given the autonomy to allocate the funding to best suit their specific circumstances and needs.

With two full school years now completed since the introduction of the SCFM, it is appropriate to evaluate the effectiveness and equity of funding allocations to schools, including the link to student outcomes.

The SCFM allocates funding to schools on a per-capita basis, taking account of individual student-level and school-level characteristics. There are additional per-capita loadings for students with a disability, Indigenous students, and socio-economically disadvantaged students; as well as loadings for remote schools and an ‘enrolment-linked base’.

The ‘enrolment-linked base’ is an additional top up payment whereby smaller schools receive relatively more than larger schools along a sliding scale, based on an economies of scale assumption.

After two years of resourcing schools via the SCFM, it is noted that some schools (particularly larger schools) have been operating in large surplus positions. Between 2010 and 2015 school bank balances at the end of the year increased from $228 million to $378 million. At the end of June 2016 school bank balances totalled around $400 million\(^{25}\).

Figure 1 shows the size distribution of primary and secondary public schools in WA and Australia in 2016. There is a tendency towards larger schools in WA, which is particularly evident for secondary schools.

\(^{25}\) Department of Education Annual Reports.
Figure 1: School Size in WA and Australia, 2016

(a) Public primary schools

(b) Public secondary schools

Source: Australian Bureau of Statistics (ABS), Schools Publication 2016

26 'Non-special' schools only, defined by the ABS as schools mainly engaged in providing special education and training for children with disabilities and special needs
Funding per student under the SCFM is also weighted by year group, as follows:

Table 1: SCFM Weightings

<table>
<thead>
<tr>
<th>Grade range</th>
<th>Funding weight</th>
</tr>
</thead>
<tbody>
<tr>
<td>Kindergarten</td>
<td>0.7(^{27})</td>
</tr>
<tr>
<td>Pre-primary to Year 3</td>
<td>1.2</td>
</tr>
<tr>
<td>Year 4 to Year 6</td>
<td>1.0</td>
</tr>
<tr>
<td>Year 7 to Year 10</td>
<td>1.33</td>
</tr>
<tr>
<td>Year 11 to Year 12</td>
<td>1.43</td>
</tr>
</tbody>
</table>

The weightings generally reflect the resourcing costs associated with providing the relevant curriculum to each year group. However, the weightings should also give due consideration to student outcomes in each grade.

An analysis of students’ mean National Assessment Program Literacy and Numeracy (NAPLAN) scores in recent years reveals that WA students are performing relatively poorly compared to the overall Australian cohort in the primary school years (Figure 2)\(^{28}\).

However, Figure 2 also shows that the performance of WA students (relative to Australia as a whole) improves with age from Year 3 to Year 9. Further, the most recent Programme for International Student Assessment (PISA) results show that the performance of 15-year old (Years 10 and 11) WA students is higher than Australian students as a whole in all assessment domains.

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\(^{27}\) Kindergarten students are 0.5 full-time equivalent, reducing their weighting from 1.4 to 0.7.

\(^{28}\) Mean scores are calculated across the assessment domains of reading, spelling, grammar and punctuation, and numeracy. The ‘writing’ test domain is excluded from the analysis, as the test changed from narrative writing to persuasive writing in 2011.
**Recommendation**

The surplus positions observed in large schools suggest that the skewed distribution of school size in WA is not adequately accounted for in the existing ‘enrolment-linked base’ provision in the SCFM. It is therefore recommended that the Government review the effectiveness of the existing allocation mechanism, in terms of ensuring a fair and equitable distribution of funding to small schools. This should include a review of the adequacy and sustainability of the DoE’s recent “economies of scale adjustment” for the 2018 school year, which is estimated to reduce funding for larger secondary schools by around $82 million (with half of these savings redirected to smaller schools).

The review should also include an analysis of the drivers behind the growth in schools’ cash balances, including an assessment of the effects of the transitional arrangements and the breakdown between State appropriation and school-generated revenue.

The disparity in relative performance between age groups suggests that the SCFM year-group funding weights also require re-evaluation. The allocation of funding to different year groups should be reviewed in the context of the desired effect on student outcomes.

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*Source: derived from data published by the Australian Curriculum, Assessment and Reporting Authority (ACARA)*
The review should also include a post-implementation survey of school principals on the suitability and equity of the SCFM funding allocations and year-group funding weights.

**Estimated Financial Impact**

The recommended SCFM review is aimed at altering the internal allocation of funding to schools, with no impact on the total quantum of funding.
11. Education: Central Office Resourcing

The Department of Education (DoE) has a less efficient ratio of students-to-FTEs in its central office operations than the average of all other States and its central office structure is also comparatively top-heavy.

Central and regional office overheads and support operations are projected to account for an average of 3.4% of the DoE’s total cost of services from 2016-17 to 2020-21, or approximately $172 million per annum. These funds are not allocated to, or spent on behalf of schools, and are comprised largely of salary expense.

An interstate comparison of the ratio of student enrolments to non-school staff is presented below.

**Table 1: Student to Out-of-School Staff Ratios**

<table>
<thead>
<tr>
<th></th>
<th>Government School-Student FTEs</th>
<th>Out-of-school Staff FTEs</th>
<th>Ratio (higher is more efficient)</th>
<th>Ranking</th>
</tr>
</thead>
<tbody>
<tr>
<td>NSW</td>
<td>780,599.9</td>
<td>2,091.8</td>
<td>373.2</td>
<td>1</td>
</tr>
<tr>
<td>VIC</td>
<td>590,105</td>
<td>1,620.3</td>
<td>364.2</td>
<td>2</td>
</tr>
<tr>
<td>WA</td>
<td>271,022.3</td>
<td>1,152.2</td>
<td>235.2</td>
<td>3</td>
</tr>
<tr>
<td>TAS</td>
<td>56,398.9</td>
<td>258</td>
<td>218.1</td>
<td>4</td>
</tr>
<tr>
<td>QLD</td>
<td>534,080.7</td>
<td>2,930.1</td>
<td>182.3</td>
<td>5</td>
</tr>
<tr>
<td>SA</td>
<td>170,772.7</td>
<td>1,223.1</td>
<td>139.6</td>
<td>6</td>
</tr>
<tr>
<td><strong>Average</strong></td>
<td></td>
<td></td>
<td><strong>252.1</strong></td>
<td></td>
</tr>
</tbody>
</table>

Source: ABS Publication 4221.0, 2016. Tables 43a and 57a.

WA has below average administrative efficiency (ranking 3rd). At the most extreme, NSW has almost three times the number of students enrolled in public schools with only approximately 60% more out-of-school staff.

WA lags further when the focus is narrowed to executive FTE efficiency, with a ranking of 5th and an efficiency measure which is less than half of the most efficient State.

**Table 2: Student to Executive Staff Ratios**

<table>
<thead>
<tr>
<th></th>
<th>Government School-Student FTEs</th>
<th>Out-of-school Executive Staff FTEs</th>
<th>Ratio (higher is more efficient)</th>
<th>Ranking</th>
</tr>
</thead>
<tbody>
<tr>
<td>QLD</td>
<td>534,080.7</td>
<td>102</td>
<td>5,236.1</td>
<td>1</td>
</tr>
<tr>
<td>TAS</td>
<td>56,398.9</td>
<td>13.9</td>
<td>4,057.5</td>
<td>2</td>
</tr>
<tr>
<td>NSW</td>
<td>780,599.9</td>
<td>197.9</td>
<td>3,944.4</td>
<td>3</td>
</tr>
<tr>
<td>VIC</td>
<td>590,105</td>
<td>180.5</td>
<td>3,269.3</td>
<td>4</td>
</tr>
<tr>
<td>WA</td>
<td>271,022.3</td>
<td>116</td>
<td>2,336.4</td>
<td>5</td>
</tr>
<tr>
<td>SA</td>
<td>170,772.7</td>
<td>181.4</td>
<td>941.4</td>
<td>6</td>
</tr>
<tr>
<td><strong>Average</strong></td>
<td></td>
<td></td>
<td><strong>3,297.5</strong></td>
<td></td>
</tr>
</tbody>
</table>

Source: ABS Publication 4221.0, 2016. Tables 43a and 57a.
Recommendation

Implement a targeted increase in the DoE’s student to out-of-school (OOS) staff to ratio from 235.2 to 252.1, to be achieved through central office efficiencies. This could be achieved by utilising opportunities identified in the Agency Expenditure Review (AER) process and the Independent Public School (IPS) arrangements, without adversely impacting in-school staff and service delivery.

The Stage 1 program review for the AER process covers approximately $1 billion of programs in 2016-17. Within this program list, the DoE has identified a number of ICT programs which cost around $95.3 million and involve approximately 100 central office FTEs. The program descriptions indicate significant similarity across these multiple ICT programs, particularly in areas of client support.

The IPS initiative was introduced from 2010 and covers 445 public schools in 2016 - 57% of all public schools and 83% of students. In addition to standard budget allocations, an estimated $18.9 million is forecast to be provided to IPS schools in 2017 for responsibilities such as staff recruitment and financial management. Despite this decentralisation of processes and responsibility to IPS schools, there has not been a measurable reduction in DoE’s central office functions, FTE or expenses.

Estimated Financial Impact

Based on the existing central office resourcing (adjusted for related measures approved for the 2017-18 Budget), the proposed increase in the student to OOS ratio implies potential efficiency savings of up to $11 million per annum.

<table>
<thead>
<tr>
<th>Impact on State Finances</th>
<th>2017-18 $'000</th>
<th>2018-19 $'000</th>
<th>2019-20 $'000</th>
<th>2020-21 $'000</th>
<th>TOTAL</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net Operating Balance</td>
<td>0</td>
<td>5,500</td>
<td>11,000</td>
<td>11,000</td>
<td>27,500</td>
</tr>
<tr>
<td>Public Sector Net Debt</td>
<td>0</td>
<td>-5,500</td>
<td>-16,500</td>
<td>-27,500</td>
<td>-27,500</td>
</tr>
</tbody>
</table>

It is noted that machinery-of-government changes that took effect from 1 July 2017 resulted in the transfer of additional central office FTE from the amalgamation of the Department of Education Services (DES) and the School Curriculum and Standards Authority with the DoE.

As part of the preparation of advice for the incoming Government, Treasury undertook a desktop analysis of the efficiencies that could be realised by the abolition of the DES and the transfer of functions to the DoE. Potential savings of around $6 million per annum were identified from removing the duplication of corporate services, administration, IT and a Senior Executive FTE.
12. Education: School Bank Accounts

Total school bank balances have shown a steady increasing trend and stand at around $400 million as at June 2016. There is no transparency over the composition of these bank balances and schools, and there is scope to utilise these funds in a more effective manner.

From 2015, every school in WA received its funding allocation as a one-line budget, with all resources provided as funding. While total expenditure was previously provided as school grants and staffing allocations, school principals are now able to determine the proportion the school receives as salaries and the proportion it receives as cash.

Evidence from other jurisdictions indicates that as schools are provided greater autonomy over resource allocation and financial management, school bank balances increase. There is evidence that this is occurring in WA, with a higher proportion of cash balances being held by larger schools and senior high schools.

![Figure 1: Total Schools Bank Balance](chart)

**Recommendation**

The DoE has implemented a number of conditions upon schools to limit the continuing accumulation of bank balances. However, these measures do not address balances accumulated up to 2016 and there is an opportunity for the DoE to further investigate alternative uses for the $400 million of existing funds.

There are legitimate reasons for schools to accrue cash balances, and providing school principals with this discretion supports the intentions of recent reforms in education funding such as the SCFM.

Nevertheless, it would be prudent to balance the holding of current deposits with alternative education priorities of Government, such as school-based works which are currently in the DoE’s asset investment program.

In order to increase the transparency of school bank balances and to enable the potential reallocation of excess funds, it is proposed that school bank balances are pooled and managed centrally under enhanced accounting controls that provide greater visibility over funding sources and expenditure.
Improved visibility would facilitate investigation of opportunities to redirect under-utilised cash to deliver educational priorities including asset investment.

Parliamentary appropriations to the DoE are allocated to schools to deliver education services in the current financial year, and the use of this appropriation to create a balance of interest earning assets for schools is contrary to needs-based funding principles. As such, it is further proposed that interest earned on school bank balances be remitted to the Consolidated Account.

**Estimated Financial Impact**

In order to prevent any additional impacts to the State’s finances, it is proposed that any utilisation of excess school bank balances for asset investment be offset by a reduction in the DoE’s capital appropriation.
13. Education: Infrastructure Planning

Based on current enrolment growth forecasts, the current approved $1.3 billion asset investment program from 2016-17 to 2019-20 for schools will not provide sufficient permanent accommodation for all students. Innovative changes to current practices which include construction, targeted utilisation of existing assets and other non-build strategies are required to meet this challenge.

Enrolments in Government schools have grown by approximately 35,588 students or 13.7% over the past five years (from Semester 2, 2011 to Semester 2, 2016). The DoE is forecasting continued growth from Semester 2, 2016 to Semester 2, 2026 of 64,950 students or 22%.

Student growth is not experienced equally across the State, with increased pressure generally placed on schools in the Perth metropolitan area, specifically in fringe areas of expanding residential development as well as inner suburbs experiencing increased density due to residential infill.

Recommendation

Adjust Local Intake Areas

Local Intake Areas (LIAs) establish specific boundary parameters for a school and dictate student eligibility for enrolment based on residential location. Under section 60 of the School Education Act 1999, a school may be declared as LIA only, which must then be published in the Government Gazette. Further changes to LIA schools or boundary changes also require gazettal.

Adjustments to LIAs also provide a non-asset solution for increasing utilisation rates of existing assets, without requiring additional capital investment. This would require all proposals for new asset investment in school infrastructure to consider alternative LIA strategies for maximising the benefits of existing assets.

Increase Capacity of New Primary Schools

Residential growth corridors in the metropolitan area are placing significant pressure on school accommodation requiring the delivery of new schools along the development fringe. The DoE is provisioned for an annual program of four new primary schools, with the discretion to determine the locality of these new schools on an as needs basis.

New primary schools are usually constructed to a capacity of 430 students. However, this has been insufficient in a number of recent cases with transportable classrooms being required within the first few years of the opening of a school.

Table 1: Recent Primary School Configurations

<table>
<thead>
<tr>
<th>Primary School</th>
<th>Commencement Year</th>
<th>2016, Semester 2 Enrolments (FTE)</th>
<th>Transportable Classrooms (Oct 2016)</th>
<th>Onsite</th>
</tr>
</thead>
<tbody>
<tr>
<td>Makybe Rise Primary School</td>
<td>2011</td>
<td>925</td>
<td>27</td>
<td></td>
</tr>
<tr>
<td>Meadow Springs Primary School</td>
<td>2012</td>
<td>765</td>
<td>22</td>
<td></td>
</tr>
<tr>
<td>Piara Waters Primary School</td>
<td>2012</td>
<td>738</td>
<td>18</td>
<td></td>
</tr>
<tr>
<td>Harrisdale Primary School</td>
<td>2016</td>
<td>501</td>
<td>9</td>
<td></td>
</tr>
</tbody>
</table>

These pressures can be addressed by increasing the typical student accommodation capacity by around 25% (from 430 to 540 students) for newly built schools. Double storey construction of schools would address accommodation pressures in inner city areas where land is relatively scarce.
Primary School Closures

Based on Semester 2, 2016 and Semester 2, 2015 student enrolment data, the DoE has identified a total of 18 primary schools that qualify for consideration of closure and involve the potential relocation of approximately 1,700 students into neighbouring schools.

Estimated Financial Impact

Indicative costings would need to be developed in consultation with DoE. Any cost savings from the closure of schools and subsequent disposal of assets could be reallocated to meet the cost of increasing the capacity of new primary schools.
14. Public Transport Authority Services

Provision of additional public transport services is not translating into fare paying patronage, yet it continues to grow the Public Transport Authority’s (PTA) operating subsidy.

The operating subsidy paid to the PTA is the largest of any Government Trading Enterprise. As indicated in the following chart, paid Transperth boardings have declined continuously since 2012-13 and are predicted to decline in 2016-17 before stabilising in 2017-18. The PTA’s operating subsidy is forecast to increase from $646 million in 2012-13 to $849 million in 2017-18 (and $884 million in 2019-20).

![Figure 1: Transperth Fare Paying Boardings](chart)

The following chart shows that since 2012-13, metropolitan public transport service provision has grown steadily. Train service kilometres are projected to increase 32% by 2017-18, as a result of procurement of additional railcars, and bus service kilometres by 14% due to the rollout of the Additional Bus Service Kilometre Program.

![Figure 2: Transperth Service Growth](chart)
There is limited suitable performance reporting to Government regarding how service provision translates to cost and how resources are allocated to maximise public transport use. This makes it difficult to assess the effectiveness of PTA initiatives to address patronage decline.

While the PTA undertakes internal analysis as part of ongoing service reviews, this is not shared more broadly and the PTA faces resource constraints in generating and providing data to Treasury.

**Recommendation**

In the context of declining patronage and increasing service provision and cost, a new approach is required to enhance accountability in public transport service delivery.

The broad scope of this program would involve:

- data improvements, which underpin the remaining program elements:
  - audit, clarify and improve PTA service data sets;
  - making data more accessible;
- PTA cost and service model:
  - outlines the relationship between public transport services and costs;
  - demonstrates the cost of particular services;
  - provides government with a tool to assess how resources are allocated;
- assessing public transport service cost efficiency:
  - interjurisdictional benchmarking where available;
  - review service contracts;
  - review contract management;
- service performance metrics:
  - clarify service standards and targets (i.e. maximising patronage vs access for all);
  - develop disaggregated service performance reporting;
  - rank services to identify high/low performance;
- optimising services to align with customer demand:
  - market segmentation analysis;
  - develop peak demand mitigation initiatives (including incentives and information tools);
  - drive patronage by providing services aligned to demand; and
- demand forecasting:
  - review and build upon existing models; and
incorporate time-of-day pricing.

The activities and costs to achieve these objectives would be refined by Treasury in consultation with the PTA.

The proposal is based on approaches adopted in other jurisdictions, for example:

- in September 2014 the Australian Capital Territory started using ticketing data to reallocate public transport resources from low demand to high demand services. Combined with the introduction of paid parking, this led to an additional 8,600 passengers using public transport to travel to the Parliamentary Triangle per week;

- Vancouver reports annually on the performance of its public transport services (at the route level), in terms of ridership, cost, efficiency and reliability, which informs an annual Transit Network Review (Appendix A contains an extract from the Vancouver report); and

- NSW has improved the provision of public transport data, including by developing new customer focused performance metrics and releasing real time data, which has led to private development of a range of transport apps to meet different customer needs.

Optimising transport services would ultimately involve ceasing or reducing the frequency of low patronage bus and train services, which may lead to some community objections.

**Estimated Financial Impact**

While lower transport costs (including subsidy payments) would be expected in the long term, further analysis and modelling is required for the provision of detailed financial estimates.
15. Medical Services in Prisons

There continues to be an increasing demand for medical services in prisons due to a rapidly growing prisoner population.

The provision of prison health services in WA has been the subject of numerous reviews\(^{29}\). Findings have highlighted the challenges of providing health services in a custodial setting – such as concern for security hindering clinical decisions, and the impact of general isolation of custodial health from mainstream health services on service provision and health professionals. WA is the only jurisdiction where prison health services are being provided by the corrective services department.

Complexities of prisoner health issues are further heightened by factors such as:

- an increase in aged and frail prisoners – prisoners aged 50 and over grew by 37%, while prisoners aged 65 and over grew by 73%, between 2010 and 2015\(^{30}\);
- larger growth in female prisoners (56% compared to 37% growth in male prisoners between 2010 and 2016)\(^{31}\); and
- up to 60% of prisoners may require some form of mental health care.

Along with growth in the prisoner population, the volume of completed medical appointments has grown by an annual average rate of 6% between 2010-11 and 2014-15\(^{32}\), with out-of-prison appointments comprising approximately 5% per annum. The Department of Corrective Services (DCS) has advised that approximately 60% of scheduled medical appointments are deemed unsuccessful (primarily as a result of the offender not wanting to attend) at a potential cost of between $1.6 million and $3.2 million to the hospital system.

Transporting prisoners for medical appointments and transfers to and from hospital – which has inherent security risks and which costs the DCS approximately $5 million annually through the Court Security and Custodial Services (CS&CS) Contract – may reflect the lack of availability of in-prison services, or the need to address more complex health conditions.

**Recommendation**

Introduce contestability in the delivery of health services in prisons, including expanded capacity for telehealth consultations.

The DCS is currently undertaking a further review process for health services in prisons aiming to determine the best model for core service provision, with the different commissioning models ranging from full to hybrid outsourced options, including service delivery by the Department of Health and the Mental Health Commission.

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\(^{29}\) Various location specific and thematic reviews by the Office of the Inspector of Custodial Services, the Department of Health (2008), an independent reviewer (2010), and a recent KPMG review in 2015.


\(^{31}\) DCS, Adult Prisoners in Custody Quarterly Statistics, June Quarter 2015 and 2016.

Reviews into the introduction of telehealth technology (a two-way technology platform, including diagnostic units, linked to health centres/specialists) indicate savings are primarily achieved through avoided transport costs and hospital bed sits\(^{33}\). In custodial settings, telehealth services are provided across a range of services in prisons in the United Kingdom and the United States (approximately half of state facilities and 40% of federal facilities\(^{34}\)).

Geriatric parole policies target prisoners whose advanced age or ill health limits the risk they pose to public safety, by allowing them to serve the remaining portion of their sentence in the community.

Trialling or implementing strategies to enable older and infirm prisoners to be paroled early to complete their sentence in the community could reduce the prison population and reduce (or avoid) the high costs associated with this cohort. Savings generated by the DCS would likely be partly reduced by increases in services required of other support agencies.

Examples of specialist prisons constructed in Australia to address the accommodation and medical needs of aged prisons include Long Bay Hospital at the Long Bay Prison complex site in NSW. This facility provides 15 beds for aged care prisoners with health concerns who may require some assistance with personal care or daily living tasks.

New models of medical services would require careful monitoring of the impact on health outcomes for prisoners. Cooperation/partnering with Department of Health/WA Country Hospital Service would be required for the use of telehealth facilities.

**Estimated Financial Impact**

Preliminary analysis indicates that introducing contestability in custodial health services could deliver cost savings compared to in-house service delivery.

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\(^{33}\) Medical Journal of Australia, "Cost Savings From a Telemedicine Model of Care in Northern Queensland, Australia", 2013, 199 (6)

16. Department of Training and Workforce Development: Central Office Services and Costs

Despite significant reforms to TAFE college operations to improve the efficiency of training service delivery, there remains a lack of transparency regarding the Department of Training and Workforce Development’s (DTWD) central office operations and its contribution to value-for-money outcomes for the training sector, at an estimated cost of $135 million per annum and 541 FTE.

The DTWD’s primary function is the procurement of training which comprises 78% (or $477 million) of forecast total cost of services (TCOS) in 2016-17. These funds are passed on to TAFE colleges and private training providers for the delivery of VET services.

The remaining 22% of DTWD’s TCOS ($134.5 million) covers central office functions, primarily including the administration of international students, apprenticeships and traineeships, workforce planning, policy development, and the provision of ICT and corporate shared services for TAFE colleges.

<table>
<thead>
<tr>
<th>Department of Training and Workforce Development Services</th>
<th>Full-time Equivalents (FTEs)</th>
<th>2016-17 Budget Estimate ($000)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Procurement of Training</td>
<td>60</td>
<td>476,863</td>
</tr>
<tr>
<td>Workforce Planning and Development</td>
<td>39</td>
<td>12,357</td>
</tr>
<tr>
<td>Development of VET Policy and Programs</td>
<td>48</td>
<td>8,370</td>
</tr>
<tr>
<td>Career and Workforce Development Services</td>
<td>43</td>
<td>14,459</td>
</tr>
<tr>
<td>Skilled Migration, Including Overseas Qualification Assessment</td>
<td>15</td>
<td>2,062</td>
</tr>
<tr>
<td>Apprenticeship and Traineeship Administration and Regulation</td>
<td>74</td>
<td>10,180</td>
</tr>
<tr>
<td>Recruitment and Management of International Students</td>
<td>40</td>
<td>48,493</td>
</tr>
<tr>
<td>Infrastructure Management for TAFE Colleges</td>
<td>17</td>
<td>4,251</td>
</tr>
<tr>
<td>ICT and Corporate Shared Services for TAFE Colleges</td>
<td>205</td>
<td>34,333</td>
</tr>
<tr>
<td><strong>Total Cost of Services</strong></td>
<td><strong>541</strong></td>
<td><strong>611,368</strong></td>
</tr>
<tr>
<td><strong>Estimated cost of DTWD central office operations</strong></td>
<td><strong>134,505</strong></td>
<td></td>
</tr>
</tbody>
</table>

In comparison to other Australian jurisdictions, WA is the only jurisdiction to have a stand-alone training agency which does not form part of a larger departmental structure (see Table 2). The potential efficiencies from economies of scale and reducing duplication of central office and administrative functions may be a contributing factor to the comparatively high number of central office FTE in relation to DTWD’s TCOS.

WA and NSW are the only States where migration services are in the same department as training; however, in NSW, training is contained within the Department of Industry, Skills and Regional Development, which provides a wider range of skills and greater economies of scale. In other States, migration services are provided by the department with responsibility for state development.

WA and SA are the only States which provide career development services as a stand-alone government service by contracting community-based providers. SA utilises a different model.
which restricts funding only to specific clients referred to the provider by the Department of State Development. The other States provide career development services through the TAFE system.

The decline in overall VET sector activity between 2013-14 to 2015-16 has reduced payments to training providers by 18% (or $113 million), while the DTWD’s central office costs have only reduced by 7% (or $8 million) over the same period, with cash surpluses averaging $22 million each year.

Table 2: Interjurisdictional Comparison of Training Agencies

<table>
<thead>
<tr>
<th>State</th>
<th>Department</th>
<th>Service area</th>
<th>2016-17 TCOS (service area)</th>
<th>Central office FTE</th>
<th>TCOS/FTE Ratio</th>
</tr>
</thead>
<tbody>
<tr>
<td>WA</td>
<td>Training and Workforce Development</td>
<td>Entire department</td>
<td>$611 million</td>
<td>541</td>
<td>$1.1 million per FTE</td>
</tr>
<tr>
<td>VIC</td>
<td>Education and Training</td>
<td>Training, Workforce Development and Skills</td>
<td>$2.48 billion</td>
<td>Not available</td>
<td>-</td>
</tr>
<tr>
<td>QLD</td>
<td>Education and Training</td>
<td>Training and Skills</td>
<td>$1.11 billion</td>
<td>361</td>
<td>$3.1 million per FTE</td>
</tr>
<tr>
<td>NSW</td>
<td>Industry, Regional Development and Skills</td>
<td>Skills Development</td>
<td>$786 million</td>
<td>355</td>
<td>$2.2 million per FTE</td>
</tr>
<tr>
<td>SA</td>
<td>State Development</td>
<td>Skills and Employment</td>
<td>$457 million</td>
<td>156</td>
<td>$2.9 million per FTE</td>
</tr>
<tr>
<td>TAS</td>
<td>State Growth</td>
<td>Skills Tasmania</td>
<td>$104 million</td>
<td>Not available</td>
<td>-</td>
</tr>
</tbody>
</table>
**Recommendation**

Transfer non-training functions (such as migration services) out of the DTWD and align central administration resourcing with recent declines in training activity.

The Training Sector Reform Project (TSRP) was launched in October 2015 to examine the function and structure of WA’s public training sector, however the DTWD’s central office was not included in the scope of the project. Further operational and administrative efficiencies for the DTWD should be identified following the consolidation of the TAFE sector into fewer colleges with more consistent structures.

Under the TSRP, a zero-based costing and resourcing approach was applied to the TAFE colleges’ administrative and corporate functions, resulting in 223 FTE identified as surplus to requirements. It is proposed that a similar zero-based approach be undertaken for the assessment of the DTWD’s central office functions, to ensure the State’s investment in VET is optimised. Such an assessment would also include the establishment of benchmarks from...
other jurisdictions, to determine whether WA’s stand-alone department structure is an efficient approach.

The services provided by the DTWD which are not directly linked to training, including career and workforce services and skilled migration services, should be transferred to other Departments better positioned to deliver them, potentially generating savings.

In most other States, career and workforce services are delivered through the TAFE colleges. Migration services are generally provided through the Department with responsibility for State Development.

Following the assessment of the DTWD’s central office operations, an activity-based funding model would be implemented, similar to the approaches taken for managing education and corrective services funding. The model would ensure that the DTWD’s funding is linked to training demand and delivery priorities to support a sustainable VET system.

The VET sector has been the subject of significant Commonwealth and State reform over recent years. In the context of declining training demand, any further training reforms may be viewed as detrimental to the VET sector. This risk could potentially be mitigated through establishing the activity-based funding model as a mechanism to ensure that funding is appropriately prioritised for training delivery and any surplus funds are reinvested to support priority training.

**Estimated Financial Impact**

Unable to be quantified, and subject to completion of the review and assessment of the DTWD’s central office functions.
17. Government Trading Enterprises

The recent performance of a number of Government Trading Enterprises (GTEs) has raised concerns with current governance arrangements, and their adequacy in ensuring strong performance and achievement of Government objectives.

In the 1990’s the Western Australian Government corporatised its entities that have commercial functions, to introduce private sector measures into the public sector to improve efficiency and accountability. A key feature of corporatisation is for GTEs to operate at ‘arm’s length’ from Government. This means that they are not subject to the same scrutiny as other general government agencies. This arm’s length relationship is important in ensuring transparent direction of policy to GTEs, however it has failed to properly align the objectives and performance of GTEs with the objectives and expectations of Government.

Examples:

The Statement of Corporate Intent (SCI) and Strategic Development Plan (SDP) are the primary governance documents that set the Government’s strategic directions for GTEs. However, these documents are not operating as intended, and do not set the strategic direction of the entity in agreement between the Board, the Minister and the Treasurer. For example, an electricity corporation advanced a significant change in its strategic direction without it appearing within its SDP or any other consideration or approval by Government.

In 2008 two Government-owned entities entered into a contract which was subsequently found to be ultra vires to one of the entities enabling Act. A solution was proposed to limit the financial impacts to the State and entities of this ultra vires contract, which Treasury was provided three days to review and provide advice.

The corporatisation model was intended to introduce private sector discipline to the activities of government owned trading bodies. However private sector discipline is not achieved by simply introducing a profit objective and limited number of statutory director responsibilities. GTEs are protected against the two major threats that are essential for encouraging sound management in private sector corporations, takeover and bankruptcy. Furthermore, private sector discipline is instilled by a complex interaction between the performance of listed share prices, the availability and cost of capital, performance-based contracts, reputation, annual general meetings and many other factors.
Examples:

One of the ways Government can incentivise GTEs is through Board appointments, remuneration and performance reviews. However the appointment of Board members is ad hoc and does not involve central agencies or strong performance agreements on Chairs or members. For example, a GTE recently drafted its own Cabinet Submission for Board appointments, with no independent advice on Board composition, performance or remuneration from Treasury, the policy agency or Public Sector Commission.

Private sector firms access finance to undertake projects through raising equity from shareholders or borrowing from banks. Both require detailed proposals outlining profits, assumptions and risks. Government GTEs are not subject to the same level of scrutiny to access Government funds. Without any business case and limited scrutiny by Government, a GTE assumed a strict (and hence more costly) interpretation of a Government regulation. A more narrow definition was subsequently negotiated between the corporation and regulator. It was found that if the narrow definition had originally been adopted, this cost saving backdated over the period could have enabled savings of hundreds of millions of dollars.

Over time, the structure of government operations has also changed, while the GTE framework has not been adapted. As a consequence, the responsibilities that were envisioned within the framework have become blurred over a selection of commercialised entities and more typical government service providing agencies. This confusion is added to when the governance design of other types of agencies, such as Statutory Authorities, borrow from the framework leading to commercialised general government agencies with a hybrid of governance requirements, such as the Chemistry Centre of Western Australia.

Examples:

One statutory authority is provided the flexibility and autonomy privileges of a GTE (via borrowing funds and retaining revenue for expenditure as the Board deems appropriate), without the competitive controls normally applied to a GTE to ensure it acts commercially (via hurdle rates of return, tax equivalent payments and dividend payments). This blurred agency classification has contributed to poor financial outcomes, including increasing debt.

A number of statutory authorities have conflicting objectives and hybrid governance arrangements. They are required to submit key GTE governance documents such as SDPs and SCIs, and also subject to the Financial Management Act 2006, Auditor General Act 2006 and Public Sector Management Act 1994.

There is not just failure of the governance framework, but also through strong application of the GTE management principles. Analysis has indicated an ambiguity of roles, lack of capability and capacity to oversee GTEs, an avoidance of imposing sanctions on underperforming GTEs and a fall in the quality of GTE governance and reporting.
Examples:

Despite legislative provisions requiring Ministerial approval for certain transactions, a GTE implemented a $100+ million ICT program with no specific approval or oversight by Government.

While Ministers overseeing the electricity corporations and port authorities receive commercial and policy advice from their Departments, other GTE Ministers rely instead on policy advice from the GTEs themselves, which may create the potential for conflicts of interest.

The need for comprehensive reform of GTE governance was also raised in a series of previous reviews and inquiries, including the 1992 WA Inc Royal Commission; the 1996 Commission on Government; the 2001 Machinery of Government Review and the 2009 Economic Audit Committee.

The proposed reforms aim to standardise and strengthen the governance and accountability arrangements for GTEs within legislation. This will provide Government with the authority and capacity to scrutinise GTEs and their Boards, and provide appropriate incentives to operate efficiently, effectively and within government policy.

Recommendation

In its advice to the incoming Government, Treasury recommended that the Government commit to:

1. undertake a review of the structure of government’s commercial or quasi-commercial entities to identify appropriate governance arrangements;

2. introduce legislative reform to standardise and strengthen governance arrangements; and

3. establish a Government Trading Enterprise Oversight and Advisory Unit within Treasury to implement the reform program and increase the effectiveness of ongoing performance monitoring of GTEs.

Proposed Reforms

Structural Reform

Governance models cover a spectrum between departmental and fully corporatised GTE models, shown in Appendix A.

35 There has been a limited appetite for broad reform with previous Governments, committing only to agency or sector specific reforms (e.g. Electricity Corporations Act dividend provisions (2015) and Port Authority Act amalgamation and dividend provisions (2014) and executive officer remuneration (omnibus bill 2016).
Notwithstanding the structural reform that has been implemented and potentially proposed via the Public Sector Renewal changes and Services Priority Review, there still needs to be consideration of the governance model for agencies with commercial functions.

**Legislative Reform**

Western Australia is the only jurisdiction without overarching governance legislation. The governance framework for Western Australia’s commercial entities is set out in the enabling Acts for the individual entity. There are currently 20 different enabling Acts across Western Australia’s entities with commercial functions. These Acts were drafted across 10 years and reflect the thinking at the time they were drafted. There are significant inconsistencies in the arrangements.

Umbrella legislation would outline accountability, governance and financial provisions for all GTEs, with accompanying enabling Acts for each GTE setting out provisions specific to each GTE’s particular circumstances.

This would bring greater consistency to GTE governance and accountability provisions, fill gaps in the scrutiny by Government of GTEs’ major transactions and deals, and better align GTEs’ strategic planning processes with State Budget timelines.

The objectives of legislative reform are:

- **Consistency** – develop consistent provisions across all appropriate GTEs;
- **Transparency** – use consistent provisions to develop a transparent monitoring and policy framework. Manage conflicting objectives transparently;
- **Scrutiny** – use the policy framework to monitor and provide advice to shareholding Ministers on commercial performance and reporting;
- **Accountability** – use commercial performance and reporting to advise on Board appointments, remuneration and performance reviews; and
- **Training** – induct and train policy departments and Ministerial offices on their responsibilities for GTE governance.

Appendix B outlines the options for legislative reform currently being considered by the Department of Treasury, including:

- **minimal** – use an omnibus bill to amend the existing legislation of GTEs for governance clauses with highest priority (dividends, borrowing, significant transactions, reporting, and subsidiaries and joint ventures);
- **moderate** – new governance legislation for targeted, commercially-focused GTEs; and
- **comprehensive** – new governance legislation for all appropriate agencies. Structural review to occur prior to legislation reform for agencies that are not fully corporatised (i.e. the structural reform outlined above).

The Department of Treasury has yet to take a policy position on these options.
**GTE Oversight and Advisory Unit**

The lack of independent and rigorous performance monitoring and policy advice on GTE issues hinders the ability of GTE Ministers to make informed decisions. Other States and Territories, the Commonwealth and New Zealand have centralised monitoring and policy units carrying out these functions. NSW and NZ seem to be best-practice.

Tasks of a GTE Oversight and Advisory Unit within Treasury would include:

- implement the reform program;
- provide advice to shareholder Ministers on GTE commercial performance and reporting;
- develop a monitoring and policy framework, including dividend and taxation policy, debt structures, capital works, loan guarantee fees;
- induct and train policy departments and Ministerial officers in their roles and responsibilities in the GTE governance framework; and
- advise on board appointments, remuneration and performance reviews.

This would be undertaken in consultation with relevant policy agencies.
Appendix A: GTE Governance models

*GTEs operate on a spectrum of governance models that warrant structural & legislative reform*

### General Government Sector
- Department
  - Department (w/Business Unit)
  - ChemCentre
  - Landgate
  - Rottnest Island Authority
  - Animal Resources Authority
  - Metropolitan Cemeteries Board

### Public Financial/Non-Financial Corporations
- Statutory Authority
  - Metropolitan Redevelopment Authority
  - Housing Authority
  - LotteryWest
  - Public Transport Authority
  - RWWA (TAB)
  - GESB
  - Statutory Corporation (not readily privatised)
  - Forest Products Commission
  - Insurance Commission of Western Australia
  - Western Australian Treasury Corporation

### Potential scope of GTE Umbrella Legislation
- Corporatised GTE (potential for privatisation)
  - Port Authorities
  - LandCorp
  - Energy Corporations
  - Water Corporations
  - GoldCorp

### Subject to Financial Management Act 2006 (WA)

### Potential scope of GTE Monitoring Unit

#### Defining spectrum variables:
- ‘Business intensity’ – from Department (none) to Corporatised GTE (all)
- ‘Flexibility of Ministerial Control’ – from Department (complete) to Corporatised GTE (highly constrained)
- ‘Source of Funds’ – from Department (full appropriation) to Corp GTE (all from business activities)

#### Objectives of reform:
- To ensure entities have funding and governance models aligned with their activities;
- That Government receives rigorous and independent commercial, budget and policy advice; and
- Budget and policy oversight are maintained and improved.
Appendix B: Options for Legislative Reform for GTE's

<table>
<thead>
<tr>
<th>Objectives of Reform</th>
<th>Consistency</th>
<th>Transparency</th>
<th>Scrutiny</th>
<th>Accountability</th>
<th>Training</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>consistent provisions across all appropriate GTEs (i.e. umbrella legislation)</td>
<td>use consistent provisions to develop a transparent monitoring and policy framework (i.e. dividends, debt structures, etc.)</td>
<td>use the policy framework to monitor and provide advice to stakeholders on commercial performance and reporting (i.e. reporting against KPIs)</td>
<td>include commercial performance and reporting to include on Board appointment, remuneration and performance reviews</td>
<td>include and train policy departments and Ministerial offices on GTE Governance</td>
</tr>
</tbody>
</table>

**Minimum: amend select clauses in existing legislation**

1. Use omnibus bill to develop consistent legislation for governance clauses with highest priorities: dividends, borrowing limits, significant transactions, reporting and subsidiaries and joint ventures.

**Changes to existing legislation**

Before work: develop new governance legislation for remaining clauses. Structure reform and application of governance legislation to all appropriate GTEs.

**Moderate: new legislation for targeted, commercially focused GTEs**

1. New governance legislation (accountability, finance and board provisions) for a limited number of agencies.
2. Agencies to be included in a 2nd schedule to the Act, with other agencies able to be added following a structural review.

**New umbrella legislation**

1. Future work: structural reform and application of governance legislation to all appropriate GTEs.

**Comprehensive: new legislation for all appropriate agencies**

1. New governance legislation (accountability, financial and board provisions) for a comprehensive suite of agencies.
2. Structural review to occur prior to legislation reform for agencies that are not yet corporatised.

No future work required.

<table>
<thead>
<tr>
<th>Classes</th>
<th>Agencies</th>
<th>Resources</th>
<th>Timing</th>
</tr>
</thead>
<tbody>
<tr>
<td>Dividends</td>
<td>16 Agencies (8 Acts)</td>
<td>Additional 2 PTEs</td>
<td>6-12 months</td>
</tr>
<tr>
<td>Borrowing limits</td>
<td>Electricity Corps</td>
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<tr>
<td>Significant transactions</td>
<td>Water Corps</td>
<td></td>
<td></td>
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<tr>
<td>Reporting</td>
<td>Port Authorities</td>
<td></td>
<td></td>
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<tr>
<td>Subsidiaries and JVs</td>
<td>Landcorp</td>
<td></td>
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<tr>
<td></td>
<td>ICWA</td>
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<td></td>
<td>GDA Corp</td>
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<td>WATC</td>
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<td>PFC</td>
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<table>
<thead>
<tr>
<th>Classes</th>
<th>Agencies</th>
<th>Resources</th>
<th>Timing</th>
</tr>
</thead>
<tbody>
<tr>
<td>Accountability</td>
<td>11-13 Agencies (9 Acts)</td>
<td>Additional 4 PTEs</td>
<td>12-24 months</td>
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<tr>
<td>SCU/SPH, Ministerial direction, Reporting, Provision of information</td>
<td>Electricity Corps</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Financial: Bank accounts, Borrowing, investments and leasing, Dividends, Subsidiaries and JVs, Guarantees</td>
<td>Water Corp</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Board: Board of Directors (inc appointment), Role of the Board, Remuneration, Conflict of Ondates, Committees</td>
<td>Port Authorities</td>
<td>AshCorp (option)</td>
<td></td>
</tr>
<tr>
<td></td>
<td>ICWA (option)</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Classes</th>
<th>Agencies</th>
<th>Resources</th>
<th>Timing</th>
</tr>
</thead>
<tbody>
<tr>
<td>Accountability</td>
<td>16 agencies (up to 16 Acts): 16 agencies above,</td>
<td>Additional 6 PTEs</td>
<td>12-26 months</td>
</tr>
<tr>
<td></td>
<td>16 agencies above,</td>
<td></td>
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<tr>
<td></td>
<td>Housing</td>
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<td>UTSA</td>
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<td></td>
<td>Lottery's</td>
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<td>RASA</td>
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<td>PTI</td>
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<td></td>
<td>Austrail Business</td>
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<tr>
<td></td>
<td>Metropolitan Cemeteries Board</td>
<td></td>
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<td></td>
<td>Animal Resources Authority</td>
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</tbody>
</table>
Dear Mr Rennie

Thank you for the opportunity to provide feedback on the interim report of the Service Priority Review (Interim Report).

The Department of Water and Environmental Regulation supports the directions in the Interim Report and will continue to work to streamline and simplify its policies and processes while maintaining high regulatory standards to deliver an integrated and adaptive department. The department will provide improved assistance during the environmental and water approval processes and aims to serve as a one-stop-shop for industry and developers. We will support Western Australia’s community, economy and environment by managing and regulating the state’s environment and water resources.

The department’s Diversity in Leadership and Our People projects are consistent with the Interim Report’s directions. As is our commitment to being the system steward for water and the environment, which encourages thinking about our roles across planning, engagement, advice, regulation, applied science, policy, communication and more, relative to other agencies, tiers of government, business, industry and the community. We are considering:

- How effective is the system that is in place to achieve overall outcomes such as meeting the needs of the customer, not the bureaucracy.
- What could we change in the system to make our work more effective and efficient.
- What could others do to better achieve improved outcomes, for example empower communities to solve their own problems rather than relying solely on government to deliver services.
- What is coming over the horizon that should cause us to think differently about the way we work, and how we deliver our services. Our aim may be to invest in preventing problems rather than resolving them.
- Who can we partner with to achieve shared outcomes and what other drivers can we use, for example influencing market forces to solve problems rather than creating public programs.
- How do we understand and resolve the tensions of being an intermediary with and between other levels of government.

This approach is meant to assist us to avoid silos within our business and with others and help us form a framework to design and scope our future.

While the department agrees with the Interim Report’s proposed approach, there are some constraints that may apply as we implement public-sector-wide reform. Regulatory agencies are heavily influenced by the legislation they administer. Legislative reform may be a key requirement to deliver a service that is transparent, responsive, adaptive and effective and yet a comprehensive legislative reform schedule may impede the department from rapidly implementing agreed reform priorities from the Service Priority Review.

As a newly formed department, the Department of Water and Environmental Regulation is currently developing a four-year strategic plan and annual business plan. These plans are intended to be consistent with available budgets and resources, government and core business priorities, and the recommendations from the final Service Priority Review Report. Balancing resource constraints by staging implementation of whole-of-government reform will be important.
The department strongly supports the emphasis on digital delivery of services and is preparing a digital strategy. The ability to easily merge ICT systems in a timely manner following the recent machinery of government changes challenges the full streamlining of services for the Western Australian community and government. Opportunities may also exist to streamline processes with and across central agencies to focus on outcomes rather than process through the development of digital implementation strategies.

I would be pleased to assist with any further queries with respect to this submission.

Yours sincerely

Mike Rowe
Director General

Department of Water and Environmental Regulation
Level 4, The Atrium, 168 St Georges Terrace, PERTH WA 6000
Locked Bag 33, Cloisters Square, PERTH WA 6850
Service Priority Review: Opportunities
For Discussion

July 2017
Service Priority Review
Horizon Power supports the goals of the Service Priority Review, and has identified three specific opportunities for consideration.

• The Government is seeking advice on how to deliver different, better and lower cost services to regional and metropolitan populations into the future.

• In particular, the Government is seeking advice on:
  – Measures to develop a more effective, outcome focussed, adaptable and accountable public sector, that is aligned to the Government’s strategic priorities;
  – Measures to deliver services in an efficiently and financially sustainable way; and
  – Measures to provide different, better and lower cost services, where appropriate.

• **Horizon Power has identified 3 specific opportunities for discussion:**
  1. Service delivery on the “fringe” of the SWIS;
  2. A potential **multi-utility approach** to regional power and water; and
  3. The creation of a **State Government energy collective** to optimise energy usage across government accounts.
Overview: Opportunities for discussion

This presentation sets out 3 opportunities for consideration by the Service Priority Review.

<table>
<thead>
<tr>
<th>OPPORTUNITY</th>
<th>CONCEPT</th>
</tr>
</thead>
</table>
| 1 Fringe of grid power supply | • “Fringe of grid” areas are inherently difficult and expensive to serve, and reliability outcomes are increasingly being achieved with non-traditional solutions.  
• Through its vertically integrated structure, regional focus and, its expertise with off-grid systems and microgrids, Horizon Power is well placed to serve these areas. |
| 2 Multi-utility approach to regional power and water supply | • The WA Government owns a diverse bundle of rural and remote “off-grid” utility assets.  
• There is an opportunity to combine management of assets under a ‘multi-utility’ approach and leverage benefits from scale, scope, whole of system energy efficiency design, and improved customer experience. |
| 3 State Government energy collective | • The Public Sector collectively spends >$400m p.a. as an electricity consumer.  
• Whilst Collective User Agreements exist for electricity contracts, institutional barriers still make energy efficiency and the integration of new products and services a challenge.  
• By applying a focussed approach to optimising energy use, there is opportunity to benefit from the delivery of new products and services, driving whole-of-government savings in consumption. |
Fringe of Grid: Key messages

- “Fringe of grid” refers to challenging areas at the edge of the SWIS. Increasingly, these are best served by non-traditional solutions, which can deliver improved reliability at lower cost.
  - “Fringe of grid” is an inherent challenge for traditional networks – areas on the periphery of the SWIS are expensive for Western Power to serve, and can experience low reliability and high costs under a “business as usual” approach.
  - New technologies mean that increasingly the best delivery models are integrated micro-grids or stand-alone power systems.

- Fringe of grid areas can now utilise new service models, such as the stand-alone solutions being trialled in Ravensthorpe, Hopetoun and Esperance.

- There is a continuum of service delivery options under which Horizon Power could act as a service provider to Western Power, or service customers directly with redefined SWIS boundaries.

- Horizon Power is well placed to deliver non-traditional fringe of grid solutions – it has an established track record, strong innovation pipeline, and strong links with funding partners (e.g. ARENA, CEFC).

- Improved focus and acceleration of cost-efficient service models for fringe of grid areas would deliver tangible benefits for government and consumers – reducing costs, avoiding duplication for competencies and skillsets, and unlocking efficiencies and improved service and control for consumers.
Fringe of Grid: Context

“Fringe of grid” refers to challenging areas at the edge of the SWIS. Increasingly, these are best served by non-traditional solutions, which can deliver improved reliability at lower cost.

- “Fringe of grid” is a challenge for traditional networks, including the SWIS:
  - Low customer density drives high costs as the central ‘poles and wires’ model breaks down.
  - Reliability is challenging given the reliance on long, isolated feeders.
- Increasingly, these areas are best served by non-traditional solutions, for example:
  - micro-grids incorporating renewables, battery storage and local backup generation;
  - stand alone power systems; and
  - demand management to avoid constraints.

ABC News, 2nd Feb 2017

Mullewa faces medication shortage after power outage destroys stocks

A small West Australian country town is facing a possible health crisis after power outages destroyed thousands of dollars worth of medication.

Residents at Mullewa, an inland town of about 500 people almost 500 kilometres north of Perth, have experienced at least four unexpected power outages this month.

The most recent outage, triggered by a summer storm, left many properties without electricity for at least two days.

ABC News, 2nd Feb 2017
Horizon Power’s ability to deliver

Horizon Power is well placed to deliver non-traditional solutions – it has an established track record, strong innovation pipeline and links with funding partners (e.g. ARENA, CEFC).

Delivered projects

- Broome Microgrid (Landcorp)
- Port Hedland Power Plan - Pricing Trial
- Carnarvon 2 MWh battery
- Carnarvon PV Project (ARENA)
- Kununurra Island System Design
- Centralised high penetration PV and storage systems
- Hosting Capacity Rules For all Customers
- Town Based Feed-in Management Technology
- Esperance Residential SPS
- Fitzgerald River SPS & Cape LeGrand SPS (DPAW)

R&D priorities

- Utilising advanced metering infrastructure to assist with billing, monitoring and network planning.
- Facilitating technical solutions through development of the microgrid operating platform – e.g. grid automation, solar smoothing.
- Developing new pricing models (e.g. cost-reflective plans, consumer choice and participation).
- Providing customers with a phone app, to facilitate control and drive incentives.

Developing and deploying innovative electricity solutions in challenging areas is Horizon Power’s core business.
Fringe of Grid: Benefits

An improved focus and acceleration of cost-efficient service models could deliver tangible benefits for government and consumers.

1. **Focused cost reduction**: Horizon Power has a proven record for lowering overall operating costs, and is focused on continued subsidy reduction, new pricing models, and deployment of microgrid technology solutions across its isolated systems.

2. **Increased network security, safety and reliability**: Horizon Power’s advanced metering infrastructure and investment in microgrid technologies provides real-time safety monitoring, greater customer choice and improved network performance. Fringe of grid is akin to the way we already operate across our isolated systems.

3. **Deployment Ready**: As a vertically integrated utility, Horizon Power can roll-out renewable energy generation solutions (e.g. standalone power systems) without requiring regulatory or rule changes.

4. **Streamlined Government and increased enterprise value**: consolidating capabilities between GTEs removes unnecessary duplication and provides economies of scale for Horizon Power’s microgrid products and services.

5. **Connection to Community**: Servicing regions through Horizon Power’s decentralised business model creates jobs for regional areas.

6. **Building worlds best microgrid company**: Providing scope for Horizon Power’s microgrid model can leverage innovation through government, university and industry partnerships.
Multi-utility approach: Key messages

- The WA Government owns a diverse bundle of rural and remote utility assets.
- Combining management of a number of these assets under a ‘multi-utility’ approach could significantly reduce operating costs:
  - International evidence suggests that servicing small communities through multi-utilities can reduce operating costs by 12-14%.
  - In WA, there is a prima facie case that many of the same savings “levers” are available.
- A multi-utility could service 31 communities where Horizon Power and Water Corporation service areas currently overlap.
- Management of assets under a ‘multi-utility’ approach can leverage benefits from scale, scope, whole of system energy efficiency design, and improved customer experience, justifying further investigation into the potential for a WA multi-utility.
Multi-utility: Potential savings

The WA Government owns a diverse bundle of rural and remote utility assets. Discussions are underway to bring scale to RAESP, with potential to extend more broadly.

RAESP options already being developed

- 91 RAESP communities
- 80% do not meet min. water quality
- 4 annual supply interruptions (avg)
- Total assets: ~$765M
- Total subsidy: ~$30M

Potential future scope for multi-utility

- OFF-GRID POWER
  - 28 rural systems
  - ~10 mining towns
  - 30,3039 customers
  - Total assets: $909M
  - Total debt: $676M
  - Total subsidy: $118M

- OFF-GRID WATER
  - ~120 off-grid water systems
  - 30,3039 customers
  - Total assets: $446M
  - Total debt: $159M
  - Total subsidy: $55M

Source: Horizon Power analysis
Note: 1. Office of Auditor General; In the two years to June 2014, the water supply at four out of five communities failed to meet microbiological quality standards at least once because either Escherichia coli (E.coli) or Naegleria was detected. 2. This scope could be expanded to include Fringe of Grid areas
Multi-utility: International evidence

There is international evidence that servicing small communities through multi-utilities can reduce operating costs by 12-14%.

Horizon Power undertook analysis to identify whether there is compelling evidence to suggest that water and power multi-utilities (‘multis’) are more efficient than their single utility peers (‘singles’)

**Benchmarking**

- Benchmarked 104 US utilities (31 multis and 73 singles)
- Clear relationship between scale and benefits – very small systems had benefits ~25%, scaling down to zero at >70k customers

**Average multi-utility savings ~14%**

**Literature review**

- Broad scan identified 33 relevant academic articles; broad consensus that multi-utility model can improve efficiency at small scale
- 11 separate international sets demonstrated potential for efficiency gains
- Range of savings identified from <1% to >30%

**Average multi-utility savings ~12%**
Multi-utility: Value Proposition

In WA, there is a prima facie case that many of the same savings “levers” are available.

<table>
<thead>
<tr>
<th>Key savings levers – International research</th>
<th>Applicability to WA</th>
<th>Examples</th>
</tr>
</thead>
<tbody>
<tr>
<td>Operating cost reductions</td>
<td>?</td>
<td>• Maintenance and vegetation management (~80% of maintenance costs) could be handled by generalist shared workforce</td>
</tr>
</tbody>
</table>
| Centralised metering and billing           | ✓                   | • Potential for shared metering workforce, mitigated by planned advanced metering rollouts for electricity  
                                          |                     | • Potential for combined billing |
| Property and fleet aggregation             | ✓                   | • Horizon and Water Corp offices in Karratha, and numerous overlapping depots |
| Procurement                                | ?                   | • Significant local buying power in specialist engineering and trades |
| Whole of System Efficiency Improvements    | ✓                   | • Optimisation and integration of power/water assets and customer demands through smart design, demand side management technologies and advanced operating platforms |
State Government Energy Collective: Key messages

- The public sector collectively spends a large amount on energy, but energy consumption decisions occur at a highly disaggregated level.

- This disaggregation makes it difficult to optimise consumption and spend, and institutional barriers within Government make accessing improved efficiency a challenge.

- Where these barriers can be overcome, significant savings are possible – it is commonplace for targeted efforts to reduce electricity spend by >20%, even without major capital outlays.

- Government owned utilities have a range of capabilities and propositions that could assist Government entities to optimise their energy sources and consumption patterns: efficiency audits, monitoring and demand management via advanced metering infrastructure, and alternative energy technologies.

- Implementing these solutions will accelerate whole-of-government savings.
Barriers to reducing energy spend

Disaggregated decision-making on energy consumption creates barriers to efficiency, as individual sites who may want to reduce their energy spend face a number of challenges.

**Awareness and ownership of consumption**

- Individual sites face **barriers to recognising inefficiencies** in their energy consumption, including:
  - awareness and visibility of spend;
  - accountability for ongoing utility costs;
  - awareness of tools and best practices; and
  - focus on energy spend as a cost priority.

**Ability to access solutions**

- Once sites are aware of inefficiencies in their energy consumption, there are **institutional barriers to taking action** to reduce their consumption, involving:
  - access to technical expertise;
  - ability to understand and compare solutions;
  - access to capital, or opportunity cost of capital; and,
  - lengthy procurement processes.
Savings potential is high

Significant savings exist where these barriers can be overcome. It is commonplace for targeted efforts to reduce electricity spend by >20%, even without major capital outlays.

| Low Carbon schools program demonstrates savings potential of up to 20% | Low Carbon Schools, a program developed by Curtin University to assist schools in reducing their carbon footprint, aims to help schools in the program reduce their energy bills by 20%
| Program includes energy audits, a tailored “low carbon action plan”, access to tips and expert advice, and membership of a “low carbon community” enabling knowledge sharing across schools
| Example: South Fremantle Senior High School, first carbon neutral school in WA (2012), saved 15% of their total energy bill per year, or $40k per year |
| Western Power Challenge demonstrated 25% savings potential without investment in solar PV | Western Power’s “Bring it down” project challenged seven schools to reduce energy consumption over seven weeks
| Project included implementing advanced metering in each school, providing an interactive energy management dashboard for each school and providing e-mail coaching
| Average weekly reduction in energy use of 26% achieved just by building awareness and reducing energy consumption at the schools – no capital investment in new green technology required |
| Telstra demonstrates savings potential for large-scale utility through solar | Telstra, who accounts for ~1% of Australia’s electricity demand, has been trialling the use of solar PV and energy audits at a number of its exchanges to reduce energy costs
  - Solar power systems installed at exchanges account for 10% of their energy needs
  - An energy audit at one of its exchanges led to building management system reconfiguration and replacement of some other sensors and motors – bringing $50,000 savings per year at one site alone
| Telstra signed a contract in May 2017 for 70MW solar array in North Queensland that will provide a little over 5% of its total usage – equivalent to ~$12-15M per year |
| Other examples of benefits from solar PV indicate strong case for savings outside SWIS | Solar PV case studies on the SWIS indicate potential annual savings on energy bills of up to 51%
  - South West Express, a postal transport company in Bunbury, saved 51% on energy bills p.a. from a 24kW system
  - The Shire of Augusta-Margaret River saved 21% on energy bills p.a. for a 10kW solar PV installed on their library
  - A medical centre in Dalyellup reduced their annual energy bills by 31% with a 10kW solar PV system
| Potential payback period for solar PV in Horizon Power’s service area alone of 4-6 years – even less with the availability of feed-in tariffs |

Government owned Utilities are well placed to assist

Government owned utilities collectively have the expertise and capability to assist government entities by delivering better and lower cost utility services aligned with the State’s strategic priorities.

- Advanced Metering Infrastructure
- Demand monitoring and management
- Energy efficiency audits
- Stand alone Power Solutions
- Solar PV/battery Products
- Grid automation solutions
Next Steps
Detailed scoping studies should be undertaken to quantify the opportunities and benefits available to the State Government and identify the implementation pathways.

- Define governance structure
- Quantify and validate customer opportunities and existing barriers
- Define energy solution sets
- Quantify capex and opex required
- Develop financial models
- Clarify technical requirements for implementation
- Clarify legal and contractual requirements for implementation
DPC communications proposal paper, March 2017

Issue
State debt is higher than ever before. The public sector should be considering innovative ways of making savings for the government, coupled with delivering best practice in all areas of our work including communications.

Existing communications approaches across State government are fragmented. Economies of scale and sharing of best practice are not maximised. Much time is wasted on creating new templates and ways of working.

Opportunity
There is an opportunity to make savings, including a reduction in spend on consultants, reduce silos across government, reduce duplication, make better use of time and resources and maximise the innovative ideas of the outstanding communications professionals who are currently employed in the public sector.

The concept
The approach is two-fold but both aspects focus on the simple concept of sharing best practice across all government departments.

1. Create a best practice library
By creating a library of best practice communications materials, accessed via a simple portal site, any communications professional working across any department within State Government could access a range of tools, guidance and information to assist them to excel in their day-to-day work.

2. Create a network of professionals
The approach would also include creating a network of expertise so that colleagues could connect on a regular basis to share knowledge, creating contacts to ensure that support is available to other colleagues across government departments and developing a professional learning program where communications professionals can learn from each other on an ongoing basis.

Specifics
The library would include a range of materials across all areas of work within communications and could be hosted on a low-cost but easy-to-use and implement site such as SharePoint. The library would include templates and documents such as:

- Communications plan templates, stakeholder engagement plan templates
- Examples of best practice (completed) plans for a range of areas within communications
- Communications brief and issues briefing templates
- Presentation templates, tools and examples of best practice
- Guidance on community engagement, Aboriginal engagement
- Guidelines on sponsorship and awards
- Event templates, including end-to-end advice and tools
- Guidance on welcome to and acknowledgment of Country
- Templates for stakeholder mapping
- Social media and media templates
- Case study and other external communication templates
- Briefings templates, including for ministers, media and crisis management
- Branding guidance and other information from Brand WA
- Web and intranet information and guidelines
Current government policies impacting on communications
Guidance on CRM tools and other electronic tools

*This list is not exhaustive and is only intended to give a flavour of the type of information that could be included.*

Guidance could also be included, in the form of written materials, webinars and short videos. For example a webinar on things to consider when developing a social media campaign. These best practice tools could be developed in-house using Westlink television studio and largely using the expertise of existing government professionals to minimise costs.

A list of available physical assets could also be held on this portal, to provide information on items such as display units and boards that could be shared when not in use in their home department. Government departments often own a range of low-cost assets such as items required for displays and events but when multiplied across government departments are likely to be a costly and inefficient way of operating.

Important contact information could also be held in the portal, for example contact details for current media and information and profiles on each of the communications professionals working across State government, including their particular areas of expertise, areas of interest for future development and contacts.

Running parallel to the development of the library, would be the development of a professional network, which would create a climate of collaboration and innovation. The professional network could include the following:

- Creating professional networking groups, both virtual and face-to-face, on specific topics of best practice, for example internal communication or social media
- Creating a diary of events to facilitate learning and sharing of best practice, reducing the reliance on external training and supporting continuous professional development
- Creating a network of contacts to enable colleagues to connect with one another on specific topics or projects to facilitate sharing of information, reducing effort and duplication.

While it has not been considered as part of the scope of this paper, economies of scale and sharing could also be considered in other areas of communication work where there is duplication and therefore unnecessary cost across government departments such as media monitoring.

**Summary and next steps**
Developing this best practice approach offers a significant opportunity for the government, including in reducing silos, reducing the need for consultants, maximising resources, creating an environment of professional learning and reducing costs.

It is estimated that this could be achieved by a small team, working in collaboration with colleagues across government, and would take approximately 6 months to a year to fully implement although some quick wins could be achieved within that.

The costs to implement would be minimal but the benefits would be significant and result in leading practice in communications across Western Australian government departments.

Kat Lothian
Tel: 1234 456 678
Landgate response to Service Priority Review Interim Report

Introduction

The Western Australian Land Information Authority, Landgate, is the lead agency implementing the State Government's open data policy. Through the Location and Innovation Hub SPUR, Landgate has significant experience and demonstrated capability in realising the benefits of shared data - both across Government and with the private sector. Landgate has significant experience in providing a modern land register, complete with valuable contextual data sets.

This response has been prepared to the Service Priority Review – Interim Report to highlight:

1. Opportunities to leverage Landgate’s experience, capability and established public and private sector relationships to implement the Service Priority Review directions
   - Specifically, those in relation to shared data; digital service delivery; and cultural change.

2. Landgate’s skills and experience relevant in support of these directions
   - Landgate’s experience in generating, analysing and sharing data
   - Lessons learnt from our experience

3. Recommendation from the review of the Land Information Authority (LIA) Act in support of these directions
   - The independent review of Landgate’s enabling legislation will also make recommendations around data.

1. Opportunities

In response to the interim findings of the Service Priority Review, Landgate can add value for the state government in relation to:

Shared Data

The proposed development of data sharing legislation provides the opportunity to formalise Landgate’s existing role as the agency leading implementation of the WA Government’s Open Data Policy.

A clear legislative mandate for delivery of these services, as well as supporting frameworks outlining the roles and responsibilities of agencies with respect to data, will enable Landgate to collaborate with others to build on successes achieved in relation to open data.

Digital Service Delivery

The interim report notes opportunities to harness technology to transform transactional service design and delivery. Landgate’s experience in the design and delivery of systems to enable e-conveyancing and streamline property transactions, present an opportunity to harness lessons learnt in the process.


Cultural Change

In reference to barriers to digital transformation, the interim report notes the need for ‘major cultural shift requiring transformative leadership and comprehensive upskilling, including openness to using relevant skills from the private sector to implement the required changes.’

Landgate’s transformational journey over the last few years has delivered significant learnings and successes. There is an opportunity to share this experience and lessons learnt with other agencies that seek to implement similar reforms. Evidence around this experience has previously been provided to the Service Priority Review in the Transform Summary document which references the Landgate case study published by Princeton University.

2. Skills & Experience

Open Data

Open data policies are not new to Government. Across the nation, and globally, governments are understanding the value their data can achieve.

Landgate has a long successful history in working with others to share and re-use data. The Shared Location Information Platform (SLIP) was implemented ten years ago and in 2015 Landgate established data.wa.gov.au to support the implementation of the WA Whole-of-Government Open Data Policy. Collaborating with around 80 organisations (including 45 state and local government agencies), SPUR has enabled nearly 1000 datasets to be shared with the public and over 400 subscribed organisations. The open data service is now aggregating access to a much broader range of data, reducing the duplication of effort and costs across both public and private sectors.

Collaboration across the sector is essential and significant public sector efficiencies have been realised through data sharing. A case study, Improving Public Sector Efficiency through Data Sharing, was previously shared with the Service Priority Review. Additionally, SPUR assists the private sector to leverage this data, stimulating and diversifying the Western Australian economy by supporting new local data driven businesses.

The report notes the agency responsible for any new data sharing legislation, needs to have “the skills in data science and information management needed across the sector to leverage the benefits to the State.”

The data sharing capabilities enabled by Landgate, in collaboration with others, are flexible and allow data custodians to maintain control over the data they create and curate. Data can be made available publically at no cost, for a fee where appropriate, or secured for access between certain organisations and/or individuals where data is more sensitive in accordance with the WA Whole-of-Government Open Data Policy. The case study Improving Public Sector Efficiency through Data Sharing highlights examples of the benefits of this existing and flexible capability.

Landgate also has significant experience in both data science and information management.

Data Science

The opportunities for an increased role of data, and advantages of a more holistic approach to data management are discussed in reference to the following references in the interim report:

- Improved service design and delivery (1.1) - “There is a strong desire for data to be shared and used to make informed decisions about service delivery. Data should be publicly available to enable communities to identify and advocate for their needs.”
• Regulatory systems (1.5) – “A sophisticated approach to data would also help the sector to align regulatory processes and design fit for purpose regulation.”
• Government targets (1.6) – “progress is reported to the community through indicators drawn from accessible data.”

In seeking to deliver on these opportunities, the interim report proposes data sharing legislation be developed, to provide a framework that ‘actively supports maximising the value to the community of data held by the State Government.’

Landgate fully supports this recommendation. Over the years Landgate has overcome a number of obstacles to agencies sharing data to successfully manage data sharing platforms used by dozens of agencies, and to assist both public and private sector organisations to re-use this data. Drawing on the experience of Landgate and similar organisations in other jurisdictions, we contend it will take a balance of both a strengthened mandate through legislation to share data, as well as ongoing collaboration and support across agencies to achieve this Service Priority Review aim.

Furthermore, the report comments that ‘Careful consideration should be given to selecting the appropriate agency responsible for the new legislation, and the skills in data science and information management needed across the sector to leverage the benefits to the State.’

Landgate has significant experience and capability in the collection and delivery of services across government. SPUR promotes collaboration across government and manages programs that ensure real savings and efficiencies are achieved, including the Western Australian Land Information System (WALIS) partnership of agencies, established in 1981, and the CaptureWA Program.

WALIS has over 40 State and Local Government members, who share lessons learnt and new ideas how to deliver better service to their customers. Additionally, they collaborate to realise major savings in cost for data capture through the CaptureWA program. Coordinated through SPUR, CaptureWA has achieved over $2m in savings per annum.

**Information Management**

Landgate recognises it is increasingly challenging to develop and retain ICT skills in the public sector required to engage with and leverage the digital transformation of services now well underway.

Landgate has for some years used a mix of internal and outsourced IT services to manage information services to customers. This experience has matured sufficiently to achieve a successful public private partnership through Advara (78% Landgate owned), which delivers IT services to Landgate.

The Advara arrangement gives Landgate access to resources which are suitably skilled, complimenting public sector management expertise at Landgate. This combined approach has enabled Landgate to adopt technology solutions to automate land information transactions and reduce processing times from multiple days to seconds.

**Lessons learnt**

The interim report acknowledges that ‘one of the factors that can lead to inconsistent approaches is a lack of mandate for agencies for particular functions, making it difficult for agencies to achieve leadership traction or ensure compliance with good practice.’

A key lesson learnt at Landgate is there will always be reasons why agencies are reluctant to share, including but not limited to; data not being deemed of sufficient quality or format to share...
publically, privacy requirements applicable to data sets, no capacity to share data or it’s not a priority.

We consider these objections can be overcome by:

- A combination of strong leadership across the public sector, and a clear mandate to make data open – discoverable and accessible for re-use by others.
- Easy-to-use resources to support data sharing – including guidance on how to classify and safely share data and metadata.
- Support for development of data sharing skills through collaboration between agencies with regard to the delivery of services and building of trust between organisations.

The responsible agency must not only manage data, but also be able to work with other agencies to refine and enhance that data. This support is critical to open data's success in Western Australia. Part of this supporting role is to assist with the mindset shift of thinking about data as a government asset, and understanding that while one single data set may not be hugely valuable, combining data sets can be very valuable and support good decision making and policy outcomes.

Data sharing should be considered core business for all agencies. Simply being able to discover what data is available within the public sector—would be a huge step forward for collaboration between agencies.

Considering these lessons learnt, the following activities will support the most efficient, sustainable and value creating opportunities are achieved from Government data in Western Australia:

- Mandating of data sharing as core business for all agencies – including publication of discovery and access links through data.wa.gov.au
- Resources to assist agencies to make their data discoverable, accessible and re-usable
- Support to assist agencies to collaborate across government, as well as with the private sector in the re-use of data for the delivery of digital services, helping to realise the value of data and its commercial potential.
- Measuring value created by re-use of data in a consistent manner

In the effort to increase efficiency, reduce duplication and realise the maximum value of data, SPUR has the capability to collaborate with other departments and offer support to:

- Identify appropriate data for each department to provide to support the open data policy
- Assist in evaluating its commercial value and appropriate licensing conditions
- Assist in the technical planning and implementation of data sharing.

This support will ensure each dataset is evaluated for the best fit for purpose offering, potentially creating additional revenue streams for the data custodian. It would be envisaged the revenue models would be on a cost recovery basis, however this would be at the discretion of each custodian.

These services would empower other departments to accelerate the availability of appropriate data, with minimal disturbance on their other core functions.

If required, we can provide further detail on these activities.
3. LIA Act Review Recommendations

A review of Landgate’s enabling legislation, the Land Information Authority (LIA) Act, is currently underway, led by an independent reviewer appointed by the Minister for Lands. In observing of the Service Priority Review’s interim findings and the opportunities to leverage the skills and experience of Landgate, recommendations will be made with respect to open data.

There is opportunity for Landgate to build on the systems expertise it currently holds, and the trusted relationships in data sharing established over 30 years, to deliver greater connectivity across government with respect to data services. Landgate can help unlock and disseminate data that will stimulate and diversity the WA economy.
MRIWA is a small statutory body consisting of the CEO and approximately 3 FTEs, with support and accommodation supplied under a MOU with the Department of Mines, Industry Regulation and Safety. MRIWA’s main function is to provide and administer grants for minerals research for the benefit of WA. It does so itself and in collaboration with local, Australian and international research and scientific institutions. All reports of MRIWA funded projects are published.

MRIWA submits the following comments on themes 3 (Workforce) and 4 (Leadership):

- It’s unclear to what extent overarching design principles for public sector organisations exist.

- Clearly articulated design principles give leaders within an organisation a common reference point, and imbue the organisation’s culture

- System design drives behaviour, both expressly and impliedly. For example, a system that incorporates devolved decision-making and can handle mistakes will (actually) drive innovation and (symbolically) signal that innovative behaviour is acceptable. By contrast, a system characterised by an undue focus on compliance drives quite different outcomes. A reference here is Elliot Jacques “Requisite Organization”.

- The public sector system needs to empower individual leaders to make appropriate decisions around appointment, task assignment, performance management and assessment, and termination of employment.

- The current HR and IR systems establish a “mediocrity” in place of a meritocracy

- Endorses the idea that the sector needs to create unification and a sense of shared purpose.

- That task requires the ability to set vision, manage organisational symbols and establish culture – this goes to clearly articulating a shared purpose and a rewarding role for individuals in working towards it.

- Queries who, within in the existing system, is appropriately placed, and who is presently able, to provide leadership of that kind.

- A compliance focus, or a financial management focus, may not sufficiently support transformational/cultural change.

- In the context of a large commercial organisation, it’s usually clear who within the organisation has the functions of producing, who is serving the producers, and who is advising the producers. The public sector is still relatively small in contrast with large international organisations, and it may be able to be run along roughly similar, holistic lines
Collaboration in the WA Public Sector

Report to Service Priority Review
Policy Think Tank
Response to Service Priority Review
“Collaboration”

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Executive Summary

Despite being an oft sought after method of delivering government services, collaboration has been difficult to embed as common practice—not least of which in Western Australia. At the request of the Service Priority Review’s (SPR) Secretariat, the Policy Think Tank has examined collaboration in government in an effort to summarise what collaboration looks like, its common enablers and barriers, and give recommendations on what can be done to support and otherwise make collaboration a regular part of the public servant’s toolbox.

This report shows that the type of problem being dealt with is as important in the use of collaboration as the capabilities of the staff working it. In situations where trust and sharing or resources is required to address a complex problem that has both unique circumstances and crosses multiple ‘sectors’ of the public service—collaboration is key. However, this requires significant investment in time so that work is truly collaborative and innovation is possible.

Research and discussion shows a number of common enablers and barriers to collaboration. This is summarised in the table below. The most important are a common purpose that can be measured and shared risks, benefits and resources. Major barriers included a lack of the former as well as a lack of time to invest in building a collaborative approach.

<table>
<thead>
<tr>
<th>Enablers</th>
<th>Barriers</th>
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<tbody>
<tr>
<td>Existence of a common purpose</td>
<td>Lack of consensus on goals and strategies</td>
</tr>
<tr>
<td>Agreed measurement systems and evaluation approach</td>
<td>Inadequate time and resources</td>
</tr>
<tr>
<td>Shared resources, benefits and risks</td>
<td>Perceived or actual threats to autonomy of member organisations</td>
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<tr>
<td>Shared group norms have been allowed to evolve</td>
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Addressing these issues, recommendations provided by this report can be summarised into four themes:

1. Drive a Common Purpose - “All for one and one for all”
3. Change Funding Arrangements to Enable Collaboration - “The action follows the money”
4. Report Collaboration Appropriately - “You get the behaviour you measure”

This remainder of this report is divided into 7 main sections. The first section outlines the exact scope of works requested by the SPR. Section two provides a Western Australian context with specific linkages to work conducted by the SPR to date and how collaboration can assist in implementing change. The following sections then cover the key concepts, definitions and enablers/barriers to collaboration. Guidance on how to evaluate collaboration is provided in section five before recommendations are provided on how to improve the use of a collaborative approach in government services, policy and implementation projects. The final sections conclude the report and provide additional information on the Policy Think Tank, references and relevant case studies and tools referred to in preparing this report. The case studies are attached with the intent to provide short, real life examples of where and why collaboration has worked/failed for the community in the past.
1. Scope of Works

Following the 11 March 2017 state election, the newly elected Government established the SPR to address the need for advice on:

- measures to develop a more effective, outcome focussed, adaptable and accountable public sector that is aligned to the Government’s strategic priorities;
- measures to deliver services in an efficiently and financial sustainable way; and
- measures to provide different, better and lower cost services, where appropriate.

The Secretariat of the SPR requested the Policy Think Tank to assist by giving consideration to the matter of collaboration. The questions posed by the Secretariat posed included:

1. What collaborative structures have been seen operating in the public sector?
2. What is making (or made) them work or fail?
3. How can the Government implement, support or resource collaborative arrangements going forward?
4. What other factors do we need to consider in driving implementation

The Policy Think Tank considered these questions and other elements related to cross-sector collaboration. The Policy Think Tank examined existing collaborative approaches within and across government (both based in Western Australia and externally), reviewed research and theories in a government context, and collected a sample of case studies from a Western Australian context.

Limitations of this report primarily relate to the rapid style of review required to meet the SPR timeframes. Literature and discussion were based mainly on knowledge among members of the Policy Think Tank, alongside information gathered through select case studies (both written and verbal). As this report identifies, there can be a variety of process, cultural, legislative and structural barriers that may limit effective collaboration – recommendations are based on the assumptions that there is appetite to remove these barriers to allow delivery of ultimate outcomes (noting removing some barriers may be time consuming and challenging).
2. Context
On 4 May 2017, the State Government announced a wide-ranging review into the functions, operations and culture of the Western Australian public sector. The independent SPR aims to drive lasting reform of service delivery, accountability and efficiency.

Through consultation with government and non-government stakeholders, the Review panel has been charged to make recommendations to the State Government on ways to achieve:

- a more efficient, collaborative, adaptable and outcomes-based public sector that is aligned to the State Government's strategic priorities; and
- the delivery of different, better and more affordable services.

Collaboration’s assistance with implementation of Review recommendations
In discussing with stakeholders, the Review identified four major themes for change in the Western Australian public sector. These were disclosed in its interim report (August 2017) and are detailed below.

Figure 1. Common Themes Identified by the Service Priority Review

<table>
<thead>
<tr>
<th>Building a public sector focused on community needs</th>
<th>Enabling the public sector to do its job better</th>
<th>Reshaping and strengthening the public sector workforce</th>
<th>Strengthening leadership across government</th>
</tr>
</thead>
<tbody>
<tr>
<td>Deliver better services through digital transformation</td>
<td>Discard counterproductive rules and processes</td>
<td>Create a unified sector</td>
<td>Strengthen central agencies' roles as facilitators</td>
</tr>
<tr>
<td>Adopt a whole of government approach to transactional services</td>
<td>Get better value from procurement</td>
<td>Move to a simpler and more effective employment framework</td>
<td>Focus agency leadership on cultural change</td>
</tr>
<tr>
<td>Recognise community needs in designing and delivering services, especially for regional and Aboriginal communities</td>
<td>Link data and share information for better outcomes</td>
<td>Develop a high performance workforce</td>
<td>Use functional leadership to drive best practice in ICT, human resources management and regulation</td>
</tr>
<tr>
<td>Design and implement good quality regulation</td>
<td>Clarify the accountability and governance framework for government trading enterprises</td>
<td></td>
<td>Improve incentive and accountability for performance</td>
</tr>
<tr>
<td>Introduce whole of government targets</td>
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</tbody>
</table>

Collaboration will be essential towards delivering on all four of these pillars and in order to produce enduring results for the West Australian community. For whatever recommendations are accepted by Government, the public service will be expected to implement and deliver at a number of levels, from Ministerial, to Director-General to even front-line employees. As identified by the SPR’s Interim Report, the four themes are not new to the public sector but for a range of reasons, have never been effectively addressed. The development of true collaboration involving trust, a common purpose and a backbone of organisational infrastructure (such as clear evaluation and support for costs unique to the collaborative process) are all necessary for real change.
3. Theory

Not a new phenomenon

Collaboration within and outside of government is not a new phenomenon, and has been proposed in its current guise since at least the 1970’s in meeting the gaps of coordination that exist in the social services space.

However, some research has shown current approach to public sector management is at risk of calling all forms of working together as ‘collaboration’. This trend risks glossing over a variety of different mechanisms available for joint-work and the relative time investment required.

These differences are summarised in the diagram below. Overall, as the complexity of a problem increases, the more likely (and beneficial) a collaborative approach is. As section 5 will highlight, there are costs involved in delivering effective collaboration and these need to be considered in selecting a co-working arrangement.

Figure 2. The Different Types of ‘Working Together’ Structures

- Networking
  - Information is exchanged for mutual benefit
  - Limited time, low trust level

- Coordinating
  - More formal with information exchanged and activities altered
  - More trust required but responsibilities (‘turf’) are not conceded

- Cooperation
  - Additional time is spent in networking and coordinating, but responsibilities and turf can change
  - Risks and rewards are not shared

- Collaboration
  - Risks and rewards are shared, there is a willingness to enhance each others capacity for mutual benefit and common purpose
  - High levels of trust, time commitment and shared turf

Adapted from Himmelman (2002) and O’Flynn (2009).

Definition of collaboration

In discussions with people in the public sector (even among the Policy Think Tank), it was clear that there was a lack of a clear definition of what true collaboration is. While a common understanding has been missed in public sector capacity building, in some cases, private sector knowledge was at an advantage due to more frequent management training in structures and operations of joint ventures, strategic alliances and partnerships. For the private sector, the start of a collaborative process can be boosted by less complicated and more explicit use of goals and financial targets. This allows for a simpler understanding of what the collaboration is intended to achieve and how to measure it.
For the purpose of this report, the agreed definition of collaboration has been selected as:

**Collaboration: a shared approach that is more durable and pervasive than cooperation, involving new structures, shared planning, formal communication across multiple levels and jointly acquiring resources, shared rewards and more risks.**

## 4. Considerations

**Collaboration for services as well as for infrastructure delivery**

Collaboration can occur for both the delivery of infrastructure as well as for services. Both forms of government operations involve work that transcends organisational boundaries. However, where collaboration separates itself from cooperation is in addressing complicated problems (also more commonly known as ‘wicked problems’ in the social services sector) through infrastructure and services.

Wicked problems cross the traditional silo structure favoured by government that tends to focus on simple forms of service provision or infrastructure delivery (e.g. transactions or information provision) and/or that require expert knowledge in one area such as hospitality licencing regulation.

Wicked problems can generally be described by the following characteristics (Conklin, 2006):

1. The problem is not understood until after the formulation of a solution.
2. Wicked problems have no stopping rule.
3. Solutions to wicked problems are not right or wrong.
4. Every wicked problem is essentially novel and unique.
5. Every solution to a wicked problem is a ‘one shot operation.’
6. Wicked problems have no given alternative solutions.

Examples include complex issues like substance abuse, housing, long term recidivism, sustainable living and land use etc. Often the causes behind one issue are interlinked with other problems.

As the solutions are as unique and complex as the wicked problems themselves, they require government (and

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**Case Study Example – Your Move**

By identifying causal factors and agreement to a common cause of the wicked problem, innovation can occur as expertise and competencies are shared in all new contexts. This in turn can lead to a sharing of resources, risks and mutual benefit.

For example, the Your Move program in Western Australia (see case studies) combines expertise from the Departments of Transport, and Sport and Recreation with Local Government, the Public Transport Authority and health sector NGO’s to shift people’s travel preferences away from cars to active forms such as walking, cycling and public transport. This allowed joint resourcing and support for what could be seen just as a transport problem (too many cars being used leading to congestion) to a causal factor in a number of problems (health, wellbeing, community as well as transport congestion).
non-government) partners to work together. For this reason, a collaborative approach to developing and implementing a solution is essential.

Notably, while an infrastructure activity such as constructing a road will require assistance and working with other stakeholders (local government, environmental regulation authorities), this is more in line with cooperation. It is only when trust, risks and common goals are shared between participants that collaboration occurs. This best occurs for infrastructure where a single goal e.g. ‘deliver road by X date’ will not deliver the Government’s objectives. A recent example is of the new METRONET team which involves bringing together staff from multiple departments to deliver an infrastructure program that both improves congestion, public transport use and activity density.

Benefits of Collaboration
The benefits of collaboration vary depending on whether the right enablers are present. In addition, while some benefits are immediate (developing new solutions), others are longer term (capacity building). Generally, research and discussions with public service practitioners highlighted that collaboration:

- Collaboration provides the best chance of creating innovative solutions to problems that stretch across organisational boundaries. This provides a better service and meets the expectations of the community.

- It reduces conflict and increases trust between agencies.

- Establishing cooperative working relationships and partnerships between the sectors and disciplines that comprise the public sector (as well as tapping into the broader expert/professional networks and relationships specific to particular departments, agencies and public servants).

- Builds capacity of the public sector by sharing knowledge and experience between areas, allowing for coaching opportunities and on the job training.

  Capacity enhancement is of particular importance in a public sector context. With the expected retirement of significant numbers of public servants over the coming years (due to workforce demographics) together with the effect of more recent rounds of voluntary severances, there exists potential to weaken the knowledge, skill-sets and established cooperative working relationships critical to the efficiency and effectiveness of the sector. Increased collaboration can therefore help mitigate some of the risks of this workforce demographic change.

- Has a greater capacity for transforming public services and introducing innovation by exposing public policy to different ways of thinking and knowledge.
Minimising duplication of effort and resources, noting the time invested in building a collaborative team could be substantial in the early stages.

Prompts a more outcomes-focussed approach to what is targeted. This occurs due to the need to take a deeper dive analysis of complex issues and recognising what government can assist with and what it can’t.

Taking the above into account it is clear that the benefits of collaboration show it as a vital element to improving services for the community. Despite this and given that terms such as ‘joined-up government’ have existed since the 1990’s (and ‘collaboration’ since the 1970’s), effective collaboration is not as common as it could (and should) be.

**What factors are critical to effective collaboration?**

In the research conducted, and within the case study analysis, common enablers were identified for collaboration in the public sector. While the enablers are not unique to a collaborative work style, the frequency of their influence can provide some indication of the state of collaboration in the Western Australian public sector.

The most important enablers included:

- The development of a common purpose and shared understanding of the goals (that are measureable).

This particular aspect is easier said than done. Participants come to a project with perceived notions and policy tools already in mind. Pressures to quickly fix or make the issue ‘go away’ are common in government. In many cases the project team will be given a scope and purpose, but this will typically lack an understanding of the problem and its causal factors. Time will be needed to re-tread some of this work and reason behind the project’s purpose (perhaps resulting in a reworking of the scope). As previously discussed, these problems are complex and unique.

Having a lead agency, a common purpose and a more formal relationship in establishing the collaboration, are all cited as enablers of the collaboration that followed the Ombudsman Report.

**Case Study Example – Managing Asbestos in Queensland**

This example (see Appendix 2 for details) demonstrates where collaboration across government was so poor that illegally dumped asbestos was left on Crown land due to no agency taking responsibility for it (despite the asbestos’ location being known). This problem persisted despite the creation of an interagency asbestos group being charged with the need to improve coordination of state and council activities relating to asbestos. The issue rose to a head when an Ombudsman Report publicly identified the poor performance.

The problems of a disjointed approach to managing asbestos, and the eventual collaborative effort to address the problem, show several barriers/drivers of collaboration. These included:

- A lack of a lead agency
- Refusal to share resources
- A protection of ‘turf’ and not serving the public but instead an attitude of ‘that’s someone else’s role’

Having a lead agency, a common purpose and a more formal relationship in establishing the collaboration, are all cited as enablers of the collaboration that followed the Ombudsman Report.
During this phase of developing and adopting a common purpose, conflict will occur (see below on ‘group norms and values’) as participants establish their territory. Members will try to impose their (agency’s) interests before they come together on the agreed purpose.

There is no ‘short cut’ to this enabler. While it may not be seen as much more than discussion, workshopping this issue will place the collaborative effort on firm footing. In cases where the purpose is provided to a team without room for deep analysis, collaboration will not occur and instead lower levels of joint-work will take place (e.g. coordination or networking).

- **Between participants, the **risks, benefits and resources are shared**.

  This importantly separates the collaboration from other forms of working where silos and power (‘turf’) are maintained between organisational borders. By sharing risks and benefits the buy-in of participants is naturally increased as they now have a stake in the end outcome. This can help blur the boundaries between ‘the usual’ organisational responsibilities and to consider risk and return from a wider perspective.

  In addition, where resources are shared, a show of prioritisation of the collaborative project naturally occurs. This can ensure ongoing focus is given to the project.

- **Group norms and values** that are conducive to working together.

  To prevent ‘group-think’ and allow for the innovation benefit of collaboration, this enabler does not require everyone be ‘of one mind’ before a project commences. Instead, the team will naturally develop shared norms through acclimatising –often demonstrated by the below model of ‘forming, storming, norming and performing’.

**Figure 3. Stages of Team Development**

- **Forming**
  - In this stage, most team members are positive and polite. Some are anxious, as they haven’t fully understood what the team will do. Others are simply excited about the task ahead.

- **Storming**
  - Next, the team moves into the storming phase. People start to push against the boundaries established in the forming stage and emotions can run high. Conflict starts to occur. This is the stage in which many teams fail.

- **Norming**
  - Gradually, teams move to the norming stage. People start to resolve their differences, appreciate colleagues’ strengths, and respect the authority of the group’s leader.

- **Performing**
  - Demonstrations of interdependence. The team can effectively produce with a balance of task and process orientation. Work leads, without friction, to achievement of the team’s goal.

Adapted from Kirsten et al. (2017) and Tuckman (1965).

It is worth noting that conflict in coming to shared norms is not only expected but should be encouraged. This allows for agency ‘banners’ to be lowered and instead the team to concentrate on the agreed purpose.
At the point at which group norms take place, team members realise that the goal/s can be best achieved by collaboration rather than by doing it themselves.

- **Adequate organisational support in the form of backbone support organisation/s.**

  Participating organisations and people involved in the project will often not have time to spare in full scale implementation or for administrative functions. For this reason, support to allow the collaboration to exist and to help facilitate bringing people together is needed at an administrative and organisation level (whether it is meeting facilities, minute takers or more complex matters such as HR support to second staff between agencies).

  Resourcing this level of support may require shared ‘donations’ from participating organisations. Alternatively, new sources of funding may be required if there is not yet belief in the collaboration and there is refusal to share financial resources (increasingly common in a period of tight budget constraints).

- **The expertise of members, and capacity for learning that they bring to the collaboration is also important.**

  In discussions on where collaboration has worked and failed, it was clear that not everyone is equipped to undertake collaboration. Government projects tend to require fast delivery (a barrier discussed later) with little time to upskill more than a few people on a project team. Skilled public servants with excellent team working, networking and relevant expertise are required. Particular skillsets and capabilities often listed include:

  - Both leadership and management ability to pull a team together, manage group dynamics and ability to manage upwards in order to secure necessary time and resources;
  - Policy and evaluation expertise;
  - A basis of knowledge across areas of the subject matters, risk management and financial knowledge;
  - Very strong interpersonal and communication skills. Key challenges faced in the early stages of collaboration require the building of trust and setting aside of ego’s while others outside the collaboration group will need to be convinced that a workable solution is possible; and
  - Resilience to overcome inertia in the public service and the challenges of trying to have innovation adopted.

  A diverse mix of people is also valuable if innovative solutions are to be delivered. For this reason, leadership styles may need to change in the team as the project progresses. As raised above, managing team members is a must. With pressures on time and the need to deliver a product/service, members may need to be given reflective space in order to contribute (such in the case of introverts vs extroverts team dynamics).

- **An ongoing need for action (and communication of that need).**

  Collaboration takes significant time and resources. If there is not a need for this approach, initial enthusiasm falters and the effort stalls. Communication of the reasons for collaboration and progress is needed, similar to any change management approach. In
some cases, this need may come from internal or external areas to the organisation, and is particularly potent when communicated by senior Executives, people personally affected by poor outcomes or a Minister directly.

**What can undermine collaboration?**

Unsurprisingly, it was shown that in the absence of collaborative enablers, efforts for joined up work often fail. The most common difficulties faced by collaborations include:

- Lack of consensus on goals and strategies;
- Inadequate resource support and planning to enable action. In many cases, it was determined that without a joint resourcing pool, agencies would not support true collaboration (instead supporting lower levels of joint work such as coordination or cooperation). It was noted by some, that the current approach to funding and budgeting prompts silos (with item specific appropriations reinforced by cost centre silos).
- Supposed threats to the autonomy of member organisations which undermined trust in the collaborative process;
- Low or declining participation by members due to competing priorities;
- Failure to appreciate or acknowledge the expertise and contribution of members;
- Poor leadership and governance of the collaboration which prevented the team from moving past conflicts to common norms and high performance;
- Perceived inequities in the contribution of members and organisations;
- Dissatisfaction with outcomes and lack of communication of outcomes; and
- Changes in the socio-political environment that negate the need for the collaboration (or undermine its ability to function or progress shared goals and strategies).

The table below summarises the key enablers and barriers.

**Table 2. Enablers and barriers to collaboration**

<table>
<thead>
<tr>
<th>Enablers</th>
<th>Barriers</th>
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<tbody>
<tr>
<td>Existence of a common purpose</td>
<td>Lack of consensus on goals and strategies</td>
</tr>
<tr>
<td>Agreed measurement systems and evaluation approach</td>
<td>Inadequate time and resources</td>
</tr>
<tr>
<td>Shared resources, benefits and risks</td>
<td>Perceived or actual threats to autonomy of member organisations</td>
</tr>
<tr>
<td>Shared group norms have been allowed to evolve</td>
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</table>

**5. Evaluation and Collaboration**

Experience has shown that a common purpose is important if collaboration is to be effective. As discussed above, in coming to a common goal, a shared view of measuring success is needed. Both during and after the collaboration is complete, the use of evaluation will help justify the investment needed for the project/service as well as improve future efforts in the field.

When evaluations have to deal with programs to solve complicated problems, which often require agencies working together, evaluations have to be based on a logic model and data collection and
analysis plan that provide information about the different components that all need to work effectively and together. It is essential to report on these in terms of ‘what works for whom in what contexts’.

For more complex problems that require agencies to collaborate, evaluations have to deal with programs that involve emergent and responsive strategies and causal processes that cannot be completely controlled or predicted in advance. While there is an overall goal in mind, the details of the program may unfold and change over time as different people become engaged and as it responds to new challenges and opportunities.

In these situations, evaluations have to be able to identity and document emergent partners, strategies and outcomes, rather than only paying attention to the objectives and targets identified at the beginning. Real-time evaluation will be needed to answer the question “What is working?” and to inform ongoing adaptation and learning. Effective evaluation will not involve building a detailed model of how the intervention works and calculating the optimal mix of implementation activities – because what is needed, what is possible, and what will be optimal will always be changing.

There are three phases to developing a shared measurement system – design, develop and deploy.

**Figure 4. Phases and Steps in Developing a Shared Measurement System**

- **Mobilise community stakeholders**
- **Develop sector definition and scope for shared outcomes**
- **Build common agenda**
- **Select common outcomes**
- **Develop common indicators**
- **Develop data collection tools and standards**
- **Design and develop data collection system or hub**
- **Deploy system in sector**
- **Use data to inform practice**
- **Evaluate and modify system (ongoing)**
- **Institutionalize opportunities for learning**
- **Deploy system in sector**

Due to the complexity of the problem that would justify collaboration, a mix of measures is recommended to cover both leading and lagging measures in the short term (to maintain focus and justify effort) and long term (to show outcomes). As this requires a depth of expertise in evaluation, this skillset should be embedded within the collaboration team.

**Suggested tool for evaluation**

Collaborative Outcomes Reporting (COR) is one participatory approach to impact evaluation that can be useful. It is based around a performance story that presents evidence of how a program has contributed to outcomes and impacts, which is then reviewed by both technical experts and program stakeholders, which may include other stakeholders (such as impacted community members).
COR combines contribution analysis and Multiple Lines and Levels of Evidence\(^1\), mapping existing data and additional data against the program logic to produce a short report about how a program contributed to outcomes. Although such reports vary in content and format, most are short, mention program context and aims, relate to a plausible results chain, and are backed by empirical evidence. The aim is to tell the ‘story’ of a program’s performance using multiple lines of evidence.

COR adds processes of review by an expert panel and stakeholders, to check for the credibility of the evidence about what impacts have occurred and the extent to which these can be credibly attributed to the intervention. It is these components of expert panel review (outcomes panel) and a collaborative approach to developing outcomes (through summit workshops) that differentiate COR from other approaches to outcome and impact evaluation.

COR uses a mixed method approach that involves participation of key stakeholders, generally in 6 process steps. Participation can occur at all stages of this process:

**Figure 5. The Six Stages of Collaborative Outcomes Reporting**

[Diagram showing the six stages of COR]

**Scope ➔ Discover ➔ Interpret ➔ Recommend**

Adapted from: http://www.collaborationforimpact.com/collective-impact/shared-measurement/

COR can be applied across multiple sectors or scales of evaluation. The approach can be particularly useful when the evaluation does not have well defined outcomes at inception, or if outcomes are emergent, complicated or complex. It has been used in a wide range of sectors from overseas development, community health, and Indigenous education, but the majority of work has occurred in the Natural Resource Management Sector.

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\(^1\) Multiple Lines and Levels of Evidence reviews the evidence for a causal relationship between an intervention and observed impacts in terms of its strength, consistency, specificity, temporality, coherence with other accepted evidence, plausibility, and analogy with similar interventions.
6. Recommendations

From the analysis conducted, it was clear that there are common gaps for collaboration in the Western Australian public sector. While some agencies collaborate well, this tends to occur in pockets based on the experience and drive of a few individuals (and in some cases it is despite barriers such as a lack of common funding source – meaning collaboration is harder than it needs to be).

The following recommendations aim to overcome the factors that make meaningful and successful collaboration difficult.

Recommendation 1 – Drive a Common Purpose – “All for one and one for all”

Collaboration is an attitude and a culture. It starts with a common purpose – a unifying cause that transcends individual egos and tribal affiliations (i.e. departments, divisions, schools of thought).

So, it is strongly recommended that all efforts be made to drive a common purpose – create it, sell it and reinforce it.

How to Activate the Recommendation:

- **Create a sense of crisis and outrage at the unacceptable harm** being done in our community that will not be tolerated any longer. In emergency situations, many of the traditional barriers to collaboration are removed. Ideally this sense of urgency would be created prior to an actual emergency arises, but sometimes the advent of an emergency is the best catalyst to the creation of a common purpose.

A call to action that is compelling usually brings the best out of stakeholders in collaborations. Where there is a dire and obvious need for change to reduce harm, the stakes are so high (e.g. human suffering) that stakeholders bend their usual preferences and inclinations (even the rules) towards a more collaborative interaction and, ultimately, co-investment.

The potential to link the SPR’s suggested whole of government targets to outcomes that are unacceptable, is one way to create a need for change.
• **Sell the common purpose genuinely.** Politics kills good collaboration. The call to action must be communicated in a manner that is apolitical, heartfelt and real. Any superficial, politically tainted or unsubstantiated calls to action will damage collaborative efforts. Although some collaborative efforts will commence as politically aligned (e.g. election commitments), all efforts should be made to elevate the sense of ‘cause’ to be as inclusive and ‘common’ (i.e. relevant to the public) as possible.

Providing independent data on progress towards targets, and both public and private recognition/acceptance that failure may occur as new collaborative efforts are trialled, are options to help make the common purpose a genuine effort.

• **Appeal to the ‘professional excellence’ of collaboration.** Public servants and other stakeholders engaged in collaborative efforts can be attracted to the novelty and status of high performing collaborative efforts. This striving for ‘professional excellence’ can be a common purpose in itself, as a form of best practice. This can be an especially useful tactic where there may not be a compelling human suffering to be addressed and can be reinforced by the ‘visiting expert’ demonstrating such best practice and explicit rewards for those attempting good collaboration.

• **Leaders must harness skills in communicating and driving a common purpose.** These skills may come from many (sometimes unexpected) sources (e.g. community leaders, clients). Leaders must recognise that team members have a range of skills, strengths and ideas and must ensure they provide the right environment in which all members feel comfortable about contributing their skills.

Some techniques to achieve this include assessment of the personality types, personal motivators and communication styles (i.e. understanding differences between team members can overcome team bias and tension), then facilitating social interaction opportunities (e.g. eating together). Senior Executive Service employees should be trained and incentivised to perform these functions or ensure they occur.

• **All roads must lead to the common purpose.** Create the mechanics of collaboration to reinforce striving for a common purpose. This includes creative activities (to be built upon the common purpose), delivery mechanisms (where commissioning rules/parameters can reinforce collaborative practices) and evaluation (reporting the success of activities by reference to their contribution to the common purpose). This also includes the way in which new members are ‘onboarded’ to the team – that they must explicitly (perhaps even physically, by moving office, changing uniform, etc.) renounce their elegance to their ‘home’ agency and create a new identity for themselves within the collaborative team.


Where collaboration can prospectively enhance a project or action, a deliberate effort must be made to design decision making mechanics in a way that favours, enables and requires collective, devolved decision making.

The new mechanics of collective decision making will require reform in two dimensions:

**Horizontal** – Where multiple players have a stake in a collaborative project or activity, the connection between the players must be made using new type of decision making mechanics – that does more than simply ‘bridge’ the divide between organisations, but blurs and merges their accountability boundaries. This rests on the concept of ‘shared duty of care’, where Directors General and other representatives of government are jointly and severally accountable for the collective outcomes.
Vertical – The devolution of power to the most ‘local’ level of decision making allows for more tangible and relevant decisions to be made. This requires organisations to redesign their delegations of authority ‘down’ the chain of command in a way that empowers and enables people closest to the issues to make meaningful decisions for the collective good. This requires a higher level of trust by upper levels of the hierarchy to delegate to the ‘grassroot’ managers. Appropriate accountability can be built in through reporting mechanisms if considered necessary – without binding them in reporting overload.

How to Activate the Recommendation:

- **It’s more than tinkering, collaboration is a fundamental change to the risk profile and accountability.** If the public sector is to truly harness the advantages of collaboration, a new type of decision making mechanic means a tailor made risk assessment and accountability calculation that is separate to ‘business as usual’ decision making processes. It means designing (perhaps in parallel) a fit for purpose flow of decision making that puts the power of decisions in the hands of those who are most motivated and incentivised to collaborate (e.g. they are closest to the ‘harm’ so are more motivated to build connections and share resources). Examples include the ‘spot’ collaborations that occur at a local (often regional) level where stakeholders have become so desperate (e.g. for resources and results) that they initiate collaborative activities themselves (often in spite of upper management). While these ‘maverick’ teams should be commended for their bravery, these examples are exceptions to the general rule of ‘stay within the boundaries of your job’.

- **Ministers must be as collaborative as they expect Departments to be.** Decision making at the Ministerial level will also need to be structured in a way that reinforces the collaborative outcomes sought. This could include joint/several sign-off rights between Ministers (with guidance notes that drive pooling of resources and creative design), collaborative forums (of Ministers with Directors General) and joint performance indicators for Ministers.

- **Combination of Hard and Soft decision making rules that incentivise collaboration.** Directors General and the Senior Executive Service can be driven to specific behaviours by the application of ‘Hard’ (e.g. mandatory (with penalties) rules of engagement and reward) through to ‘Soft’ mechanisms to alter their decision making (e.g. ‘nudge’ based incentives such as peer pressure, social norms). While Directors General responsibilities have expanded through the merging of departments (which potentially will improve collaboration activities), their incentives may not have increased correspondingly. This may need addressing to align rewards to the effort of collaboration. Public servants could be promoted differently, such as assigning a higher weighting in recruitment and selection processes for those who have shown leadership in more than one Department or, at the extreme, requiring mobility between agencies as a prerequisite for promotion.

- **Rotation and targeting the Senior Executive Service.** Executive Directors, Directors and Middle Managers all play a critical role in their Departments. While this group will be the leadership of tomorrow’s departments, they are often not incentivised or encouraged to rotate and build networks across government (noting that working with stakeholders is still a capability of such roles). The SPR’s Interim Report has identified that the way the public sector workforce is managed needs to be modernised. One option, is for a centrally coordinated rotation of high performing managers (and above) to take place. Changes could be trialled for six-months, but essentially if no problems arise the benefits of understanding how other agencies operate and the building of networks, should heavily improve capability for collaboration across the public service. This could be further aided by collaborative policy/implementation projects being shared between rotating managers and Executives –encouraging the use of their previous knowledge in another context.
Recommendation 3 – Change Funding Arrangements to Enable Collaboration – “The action follows the money”

Stakeholders respond to funding signals. Where there’s a vested interest in acting a certain way, organisations and individuals adjust their behaviour accordingly.

It therefore follows that if Government wants stakeholders to collaborate more, then the funding environment in which they operate must incentivise collaborative behaviour. Current funding signals tie Departments to their ‘core business’ by allowing funds to flow to specialist project/program proposals (which are usually attractive to decision makers because they are ‘sure things’ driven by a group of similar thinking/trained public servants).

The best type of collaboration requires no change in funding signals, as the common purpose overrides any territorial tendencies. This self-motivated reform in funding is rare and usually only occurs when there is a massive amount of ‘social capital’ (i.e. good will) between stakeholders. Their sense of ownership of funds/resources is transcended by a common purpose.

Given the unlikelihood of spontaneous pooling of resources, there needs to be a more deliberate mechanism to send funding signals that encourage and facilitate collaboration.

How to Activate the Recommendation:

- **Multi-Category Appropriations (MCAs).** The financial flexibility offered by single purpose appropriations can be limited and not conducive to collaboration. New Zealand’s government uses a MCA approach to financing its departments in a way that allocates funds to the achievement of an overarching purpose statement, with flexibility allowed for the application of those funds towards the purpose. This more flexible approach still includes appropriate accountability for the administration and use of those funds (with funding for the ‘day to day’ activities where collaboration may not be required). The designation of funds for an overarching purpose with flexible allocation should be investigated. This is particularly relevant for the SPR’s intended whole of government targets.

- **Reward and encourage collaboration in business cases.** The process of preparing and delivering proposals/business cases from Departments to Ministers and Treasury currently under values collaboration in the funding decisions. By explicitly calling for and weighting business cases to include collaborative activities, there is likely to be a higher level of negotiation and skills development at the early ideation stage of proposals.

One example of how this may look, is for significant business cases to be peer reviewed by agencies that deal with similar issues and/or are of a similar size. For example, during its preparation, a business case from the Department of Health would be reviewed by the Department of Education and potentially the Department of Communities. This could build across sector understanding of each Department’s business while encouraging feedback from peers beyond Treasury (which are often seen as the gatekeeper to funding). It would also prompt discussion on where links between agencies existed in the business case.

Similar peer reviews for evaluations of major services, can also encourage collaborative efforts and knowledge sharing.

- **Assign funding specifically for ‘Backbone Organisations’**. Collaborations can be accelerated by the creation and support of a ‘backbone organisation’. These organisations provide a consistent connection between collaborators and drive the shared understanding of common purpose and the level of sharing (e.g. information, data, resources). Funding should therefore be assigned to support these organisations develop their collaborative catalyst skills and undertake the functions of a backbone organisation (i.e. funded appropriately to cover the overhead costs of
collaboration such as facilitating and brokering, creating sharing opportunities and portals, etc.). Lead agencies intended to provide the support, might make use of shared resource pools established by MCAs or other methods.

**Recommendation 4 – Report Collaboration Appropriately – “You get the behaviour you measure”**

The costs of collaboration can be substantial. These costs are revealed at all stages of project development (e.g. creating a shared vision, building a joint work program, co-designing activities, jointly measuring outcomes, etc.). These costs are often peculiar and magnified for collaborative efforts, including specialist collaboration (facilitation) skills, collective data capture and analysis, design and management of joint decision making mechanisms and the ‘contract management’ costs of ongoing collaborative actions.

The ‘transaction costs’ of collaboration must be factored into any program design and co-invested accordingly to improve their likelihood of success and impact.

Equally the success of collaborative activities can also be hard to measure quantitatively. The attribution of project activities to the outcome produced is often difficult to identify clearly due to the complexity of the problem to hand.

Shared measurement systems allow a clear focus on the jointly aspired outcomes. They also bind the organisations to these outcomes, especially if the collaboration partners are publicly ‘signed up’ to achieving these outcomes and have measures that publicly track their progress.

**How to Activate the Recommendation:**

- **Report Collaboration Appropriately.** To use standard measurement tools for collaborative projects often misses the cumulative and long term nature of collaboration. To overcome this shortfall, the use of Collaborative Outcomes Reporting (COR) should be trialled with one of the next major collaborative projects. COR offers a way to account for the many elements of collaboration (e.g. multi-user costs). With this full accounting of collaborative outcomes, organisations can then align their decision making towards those collaborative activities that bring them the highest positive return.

- **Forecast and Assigned Collaboration Costs.** Any proposals requiring collaboration should be required to forecast and assign the costs of collaboration to appropriate stakeholders. Through a ‘true’ cost analysis (e.g. externalities of collaboration such as the reduced focus on other areas of an organisation’s business), these costs can be accounted for and co-invested. This way the collaboration effort is properly resourced at the outset and avoids the possibility of it stalling or halting because of the ‘drag’ of unrevealed and assigned costs.

**7. Conclusion**

This report has provided an analysis of what makes collaboration work in a public sector context. The different styles of ‘working together’ have been identified in an effort to explain what true collaboration is and what it requires. The difficult role that wicked problems play has been discussed, with brief explanation on how they require collaboration while making it difficult to measure impact of the collaborative effort.

The benefits of collaboration are both immediate and long-term, affecting members of the public through better outcomes but also the public service by improved capability (and job satisfaction). The need for a common purpose, shared risks, rewards and resources, and capable staff who can lead teams were just some of the enablers. The challenges to having effective collaboration are not
uncommon to government delivery elsewhere—a lack of common goals/measures, inadequate time, a failure to communicate need.

Recommendations have been provided in an attempt to strengthen enablers and mitigate barriers. Some, if accepted, can be trialled near immediately (rotations for senior leaders and peer review of submissions) while others will require further investigation and potential change in today’s authorising environment and processes (multi-category appropriations). All should assist in achieving the SPR’s intent of improving collaboration across government.

To help provided additional detail to the SPR, case studies of collaboration have been collected as part of this report. These can be founded at Appendix 2.

At the Secretariat’s request, members of the Policy Think Tank can meet to discuss and scope further work on implementation of this report’s recommendations (or other recommendations made as part of the SPR).
8. About the Policy Think Tank

The Policy Think Tank is a collaborative team primarily consisting of Western Australian Alumni from the Australia and New Zealand School of Government (ANZSOG) Executive Masters of Public Administration as well as experienced senior public servants.

The aims of the Policy Think Tank are to:

- **Build** policy and decision making capability **within and across** organisations for whole of public sector benefit.
- **Create and deliver** a suite of services **for** the sector, **by** the sector.
- **Harness** across government expertise with no additional budget investment.

The particular members involved in this project included:

- Stuart Clarke
- Brett Hughes
- Ben Harvey
- Coan Harvey
- Dominique Mecoy
- Sara Procter
- Denise Sullivan

Thanks is provided to Luke O’Donoghue and Jan-Willem Vanstaden from the Department of Jobs, Tourism, Science and Innovation, for their support.
9. References


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Appendix 1 – Toolkit

In order to assist those new to collaboration. A toolkit was developed by the Department of Transport on resources and methods available to support a collaborative approach. The Policy Think Tank found this a useful summary and resource. To share this knowledge, the toolkit has been replicated here.

Each tool is presented in terms of their objectives. More information is included via links.

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<thead>
<tr>
<th>Tool</th>
<th>Objective</th>
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<tbody>
<tr>
<td>Backcasting</td>
<td>Backcasting allows a group of people to weigh up the implications of different future options or policy goals.</td>
<td><a href="http://www.dse.vic.gov.au/efficient-engagement/toolkit/tool-backcasting">http://www.dse.vic.gov.au/efficient-engagement/toolkit/tool-backcasting</a></td>
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<tr>
<td>Brainstorming</td>
<td>Brainstorming aims to develop the broadest possible range of creative options, to evaluate these, and to select the best.</td>
<td><a href="http://www.dse.vic.gov.au/efficient-engagement/toolkit/tool-brainstorming">http://www.dse.vic.gov.au/efficient-engagement/toolkit/tool-brainstorming</a></td>
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<tr>
<td>Citizen juries</td>
<td>Citizen juries aim to draw members of the community into participative processes where the community is distanced from the decision-making process or a process is not seen as being democratic.</td>
<td><a href="http://www.dse.vic.gov.au/efficient-engagement/toolkit/tool-citizen-juries">http://www.dse.vic.gov.au/efficient-engagement/toolkit/tool-citizen-juries</a></td>
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<tr>
<td>Conference</td>
<td>A conference provides a venue to bring a large group of people together to share information, hear the latest updates on a topic or issue, and make decisions.</td>
<td><a href="http://www.dse.vic.gov.au/efficient-engagement/toolkit/tool-conference">http://www.dse.vic.gov.au/efficient-engagement/toolkit/tool-conference</a></td>
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<tr>
<td>Consensus conference</td>
<td>Consensus conferences aim to give members of the community a chance to have their say on community issues, to increase their knowledge of and ability to participate in such a discussion, and to come to one position statement that all participants can ‘own’.</td>
<td><a href="http://www.dse.vic.gov.au/efficient-engagement/toolkit/tool-consensus-conference">http://www.dse.vic.gov.au/efficient-engagement/toolkit/tool-consensus-conference</a></td>
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<tr>
<td>Delphi study</td>
<td>A Delphi study aims to engage a large number of experts and/or stakeholders in a process of coming to agreement without necessitating their leaving their usual domain. This usually involves circulating documents or options papers by email or post so that all comments and suggestions can be noted.</td>
<td><a href="http://www.dse.vic.gov.au/efficient-engagement/toolkit/tool-delphi-study">http://www.dse.vic.gov.au/efficient-engagement/toolkit/tool-delphi-study</a></td>
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<tr>
<td>Expert panels</td>
<td>Expert panels allow citizens to hear a variety of informed (expert) viewpoints from which to decide on recommendations or courses of action in relation to an issue or proposal.</td>
<td><a href="http://www.dse.vic.gov.au/effective-engagement/toolkit/tool-expert-panel">http://www.dse.vic.gov.au/effective-engagement/toolkit/tool-expert-panel</a></td>
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<tr>
<td>Future search conference</td>
<td>A future search conference helps a group of people to develop a series of options for the future, and agree on a plan of action, which, because participants include those with the power to make it happen as well as those who will be affected, should be able to be implemented.</td>
<td><a href="http://www.dse.vic.gov.au/effective-engagement/toolkit/tool-future-search-conference">http://www.dse.vic.gov.au/effective-engagement/toolkit/tool-future-search-conference</a></td>
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<tr>
<td>Kitchen table discussion</td>
<td>Kitchen table discussion aims to encourage people to continue discussing an issue until all members have had a chance to be heard, and provide an opportunity of sharing not only opinions, but information and alternatives for community proposals or issues.</td>
<td><a href="http://www.dse.vic.gov.au/effective-engagement/toolkit/tool-kitchen-table-discussion">http://www.dse.vic.gov.au/effective-engagement/toolkit/tool-kitchen-table-discussion</a></td>
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<tr>
<td>Media releases</td>
<td>Media releases aim to get the widest possible coverage for a community issue or proposal through the publication or broadcasting of the information in the release. It may also elicit further enquiries by the media organisation about the issue, or the group or agency that put out the release.</td>
<td><a href="http://www.dse.vic.gov.au/effective-engagement/toolkit/tool-media-releases">http://www.dse.vic.gov.au/effective-engagement/toolkit/tool-media-releases</a></td>
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<tr>
<td>Mediation and negotiation</td>
<td>Negotiation and mediation aims to deal with conflict in a creative and positive way, and to find a solution or a way for people to hear and appreciate the differences between their perspectives.</td>
<td><a href="http://www.dse.vic.gov.au/effective-engagement/toolkit/tool-mediation-and-negotiation">http://www.dse.vic.gov.au/effective-engagement/toolkit/tool-mediation-and-negotiation</a></td>
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<tr>
<td>Mind mapping</td>
<td>Mind maps are a way of representing associated thoughts with symbols rather than with extraneous words something like organic chemistry. The mind forms associations almost instantaneously, and ‘mapping’ allows you to write your ideas quicker than expressing them using only words or phrases.</td>
<td><a href="http://www.dse.vic.gov.au/effective-engagement/toolkit/tool-mind-mapping">http://www.dse.vic.gov.au/effective-engagement/toolkit/tool-mind-mapping</a></td>
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<tr>
<td>MODSS (Multi-objective Decision Support Systems)</td>
<td>MODSS technology creates programs that can address widespread, significant problems, and engage stakeholders in considering the best compromise in complex environmental issues where there are many, often conflicting, criteria.</td>
<td><a href="http://www.dse.vic.gov.au/effective-engagement/toolkit/tool-modss-multi-objective-decision-support-systems">http://www.dse.vic.gov.au/effective-engagement/toolkit/tool-modss-multi-objective-decision-support-systems</a></td>
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<tr>
<td>Nominal group</td>
<td>Nominal group technique aims to increase participation in problem identification, problem solving and program planning, and to make sure that participants represent a balance of the range of opinions available within a community or group.</td>
<td><a href="http://www.dse.vic.gov.au/effective-engagement/toolkit/tool-nominal-groups">http://www.dse.vic.gov.au/effective-engagement/toolkit/tool-nominal-groups</a></td>
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<tr>
<td>Open house</td>
<td>An ‘open house’ aims to provide one venue for people to visit where they can speak to staff or members of the organisation, and obtain a variety of information about an institution, issue or proposal.</td>
<td><a href="http://www.dse.vic.gov.au/effective-engagement/toolkit/tool-open-house-or-open-days-drop-in-centres">http://www.dse.vic.gov.au/effective-engagement/toolkit/tool-open-house-or-open-days-drop-in-centres</a></td>
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<tr>
<td>Open space technology</td>
<td>Open space technology aims to provide an event which is relevant, timely, and participatory. Its relevance is determined by the participants, who determine the agenda, the length of the event, and the outcomes.</td>
<td><a href="http://www.dse.vic.gov.au/effective-engagement/toolkit/tool-open-space-technology">http://www.dse.vic.gov.au/effective-engagement/toolkit/tool-open-space-technology</a></td>
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<tr>
<td>Participant observation</td>
<td>A participant observer is placed in a community with the aim of collecting more detailed information about a community’s habits, opinions and issues and with a view to developing planning and policies that better incorporate the community’s needs and wishes.</td>
<td><a href="http://www.dse.vic.gov.au/effective-engagement/toolkit/tool-participant-observation">http://www.dse.vic.gov.au/effective-engagement/toolkit/tool-participant-observation</a></td>
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<tr>
<td>Planning4real</td>
<td>Planning4real aims to increase community involvement and knowledge of proposed changes or planning issues through allowing them to place their suggestions and concerns directly on to a three-dimensional model; this also increases the chance that planning and decision-making will be made with a fuller knowledge and understanding of community issues and needs.</td>
<td><a href="http://www.dse.vic.gov.au/effective-engagement/toolkit/tool-planning4real">http://www.dse.vic.gov.au/effective-engagement/toolkit/tool-planning4real</a></td>
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<tr>
<td>Public conversation</td>
<td>To identify issues that are of relevance to community groups or members who are affected by or interested in an issue. This may include revealing the reasoning behind groups or individuals taking very polarised positions, with a view to finding ways for those who are polarised in this way to hear one another’s viewpoints and be able to work together.</td>
<td><a href="http://www.dse.vic.gov.au/effective-engagement/toolkit/tool-public-conversation">http://www.dse.vic.gov.au/effective-engagement/toolkit/tool-public-conversation</a></td>
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<td>Public involvement volunteers</td>
<td>The purpose for the organising committee or group may be to expand the available people to staff an event or activity without increasing the budget. However, the volunteers may find that participating increases their skills and knowledge, and therefore there can be a gain for all parties.</td>
<td><a href="http://www.dse.vic.gov.au/engaged/toolkit/tool-public-involvement-volunteers">http://www.dse.vic.gov.au/engaged/toolkit/tool-public-involvement-volunteers</a></td>
</tr>
<tr>
<td>Public meeting</td>
<td>Public meetings are held to engage a wide audience in information sharing and discussion.</td>
<td><a href="http://www.dse.vic.gov.au/engaged/toolkit/tool-public-meeting">http://www.dse.vic.gov.au/engaged/toolkit/tool-public-meeting</a></td>
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<tr>
<td>Samoan circle</td>
<td>Samoan circles are similar to Fishbowls. The aim is to stimulate active participation by all parties interested in or affected by an issue, and allows insights into different perspectives on an issue.</td>
<td><a href="http://www.dse.vic.gov.au/engaged/toolkit/tool-samoan-circles">http://www.dse.vic.gov.au/engaged/toolkit/tool-samoan-circles</a></td>
</tr>
<tr>
<td>Scenario testing</td>
<td>Scenario testing is a way to test alternative (hypothetical) futures so as to make better choices today.</td>
<td><a href="http://www.dse.vic.gov.au/engaged/toolkit/tool-scenario-testing">http://www.dse.vic.gov.au/engaged/toolkit/tool-scenario-testing</a></td>
</tr>
<tr>
<td>Search conference</td>
<td>Search conferences seek future plans or visions that are practical and can be implemented for an organisation, community or environment.</td>
<td><a href="http://www.dse.vic.gov.au/engaged/toolkit/tool-search-conference">http://www.dse.vic.gov.au/engaged/toolkit/tool-search-conference</a></td>
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<tr>
<td>Simulation</td>
<td>Electronic simulation allows broad scenarios to be given a 'virtual trial run' on a computer that allows the consequences to be observed and considered, and decisions made. Simulations can allow testing of the environmental consequences of choices and decisions to an entire catchment area.</td>
<td><a href="http://www.dse.vic.gov.au/engaged/toolkit/toolsimulation-electronically-generated">http://www.dse.vic.gov.au/engaged/toolkit/toolsimulation-electronically-generated</a></td>
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<tr>
<td>Sketch interviews</td>
<td>Sketch interviews aim to provide a visual perspective to the process of community consultation by providing people with paper and pens to sketch their ideas. This process may allow inclusion of those unable to express their views in writing or speaking (those who lack confidence, or have poor language skills or English as a second language).</td>
<td><a href="http://www.dse.vic.gov.au/engaged/toolkit/toolsketch-interviews">http://www.dse.vic.gov.au/engaged/toolkit/toolsketch-interviews</a></td>
</tr>
<tr>
<td>Speakout (version 2)</td>
<td>For community members to be able to have their say on a topic in a safe and friendly environment that is flexible to their daily timetable.</td>
<td><a href="http://www.dse.vic.gov.au/engaged/toolkit/toolspeakout-version-2">http://www.dse.vic.gov.au/engaged/toolkit/toolspeakout-version-2</a></td>
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<td>Study circle</td>
<td>Study circles provide a venue for in-depth, regular, lengthy discussions that allow exchange of information on a particular topic or issue.</td>
<td><a href="http://www.dse.vic.gov.au/effective-engagement/toolkit/tool-study-circles">http://www.dse.vic.gov.au/effective-engagement/toolkit/tool-study-circles</a></td>
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<tr>
<td>Website</td>
<td>A website aims to make information available, freely and in forms that are easily accessible (click and go information, multimedia options for accessing information, and/or the option of collecting and/or providing feedback).</td>
<td><a href="http://www.dse.vic.gov.au/effective-engagement/toolkit/tool-websites">http://www.dse.vic.gov.au/effective-engagement/toolkit/tool-websites</a></td>
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<td>Workshop</td>
<td>Workshops aim to bring participants together in a structured environment (that is, through large and small-group activities, discussions, and reflection) to plan, decide or overcome difficulties.</td>
<td><a href="http://www.dse.vic.gov.au/effective-engagement/toolkit/tool-workshops">http://www.dse.vic.gov.au/effective-engagement/toolkit/tool-workshops</a></td>
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Appendix 2 – Case Studies

The following pages provide a series of case studies from several agencies on collaboration. They are not intended to be exhaustive.

In reviewing these cases, alongside discussions with practitioners and literature research, common themes could be seen which have shaped this report’s recommendations.
Collaboration Case Study - Your Move Wanneroo

Your Move was delivered in 2015 in the City of Wanneroo (the City). Your Move was managed and funded by the Department of Transport (DoT) and the Department of Sport and Recreation (DSR) through a Memorandum of Understanding (MoU). DoT and DSR partnered with the City of Wanneroo via an Expression of Interest process and subsequent signed letter of agreement.

Collaboration and partnerships were identified that added value through funding as well as through linking participants to local services and improved small scale infrastructure in the community. Your Move Wanneroo was supported by the RAC, PTA, Bicycling Western Australia, Diabetes WA, HBF, Heart Foundation, Nature Play WA and North Metropolitan Public Health Service. Clear, transparent written agreements were a key factor to successful collaboration with these supporters. A further success factor was a unified team approach and governance structure to support the project. Executive Steering Group, project management and local partnership group meetings were frequent throughout and were governed by agreed terms of reference to ensure integration of partner services and consistent communication.

Collaboration for Your Move Wanneroo capitalised on economies of scale through co-funding service delivery activities (over $200,000 in direct partner funding and over $70,000 in-kind support). This resulted in increased program reach and minimised duplication of services. It also increased customer satisfaction (93% would recommend the program to others) by seamlessly integrating supporter resources and services to the community.

The project engaged more than 10,556 Wanneroo households and positive transport outcomes were achieved with a 5.5% reduction in car trips per participant, a 6.1% reduction in car minutes travelled per participant and a 9 minute average increase in physical activity per person per day.

In 2016, Your Move Wanneroo won the Parks and Leisure Australia WA award for Inclusive and Connected Communities and was a finalist for the National Awards in this same category. In 2015, a similar program delivered in Cockburn, Your Move Cockburn, was a finalist in the Premier’s Awards (Strengthening families and communities category), and in 2014 won an IPAA Award for Best Practice in Collaboration Across Government Agencies in the Same Jurisdiction.
Collaboration Case Study - **QEII Medical Centre**

The QEII Medical Centre Trust prepared a travel plan to assist site users to access the site by active transport and to manage traffic impacts on the community. The plan was incorporated into structure planning for the precinct which helped gain planning approval for the redevelopment of the site.

**Key players and their roles:**
- DoT – facilitated preparation of travel plan and provided support and training for QEII Medical Centre Trust (QEIIMC) TravelSmart staff.
- DoP/WAPC - required access and parking to be addressed in the structure plan for the QEII Medical Centre Trust (QEIIMC).
- QEII Medical Centre Trust and North Metropolitan Health Service – prepared travel plan, employed TravelSmart staff, funded public transport, cycle infrastructure and promotion initiatives.
- Transport consultant (SKM) – undertook site transport assessment (demonstrating the need to address access and parking issues) and a parking and access strategy for a consistent approach across health campuses based on the QEII Medical Centre Trust (QEIIMC) model.

**Results:**
- Two TravelSmart staff employed to manage transport information service and promotion activities.
- Investment in bus service improvements, bicycle parking facilities, bicycle fleet, and promotion.
- Parking policy to allocate staff parking permits on a needs basis and introduction of parking fees.
- Shift in how people access the site with reduced car use and increased active transport.

QEII Medical Centre Trust (QEIIMC) TravelSmart Junction was a winner of 2012 TravelSmart Award in “Innovate” category.

**Importance of collaboration:**
Leveraged the planning system to support integrated land use and transport and influenced DoH access and parking policy for major health campuses.

**Success Factors:**
- Clear link established between management of site access and parking and the planning process which was used as a lever to engage the site owner.
- Strong incentives and disincentives were used to influence travel behaviour, being parking management (permits & pricing) and discounted SmartRiders for staff commuting.
- Dedicated staff employed by the QEII Trust to implement the plan.
Collaboration Case Study - **Healthy Workers Initiative (HWI)**

The Healthy Workers Initiative was a collaborative effort over 2012-2016 to support workplace health and wellbeing efforts to address physical inactivity and other health-related behaviours.

**Key players and their roles:**

- **Australian Government** – Provided HWI funding (until the 2014 budget cuts).
- **DoH** – Managed the initiative in WA engaging HWI providers, providing funding (continuing investment after the 2014 budget), linking providers with health sector workplaces.
- **DoT** – a specialist service provider to deliver the active travel component of the initiative.
- **HWI partners** – Healthy Workers WA (HWWA) delivered by the Heart Foundation in conjunction with the Cancer Council and UWA, Specialist service providers including Diabetes WA, WA School Canteen Association. All partners worked together to reach employers and deliver services.
- **Employers** – participation and delivery of actions in their workplaces.

**Results (for active travel component):**

- Provided advice to 120 organisations and worked intensively with 51 organisations.
- Increased use of active transport (walking, cycling, public transport) and reduced car commuting.
- Stronger connections across health and transport agencies and a network of workplaces.

**Importance of collaboration:**

Working together drew on the strengths of the players involved, including health promotion skills, behaviour change approaches and transport system knowledge. Supporting interested employers led to practical workplace actions that positively impacted employee health behaviour.

**Success factors**

- Significant additional program funding provided extra capacity (particularly staff) to deliver the program.
- Collaboration activities to engage and support workplaces, especially with HWWA.
- Framing the program around workplace health and wellbeing proved attractive to many workplaces.
Collaboration Case Study - Local Government Share the Space Campaign

This collaborative project was initiated at a regular DoT Your Move Local Government Network meeting as a way in which the network could utilise its combined skills and experience to develop some resources to address a local transport issue they were all facing; “conflict between road users.” This approach also allowed local governments to pool their limited budgets to create a resource that they would find difficult to fund individually.

Key players and their roles:
- DoT via its regular network meetings and by facilitating the first development workshop and by providing feedback on the Program Scope document.
- EMRC then nominated as the project lead, secured a media company and provided its website to host the videos and other campaign material.
- Local government officers in the YM Local Government Network from Belmont, Cambridge, Cockburn, Perth, Vincent and Melville, provided ideas and/or budget contributions.
- WestCycle and BWA to ensure alignment with their guidelines, current campaigns and to help with promotion.

Results:
- Facilitating collaboration between local governments to deliver outcomes aligned to DoT’s objectives, at no cost to DoT (other than some of Kylie’s time).
- The campaign was launched on 7 August 2017 and included a media release, a website to host the videos (http://www.emrc.org.au/sharethespace.html), sharing of videos on the participating local governments and partner organisation’s social media platforms, radio advertising on Nova from 7-12 August together with a branded article on Nova’s website and bus back advertising (routes from the Midvale depot) for 1 month.
- Evaluation of the campaign will be conducted later in the year.

Importance of collaboration:
Working together drew on the combined skills, experience and budgets of each of the local governments involved and provided more platforms for distribution.

Success factors:
- Structure of the DoT facilitated YM local government network group meetings that supports peer learning and collaboration opportunities.
- Combination of skills, experience and budgets of the local government network to achieve outcomes that would be difficult to achieve individually.
Collaboration Case Study - WA Consumer Product Advocacy Network

Key players:

- WA Department of Health
  - Injury Prevention Team, Public Health Division
  - Princess Margaret Hospital Emergency Department
  - WA Poisons Information Centre
- Kidsafe WA
- Australian Competition and Consumer Commission
- Burns Injury Research Unit, University of Western Australia
- Department of Commerce, Consumer Protection
- Goodstart Early Learning

Brief description:

The WA Consumer Product Advocacy Network (WA CPAN) is a new multi-agency collaboration that was formed in October 2014 to monitor unsafe consumer products and limit harm resulting from their use. The collaboration is driven by Kidsafe WA under a service agreement with the WA Department of Health. The WA CPAN enables rapid sharing of intelligence about new and emerging products that pose a safety risk to children between a range of key agencies with expertise in childhood behaviour, injury treatment, consumer safety and regulatory affairs.

WA CPAN prioritises identified products according to their level of injury risk and associated safety concern, and develops a plan of action to be led by the appropriate Network members according to their area expertise.

The Network’s response is commensurate to the danger posed, ranging from awareness raising in at-risk groups to generating widespread media attention and instigating the rapid removal of products from retail sale. There is no equivalent to WA CPAN elsewhere in Australia.


Benefits:

- Timely and efficient inter-agency communication and messaging via media as appropriate on urgent community safety issues
- Systematic sharing of resources amongst agencies
- High levels of inter-agency awareness of roles, expertise and synergies

Learnings:

- Membership needs to be sufficiently senior within their organisation to authorise, influence or action change
- Members should provide a distinct skillset or perspective that adds value to the group’s expertise/reach
- Important to ensure that frequency and form of meetings (i.e. teleconference, face-to-face) is adaptable to the needs of the group
Collaboration Case Study - WA Health Networks

**Key players:**

Nearly 4,000 individuals drawn from a range of sectors including:

- The Australian Government Department of Health
- Other state and local government agencies
- Non-government organisations
- WA health service providers and WA Department of health administrators
- Community consumers and carers
- The academic/research sector
- The private sector

**Brief description:**

WA Health Networks are a collaborative mechanism that connects internal and external partners across all systems of care together with the people who receive that care. Through building diverse partnerships and sharing of knowledge and expertise, WA Health Networks create a more responsive and integrated health system, facilitate the adoption of innovation, and offer new perspectives on existing system challenges. The Networks are serviced by a dedicated directorate within the Department of Health.

WA Health Networks comprises 11 distinct networks, including some led by inter-agency collaborations such as the Mental Health Network (formed with the Mental Health Commission) and the Disability Network (formed with the Disability Services Commission). Networks may encompass specific types of disease which require complex care both clinically and in the community (such as the Cardiovascular Disease Network) or service the multi-layered needs of specific population groups, such as the Child and Youth Network, the Falls Prevention Network, and the Cancer and Palliative Care Network).

A priority of the Networks is to cultivate leaders across the health system and community to help influence policy development, system change and inform the implementation of health reform.

The Networks have led to the development of almost 60 evidence-based models of care and policy frameworks designed to support best-practice models of care in the clinical and community settings, and a consistent approach to service and facility planning and purchasing directions. More information is available from the [Health Networks' website](#).

**Benefits:**

- Sustained, high-quality engagement across a vast and complex health system
- Highly-integrated, consistent pathways of healthcare
- Effective implementation and utilisation of evidence-based practices
- Systematic policy and leadership development

**Learnings:**

- Flexibility of structures is required for larger collaborations to grow and mature
- The collaborations need to achieve ongoing worthwhile, visible outcomes to maintain momentum
- The collaborations need to be strategically-driven and have a clear, common purpose
Collaboration Case Study - School Breakfast and Nutrition Education Program

Key players:

- WA Department of Health
- WA Department of Education
- Royalties for Regions
- Foodbank WA

Brief description:

The School Breakfast and Nutrition Education Program is a state-wide initiative designed to improve the nutrition and wellbeing of children who are vulnerable to poor diet and health. The program does this by improving access to a variety of healthy foods in schools free of charge, and providing nutrition education through qualified nutritionists and dietitians. The program is delivered by Foodbank WA and jointly-funded by the Department of Education, Department of Health and Royalties for Regions.

The Program directly reaches over 18,000 children, serving over 61,400 breakfasts and 21,600 ‘emergency’ meals per week, specifically targeting schools at greater risk of disadvantage, including those in regional and remote areas. Many schools have integrated the School Breakfast and Nutrition Education Program into other school or classroom activities, including lessons relating to health and physical education, cooking classes, school-based health programs, and school garden programs. More information is available from [http://www.healthyfoodforall.com.au/school-breakfast-program/](http://www.healthyfoodforall.com.au/school-breakfast-program/)

Benefits:

- Highly effective use of different agency-specific functions and capabilities
- Excellent awareness of shared agendas and strategic directions among agencies

Learnings:

- Consumer involvement and interest assists greatly with program sustainability
- Ongoing commitment is required from all agencies
- Stakeholders can all contribute greatly to the success of the collaboration in different ways
Collaboration Case Study - Public Sector Health and Wellbeing Networking / Mapping Exercise

**Key players:**

Twenty-one Government Departments and Agencies were consulted. (Note: this is not a formal ‘membership’ in the usual sense; but an informal network).

**Brief description:**

Chronic disease and injury are leading causes of disability, sickness and death in the community. As many of the factors that influence community health, wellbeing and safety do not fall within the direct control of the health sector, it is vital to ensure that health and wellbeing are fundamental considerations in public policy development across all relevant sectors. To support advancement of the preventive health agenda, the Director, Chronic Disease Prevention arranged face-to-face meetings with officers of equivalent seniority across a wide range of WA public sector agencies, to map the extent to which health and wellbeing were relevant to and/or considered in their development of public policy and decision-making.

**Benefits:**

- Broadening constituency support for chronic disease and injury prevention
- Raising awareness about the work of the Chronic Disease Prevention Directorate (CDPD) and its formal guiding strategic work framework, which has since been referenced by other agencies
- Raising the profile of the Department of Health (DoH) as a trusted expert on adopting a coordinated approach to preventive health
- Exploration of opportunities to work more collaboratively where there are shared interests
- Expansion and strengthening of the CDPD’s professional networks and knowledge of other sectors and how best to engage with them
- The formation of an informal ‘health and wellbeing’ alliance through contacts with other agencies

**Learnings:**

- Senior officers of Departments and Agencies contacted welcomed the opportunity to meet and exchange information with the Director – it was clear that there is substantial synergistic work being done, and a demonstrable eagerness to link and share.
- Needs to be clearly stated that there is no expectation that the DoH or other agencies are being asked to engage in or commit to any new, unfunded projects.
Collaboration Case Study – Bushfire Planning Reforms

Sense of urgency:

The reforms implemented key recommendations of the June 2011 report by Mick Keelty, A Shared Responsibility: The Report of the Perth Hills Bushfire February 2011 Review, tabled by the Premier in Parliament. The Department of Planning, Lands & Heritage (formerly DoP) was made responsible (August 2013) by the Bushfire Review Implementation Group (on the advice of the Department of the Premier and Cabinet) for the implementation of five recommendations despite not all of them being limited to the planning system.

Clear and strong authorising environment:

Cabinet endorsed a package of reforms in March 2014 to address the planning and building recommendations of the Keelty Report.

Public value:

The reforms resulted in a single State-wide map of bushfire prone areas (BPAs) and significantly strengthened the planning and building response to development within BPAs.

In relation to the State map, Keelty recommended the WAPC be the appropriate authority. DPLH argued that the Department of Fire and Emergency Services (DFES) as the agency with bushfire expertise should do so with DFES arguing for Keelty’s position. Ultimately, State Solicitor Office (SSO) advice confirmed the FES Commissioner was the appropriate authority to designate BPAs.

The subject matter, origin of the recommendations and Cabinet endorsement have all contributed to a very close and collaborative working environment between the three key agencies, DPLH, DFES and the Building Commission (BC). Despite this, issues have arisen both in relation to the development of the initial policy position and, more significantly, in relation to implementation.

In relation to policy development, where DPLH and DFES couldn’t agree in relation to the co-badged bushfire Guidelines, DPLH deferred to DFES on technical matters given its specific expertise. This was dealt with at officer level and was impacted by the complexity of the issue, the very limited time available and the fact that, from a DPLH perspective, it was vastly preferable that DFES be a co-author (the risk being that DFES wouldn’t if its view didn’t prevail; noting the Guidelines have subsequently been amended – with a change of DFES officer – in line with DPLH’s preferred position).

By way of contrast, in relation to bushfire planning regulations, the need for an agreed position was dealt with at senior management level and reached relatively easily. While of a less technical nature and not actually requiring DFES’s agreement, this was clearly preferable, including in relation to being able to advise relevant decision-makers (WAPC and Minister) of DFES’s support. The senior managers involved had worked together in previous roles (in different agencies) and had a positive, mutually respectful relationship which no doubt assisted reaching agreement.

In relation to implementation of the bushfire State Planning Policy and Guidelines, the primary issue has been the tension between a planning system that involves balancing multiple considerations and a singular black and white issue perspective (advice) of another agency (acknowledging it’s particular understanding of the subject matter). This has meant DFES advice interpreting the policy in a way that, in a broader planning context, is impractical, not feasible or considered simply too risk averse. DFES resources have also been an issue, impacting on operational capabilities.

While the collaborative approach has meant that there is agreement between the two agencies in 95% of cases, there has been significant frustration (from a planning perspective, albeit DFES also feels some frustration) at a perceived inability to adopt a pragmatic approach to reach a common
sense (‘pub test’) outcome. This has been compounded by the third key agency, the Building Commission, taking a strict approach to the application of construction standards (partly in response to an Intergovernmental Agreement) and adopting DFES’s position (even when inconsistent with the BC’s own legislation).

**Key issues affecting the success of the collaboration:**

- Responsibility given to a non-central agency (DPLH) to lead implementation of a range of recommendations requiring agreement across a number of agencies i.e. outside DPLH’s control.
- Disagreement by agencies as to a key responsibility (relating to the State map of BPAs) and policy interpretation.
- Overall timeframe and resources provided to project given its large scale and complexity.
- Lack of recognition/understanding of the role and requirements of the planning system by other agencies, particularly in relation to the breadth of issues that have to be considered/balanced.
- The role and highly risk averse approach of DFES with its specific (bushfire) expertise and limited willingness to consider alternative solutions/outcomes (including solutions provided by non-government bushfire experts) particularly from a risk management perspective; this exacerbated by a lack of resources/alternative perspectives within DFES itself.
- Approach by a third agency (Building Commission) to only accept DFES’s position even where (as subsequently confirmed by SSO advice) there was no basis in law.
- BC pointing to IGA limitations restricting its ability to put in place alternative construction standards despite acknowledging this impacts on pragmatic outcomes and that other States have done so.

**Actions taken to address:**

- Regular and frequent cross-agency meetings have resulted in each agency achieving a significantly greater understanding of the others’ position and subject matter; from a planning perspective this includes being able to identify more quickly when something won’t work in a planning context.
- Elevating issues to senior management, including DG level, where an impasse has been reached (albeit with limited success).
- Obtaining SSO advice to clarify legal issues and responsibilities.
- DPLH allocating 0.4FTE to DFES to both assist with workload and to provide greater understanding of the planning system and the advice it requires.
- DPLH taking on more of the workload to achieve outcomes and pushing for solutions.
- Use of (pre-existing) personal relationships between senior officers to facilitate outcomes.

In response to concerns raised by external stakeholders (some shared by DPLH), the Minister for Planning in conjunction with the Minister for Emergency Services requested the Member for Armadale to carry out a review of the bushfire policy framework including the State bushfire map. This provided an opportunity (effectively a work around) for DPLH to put forward solutions based on a risk management perspective intended to facilitate pragmatic outcomes. Interestingly (and somewhat unexpectedly), when DPLH outlined these solutions at senior management level to DFES and BC, support was broadly provided.
Collaboration Case Study – Integrated Service Centre Project (2007)

The Integrated Service Centre (ISC) project was established to improve the delivery of services to humanitarian entrants. It was a partnership between the Office of Multicultural Interests (OMI), the Department of Education and Training and the Department of Health. The Department of Child Protection (DCP) and the (then) Commonwealth Department of Immigration and Citizenship (DIAC) were also key stakeholders. Key aims included adopting a whole-of-government approach to improve services and promote partnerships and links between relevant government and non-government agencies.

**Sense of urgency:**

An Across-Government Working Party was established (2005) by the then Minister for Citizenship and Multicultural Interests to identify emerging settlement issues of significance for African humanitarian entrants and chaired by a member of the government.

**Clear authorising environment:**

In 2006, Cabinet endorsed the piloting of two ISC sites.

**Public value:**

The project was intended to target some of the most vulnerable communities in WA.

An independent evaluation of the project was undertaken by ECU (published 2009) and found that the project had achieved both these aims including that it provided an excellent example of interagency cooperation.

Key recommendations identified by the review as part of project implementation were:

- adequate (i.e. additional) resourcing
- streamlined reporting
- a clearer leadership role, including to ensure the establishment and maintenance of a collaborative work culture
- ensuring project objectives aligned with multi-agency policy and practice
- ensuring job descriptions aligned with intended work tasks and clear demarcation of tasks, especially where a potential overlap of responsibilities
- provision of common standards, policies and procedures by the multiple service providers (where feasible) or otherwise implement strategies to address differences in practices.

In relation to leadership:

- a lack of formal leadership created issues amongst some (but not all) parties
- the direct relationship between the lead government agency (OMI) and NGO ISC staff resulted in some NGO perception of undermining and lack of control
- there were divergent views as to the benefits of having a specific on-site manager to address the internal issues created by the number of government and non-government agencies working together on one site with ultimately the review recommending such an appointment (albeit at additional cost)
it was observed that, where no leader is appointed, inevitably someone assumes the role of manager which can be problematic, particularly where others perceive the self-appointed leader as overstepping their role.

In relation to standards, policies and procedures, there is a need to:

- recognise and utilise where possible existing agency policies
- agree on minimum standards, particularly where both government and non-government agencies involved
- apply these standards consistently across both government and non-government agencies

In relation to communication:

- recognition that teamwork and individual personalities can cause conflict in any workplace
- different implementation locations of the same project can have functional/cohesive vs dysfunctional/divided relationships
- good communication is key to positive relationships and therefore successful implementation including a clear recognition/understanding of different personality styles and regular face to face meetings, creating a sense of camaraderie and making a difference.
Everybody agreed it was a public health risk. Someone put up a sign warning people that there was asbestos in the ruins of the burnt-out house in Maroochydore. But Workplace Health and Safety Queensland (WHSQ), Queensland Health (QH) and the local council disagreed about which agency was responsible for follow-up action. There was debate whether the site was a workplace, whether the risk from asbestos was high enough to invoke the Public Health Act, or whether it was a matter of building safety that should be managed by the council. It was a month before a fence was erected to prevent members of the public, including children, from walking through the site.

This was one of many similar cases that prompted the Queensland Ombudsman to comment in a 2013 report that ‘[a] lack of coordination lies at the heart of my concerns about asbestos regulation and response in Queensland’.1 Twenty-six of the 36 recommendations in that report related to collaboration. Four years earlier the Queensland Government had introduced an Interagency Asbestos Group to improve collaboration between the departments with a role in asbestos management (Exhibit 1). What could it now do to develop a more consistent, co-ordinated and strategic approach?

An insidious killer

A naturally occurring mineral, asbestos is composed of thin crystals harbouring millions of microscopic fibres that disperse under friction. It has been mined for millennia, but its physical properties, such as strength, fire resistance and low-cost, ensured that its use in industry was widespread by the first half of the twentieth century. It was used extensively in the building construction and manufacturing industries in a significant number and variety of products, such as asbestos cement, sheeting and thermal insulation, as well as for gaskets and brake pads. Other

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commonly used products that often contained asbestos included fire blankets, insulation in heaters and stoves, and floor coverings.² Asbestos was mined in Australia until late 1984, when the practice was banned, and with an estimated 750,000 tonnes of the mineral having been produced. Prior to this time Australia was one of the highest users of asbestos in the world.

Asbestos has been recognised as a workplace hazard since the 1930s. However, it was not until the 1950s that a consensus started to emerge that it caused highly debilitating and ultimately fatal diseases for workers directly handling it. Inhalation of asbestos fibres is now known to cause mesothelioma (a cancer of the lining of the outer lung or abdominal cavity) and asbestosis (a chronic lung disease), the symptoms of which only manifest decades after initial exposure. It is also now known that the harm is spread far more widely in the community, with asbestos-related diseases occurring amongst the families of workers, occupants of buildings containing asbestos, and, increasingly, home renovators. In 2012 the National Health and Medical Research Council (NHMRC) noted that asbestos is ‘a highly toxic, insidious and environmentally persistent material that has killed thousands of Australians, and will kill thousands more this century’.³

A national approach to asbestos management?

The management of asbestos and the effectiveness of asbestos regulation in Australia has, since the late 1970s, been the target of many government-initiated inquiries and reports, but has taken on renewed importance in the last decade as a consequence of high profile legacy cases of asbestos compensation.⁴ One of the most prominent, the Commonwealth Government Asbestos Management Review, was established in 2010 ‘to make recommendations for the development of a national strategic plan to improve asbestos awareness and management and removal’.⁵ Chaired by Geoff Fary, the review was assisted by an expert advisory group whose membership was appointed entirely from outside of government.

Released in 2012, the Fary Report observed that:

Australia has the highest reported per capita incidence of asbestos-related disease in the world. Due to extensive asbestos use throughout the nation, and incubation periods of up to 50 years or more between exposure and the manifestation of disease, the sad reality is that Australians will continue to contract and die from asbestos-related diseases for many years to come.⁶

In managing both the ongoing risk and legacy public health impacts, the Report noted that the legislative framework for asbestos management varied between jurisdictions. The greatest uniformity was in work health and safety legislation that applied to workplaces (including residential premises where ‘work’ is being undertaken) with the aim of protecting workers and bystanders. In contrast, regulatory responsibilities in other areas were highly fragmented: environmental protection agencies generally have responsibility outside of the built environment; health departments have responsibility for public health asbestos issues; and local councils retain significant responsibilities through their environmental and planning functions. Not surprisingly it found that:

³ Fary Report, p.2.
⁶ Fary Report, p.2.
management of asbestos is regulated in different ways and with varying levels of success across all levels of government ... The historical use of asbestos both in Australia and globally and the continuing rise in asbestos-related diseases in the Australian community make a compelling case for a national strategic plan.7

Arising from the national review, an interim Office of Asbestos Safety was established in September 2012 and legislation was passed to create the Asbestos Safety and Eradication Agency (ASEA). ASEA is supported by an Asbestos Safety and Eradication Council whose ten members include one representative from the Commonwealth and four representatives from state, territory and local governments.8 The Agency reports to the Minister for Employment and its principal role is to liaise with governments at all levels, and relevant non-government bodies, on the implementation of the National Strategic Plan for Asbestos Management and Awareness (NSP), released in July 2013. The NSP is a high-level framework document within which jurisdictions work both cooperatively and independently to achieve set objectives.9

The aspirations for ‘cooperative and independent’ working within a national framework jarred with the messy reality of asbestos management at the sub-national level. Both before and during the genesis of ASEA, a succession of reports by watchdog agencies across the Australian states and territories attested to incoherent and halting response efforts, and the heavy reliance that was being placed on ambitious coordination mechanisms.

For example, in Western Australia the Auditor General observed in 2007 that the workplace health and safety regulator’s oversight role was confined to the management by government agencies of asbestos risk in relation to their own buildings, and noted that the Asbestos Steering Committee, meeting regularly since 2006, would be ‘the peak government body to coordinate a whole of government approach to the management of asbestos across government’.10 In New South Wales, a 2010 report of the Ombudsman found a similar absence of coordination: ‘[d]iverse arrangements contribute to confusion amongst members of the public, councils and industry alike...It seems that efforts by agencies to address the key deficiencies have been hampered by a lack of central planning, fragmented responses to incidents, and limiting legislation.11 The report recommended development of a state-wide plan, the drafting of an Asbestos Act, and the creation of a dedicated Asbestos Coordination Authority to co-ordinate government activities in relation to all asbestos regulation, remediation, training, industry oversight and public awareness.12

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7 Fary Report, p10.
9 In February 2014, the National Commission of Audit, appointed by the newly elected Abbott Coalition Government, recommended the consolidation of the ASEA into the Department of Employment, with the aim of achieving overall reductions in administrative costs. ASEA was also requested to review the NSP by the Minister for Employment, ‘whose commitment to a national consensus on the issue of asbestos awareness and management saw the opportunity for further consultation with the Australian Government agencies and the states and territories to assist the process’ (Asbestos Safety and Eradication Agency. 2015. National Strategic Plan for Asbestos Awareness and Management. https://asbestossafety.gov.au/national-strategic-plan-asbestos-awareness-and-management Accessed on 13 April 2015).
12 NSW Ombudsman, p18.
The Queensland Ombudsman investigates

In 2013 the Queensland Ombudsman investigated the approaches of state agencies and local councils to asbestos regulation, with a focus on the coordination of the government’s response to asbestos across different agencies and councils. It sought input from a wide range of stakeholders, including the main state government agencies involved in asbestos management and regulation, the Local Government Association of Queensland, the Queensland Building Services Authority, the Department of Local Government and a number of key industry peak bodies. The investigation was initiated by the Ombudsman in light of similar reviews in other jurisdictions, and heightened community concerns about the effectiveness of responses, especially to asbestos removal.

Many cases of responsibility shifting were examined in the Ombudsman’s report. In one incident, a painter had pressure-cleaned an asbestos roof, causing splashing of asbestos particles, but had then vacated the site without remediation. Workplace Health and Safety Queensland (WHSQ) officers said they did not have a role in arranging the clean-up as it was no longer a worksite because the contractor had left. Officers from the then environment department (now the Department of Environment and Heritage Protection, DEHP) also denied responsibility. It appeared to be possible that Queensland Health (QH) and the relevant council could also have denied responsibility on the basis that a contractor had caused the damage.

Another disturbing occurrence recounted in the report related to the dumping of asbestos on Crown land, which although gazetted as a road was unused as such. DEHP claimed that the removal of the asbestos was the responsibility of the local council. However, the council maintained that it was only required to mow the grass and not to remove waste on the side of the road. The asbestos simply remained where it had been dumped as no agency would take responsibility for removing it.

A complicated regulatory framework

The Queensland regulatory framework for asbestos management in 2013 was governed by ten main statutes and two codes of practice, and administered by multiple state government agencies and the 73 local councils (Exhibit 1). The key roles and responsibilities, as articulated by the Ombudsman, are summarised below:

- WHSQ within the Department of Justice and Attorney-General (DJAG) regulates the management, control and removal of asbestos in workplaces under the Work Health and Safety Act 2011 (WHS Act) and the Work Health and Safety Regulation 2011 (WHS Regulation).
- QH has primary responsibility for the regulation of public health risks under the Public Health Act. Whilst asbestos in non-workplace areas is one such risk, the responsibility for workplaces is shared with councils. QH provides information and advice to the general public on asbestos and its health risks and works in partnership with other agencies in response to incidents involving asbestos.
- Councils have responsibility for a wide range of asbestos-related activities including regulating asbestos in non-workplace settings under the PH Act (however, most councils refer all or part of this role to QH), managing landfills and transfer stations where asbestos is accepted under the Environmental Protection Act 1994 (EP Act), cleaning up the illegal dumping of asbestos material under the EP Act and the WHS Act (where council officers are undertaking any clean-up) and any relevant local laws.

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13 Queensland Ombudsman 2013.
14 Queensland Ombudsman 2013, pp 6, 12, 47.
The Department of Environment and Heritage Protection (DEHP) is responsible for maintaining public registers of contaminated land (including land contaminated by asbestos) and licensing disposal facilities. It also regulates the transportation and disposal of asbestos waste under the Environmental Protection Act.

The Department of Housing and Public Works (DHPW) has a policy on asbestos management and control for government buildings that applies to all government agencies. It provides information, technical advice and removal expertise to other agencies.

In 2009, the Queensland Government established the Interagency Asbestos Group (IAG) to identify ways to improve the coordination of state agency and council activities relating to asbestos. All the agencies listed above, along with the Department of State Development, Infrastructure and Planning (DSDIP), the Department of the Premier and Cabinet (DPC) and the Local Government Association of Queensland (LGAQ), were represented on the IAG. The IAG’s terms of reference included clarifying the roles and responsibilities of agencies; identifying barriers to interagency coordination or management of asbestos issues; developing options for improving the effectiveness of asbestos management; providing technical and policy advice on asbestos-related issues; and promoting the exchange of information between agencies and councils.

Where’s the coordination? The Ombudsman’s report

In The Asbestos Report: An investigation into the regulation of asbestos in Queensland, the Ombudsman replayed the obvious: ‘the framework for regulating asbestos in Queensland is complex and contains a number of gaps and areas of confusion’, including the absence of a shared understanding among agencies of the risks posed by asbestos. A key deficiency was quite simply confusion among agency and council officers:

In each case, different agency officers had different views about the limits of their jurisdiction and ... some areas were identified with no agreement on which agency had responsibility. This has at times resulted in a poor service to the public, who rightly expect that the government as a whole will be able to provide a coordinated, timely and efficient response to asbestos matters. In fact, a review of complaints received by various agencies and councils identified that interagency coordination is one of the key issues for the management and regulation of asbestos in Queensland.

A lack of information sharing between agencies and a failure by agencies to track trends in asbestos complaints and issues also increases the difficulties faced by agencies in providing an effective response to asbestos.

On the Interagency Asbestos Group, the report observed that whilst the ‘IAG was intended to take this strategic oversight role to coordinate different agencies’ responses to asbestos, the significant problems identified by the investigation suggest that the IAG has not been entirely successful in resolving issues’. It commented further that:

[i]n addition, the investigation identified significant criticisms of the current IAG model from both stakeholders and agencies. While the IAG has achieved some positive outcomes over the past three years, the overarching issue with the IAG appears to be the lack of a unified, cohesive approach driven by a single person or agency. The multiagency, collaborative approach means that decisions are unlikely to be made quickly, and consultation appears to take significant time to conclude some issues.

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15 Queensland Ombudsman 2013, p vii.
17 Queensland Ombudsman 2013, p 63.
A lead agency model

The Ombudsman’s report made 36 recommendations, of which 26 were related to collaboration. Key among them was the need to appoint a lead agency for the coordination of issues relevant to the management and regulation of asbestos. The report envisaged that the lead agency would:

- be responsible for reporting on asbestos issues to a single Minister and, through the Minister, to Cabinet. While agencies will still be responsible for delivering policy and undertaking their individual functions, the lead agency will effectively act as a coordination body and single decision-maker who could take responsibility for coordination and strategic oversight, as well as ensuring that actions are taken in a timely manner.

Seven other recommendations assigned specific responsibilities to the lead agency (Exhibit 2), although the Ombudsman suggested that the lead agency role may not be needed in the long term as ‘[i]t may well be the case that in a few years, once coordination and strategy issues are resolved and asbestos regulation is proceeding effectively, the lead agency approach would no longer be required and a revised interagency committee model could then be adopted without difficulty’. The remaining collaboration-related recommendations called for actions involving two or more agencies or sought to address related governance issues, for example to develop a formal mechanism for passing information between agencies about possible illegal dumping or improper transport of asbestos.

Postscript: After the Ombudsman’s investigation

The Queensland Ombudsman’s Asbestos Report had immediate impact. Before its official release the Ombudsman noted that ‘I was advised by a senior DJAG [Department of Justice and Attorney-General] officer on 17 January 2013 that DJAG had been nominated as the lead agency’. Further, following the distribution of the draft report to relevant agencies for comment, the DJAG had advised the Ombudsman that it had already commenced coordinating work on preparing a strategic plan in accordance with that recommendation.

A state-wide strategic plan for the management of asbestos was issued in 2014, with the aim of providing ‘a strategic and coordinated approach to the regulation and management of asbestos in Queensland to minimise the risk of exposure to asbestos fibres at workplaces, domestic premises and in the natural environment’. The high-level plan identified seven goals under three priority areas for action:

Priority 1: Minimising the risk of exposure to asbestos:

1. Ensuring a robust and effective licensing regime
2. Ensuring compliance and control of risks
3. Reducing illegal dumping

Priority 2: Seamless and integrated government service delivery

4. Clear roles and responsibilities of agencies
5. Effective ways to deal with complex incidents and natural disasters

Priority 3: Community education and awareness about asbestos:

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19 Queensland Ombudsman 2013, p viii.
20 Queensland Ombudsman 2013, p 64.
21 Queensland Ombudsman 2013, p 60.
6. Improved community access to information
7. Improved public awareness of asbestos-related matters

The strategic plan identified WHSQ within DJAG as the lead agency for the strategic coordination of asbestos regulation and management and, where necessary, incident response. It included a commitment to monitor and evaluate the initiatives, review the plan annually and report to the public annually on progress.23

The first report card released by WHSQ in September 2014 acknowledged the Ombudsman’s criticism of the previous lack of coordination and cooperation between agencies, noting that:

[r]elevant agencies are working collaboratively through the Interagency Asbestos Group to provide coordination and strategic oversight of asbestos issues, incident response and joining up of asbestos services across government boundaries.24

The Ombudsman had observed in his report that costs had been raised as a potential barrier to councils carrying out asbestos regulatory work, without making any specific recommendation. Subsequently the Local Government Association of Queensland (LGAQ) raised specific concerns about insurance and expressed the view that local government was administering devolved legislative responsibilities created by the Queensland government and that ratepayers should not have to fund these specialised activities through increased insurance premiums.25

When the Health and Other Legislation Amendment Bill 2014 was introduced to Parliament in September 2014, it specifically included a statutory indemnity for local governments enforcing asbestos regulations under the Public Health Act 2005.26 The Explanatory Note to the Bill stated that, in developing the Statewide Strategic Plan for the Safe Management of Asbestos in Queensland 2014-2019, the Queensland Government acknowledged local government’s continuing role within the framework and sought to implement a more collaborative and integrated approach for managing and responding to asbestos-related risks in Queensland.

The Bill gives effect to this intent by addressing the protection from civil liability risks for asbestos-related matters – a key barrier that has prevented local government from being able to fully assume responsibility for the administration and enforcement of asbestos-related matters. This is achieved by transferring civil liability for asbestos-related matters from local governments to the State, conditional upon the local government’s sound practices in preventing and managing asbestos-related events, such as Acts, laws and guidelines, staff training, record-keeping and cooperation with the State in the defence of claims. The proposal to transfer civil liability from the local government to the State is a one-off measure.27

Another potential barrier to collaboration was thus removed. The question for the Queensland Government was whether this, or any of the other initiatives, would be sufficient to bring about an effective improvement in collaboration in the management of asbestos.

23 Ibid, p 11.
25 Queensland Ombudsman 2013, p 34.
Exhibit 1: The framework: Agency roles and responsibilities in 2013 (Queensland Ombudsman 2013: 3)

Glossary:

- **DCS**: Department of Community Safety
- **DEHP**: Department of Environment and Heritage Protection
- **DHPW**: Department of Housing and Public Works
- **QH**: Queensland Health
- **WHSQ**: Workplace Health and Safety Queensland
Recommendations assigning responsibilities to the lead agency were:

work with relevant state agencies, councils and the LGAQ to ensure that:
(a) there are adequate facilities in each local government area to enable homeowners and contractors to dispose of asbestos waste safely and lawfully
(b) council websites contain adequate information for members of the public to determine whether a landfill accepts asbestos, what the arrangements for asbestos disposal are and the fees involved;

(a) ensure that all government websites that mention asbestos have a link to the single portal website
(b) ensure that the single portal website contains a comprehensive list of all asbestos legislation with clear explanations
(c) ensure that the single portal website links to the register of asbestos industry workers (see recommendation 10)
(d) consult with industry stakeholders to determine what information may be missing from the single portal website, in particular in relation to commonly asked questions and key areas of confusion, and provide this information on the single portal website.

(a) develop a strategy for advising relevant agencies, stakeholders and the public about the use of the single hotline in relation to asbestos
(b) work with other agencies and councils to ensure the hotline is advertised on all agency and council websites relating to asbestos.

in consultation with other relevant agencies, develop a whole-of-government communication strategy that:
(a) uses identifiable ‘trigger points’ to communicate information about asbestos before exposure to asbestos occurs
(b) tailors information and communication methods to the target group or trigger point
(c) includes a component of broader community awareness
(d) addresses key areas of confusion that are identified in this report or through further discussions with agencies and industry stakeholders
(e) ensures a consistent message is provided by all government agencies.

consult with all relevant agencies and develop an integrated strategic plan for the management and regulation of asbestos in Queensland, including by addressing such areas as:
(a) risk management
(b) enforcement and response
(c) licensing
(d) reporting and coordination between agencies
(e) education and community awareness
(f) linkages to any national asbestos strategy.

This plan should be signed by all relevant agencies and agreements reached to implement the plan in accordance with agreed timeframes.

work with all relevant agencies to prepare an agreed position on risk, including the risk posed by low density board. This risk information should be adopted in all agency publications and inform the integrated strategic plan.
(a) ensure that all government agencies that deal with asbestos track trends on asbestos complaints, compliance and relevant asbestos issues and provide this information to the lead agency
(b) use this information to inform the integrated strategic plan.

Other recommendations calling for specific collaboration between agencies or for the addressing of governance issues included:

The Directors-General of QH, DJAG and DEHP urgently work with councils to:
(a) finalise the ‘Guidance Note – Decontamination and clean-up of debris arising from fire damaged buildings that contain asbestos materials’
(b) provide clear guidance to all agencies on:
   (i) which agency has the primary responsibility for responding to asbestos issues in which type of fire situation
   (ii) how agencies will coordinate their response efforts after fires
   (iii) particular confusion that may arise regarding the jurisdiction of agencies in relation to asbestos issues after fires.

The Directors-General of DJAG and QH work with relevant agencies and councils to:
(a) finalise the Asbestos Multiagency Incident Response Plan
(b) ensure there are mechanisms within Local Disaster Management Plans to identify responsibility for asbestos issues and communication with the public about asbestos risks during natural disasters.

The Directors-General of QH, DJAG and DEHP urgently work with councils to develop a protocol that assigns responsibility for managing the response, clean-up and costs of asbestos incidents where the responsible party is not immediately identifiable or is unable or unwilling to carry out the necessary clean-up activities.

The Directors-General of DJAG and QH jointly develop and provide clear advice to all relevant WHSQ and QH officers about the precise limits of each agency’s jurisdiction in relation to the situations identified in this report and any other situations where the jurisdiction of WHSQ and QH is unclear to officers.

The Director-General of DJAG consider the issues of concern raised by WHSQ officers relating to the suitability of existing fines and enforcement tools available to regulate asbestos in the workplace and respond to these issues by:
(a) providing further information and training to WHSQ officers, or
(b) progressing amendments to the model OHS legislation.

The Director-General of DJAG work with the BSA 28 to make best use of the BSA’s licensing regime to both provide education to contractors and address non-compliance with the asbestos provisions of the WHS legislation.

The Director-General of QH:
(a) work with councils to resolve whether asbestos should remain a local government public health risk as defined by the PH 29 Act
(b) take steps to implement this agreed approach.

The Directors-General of QH and DJAG work with councils to:
(a) identify the types of situations where asbestos response work may be stymied by a lack of jurisdiction in the first-response agency
(b) consider whether these situations may result in an increased risk of exposure to asbestos while the response is delayed

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28 BSA Building Services Authority.
29 PH Public Health.
(c) consider options to improve the ability of agencies to respond to urgent issues regardless of which agency initially responds to the complaint.

The Director-General of QH provide clear and detailed guidance to QH officers, other agencies, industry stakeholders and the public about how the 10m² rule is applied.

The Director-General of QH review and take steps to address:
(a) the adequacy of enforcement tools available under the PH Act
(b) any areas of confusion or uncertainty for QH inspectors or council officers with regard to the application of the PH Act and PH Regulation to asbestos issues
(c) factors impeding inspectors’ ability to take enforcement action under the PH Act.

The Director-General of DJAG raise at a national level the issue of whether there should be an asbestos surveyor’s licence in the model OHS legislation.

The Director-General of DJAG continue to consult with industry stakeholders in considering whether all Queensland building and trades apprenticeships should include a mandatory, practical training component tailored to the relevant trade which deals with the identification, handling and removal of asbestos as well as relevant asbestos legislation.

The Director-General of DEHP work with councils to reach agreement on which agency has responsibility for cleaning up illegal dumping in specific situations.

The Directors-General of DJAG, QH and DEHP work with councils to develop a formal mechanism for passing information between agencies about possible illegal dumping or improper transport of asbestos.

The Director-General of QH work with councils to develop guidelines regarding the provision of information about asbestos on council websites to ensure that the information provided on council websites is accurate, consistent and comprehensive, or that council websites link to the single portal website for asbestos information.

The Directors-General of DJAG, QH and DEHP:
(a) agree on common wording to explain clearly, with sufficient detail, each agency’s role in relation to asbestos
(b) ensure the agreed statement of each agency’s role is available on each agency’s website together with a reference to each agency’s governing legislation.
BACKGROUND

Promotion of an efficient and effective public sector and planning for its future management and operation lie at the heart of responsibilities vested under section 21A of the *Public Sector Management Act 1994* (PSM Act) in the Public Sector Commission (the Commission), through the office of the Public Sector Commissioner.

In meeting its obligations the Commission is guided and bound by the principles set out in section 7 of the PSM Act. Relevantly, these include requirements that –

“(a) the Public Sector is to be administered in a manner which emphasises the importance of service to the community; and
(b) the Public Sector is to be so structured and organised as to achieve and maintain operational responsiveness and flexibility, thus enabling it to adapt quickly and effectively to changes in government policies and priorities; and
(c) public sector bodies are to be so structured and administered as to enable decisions to be made, and action taken, without excessive formality and with a minimum of delay; and
(d) administrative responsibilities are to be clearly defined and authority is to be delegated sufficiently to ensure that those to whom responsibilities are assigned have adequate authority to deal expeditiously with questions that arise in the course of discharging those responsibilities; and
(e) public sector bodies should have as their goal a continued improvement in the efficiency and effectiveness of their performance and should be administered with that goal always in view; and
(f) resources are to be deployed so as to ensure their most efficient and effective use.”

The four major themes identified by the Service Priority Review panel (the Panel) as central to its work, namely:

1. Customer-focussed and outcome-based service design and delivery
2. Efficient and effective systems and processes
3. Contemporary, adaptable and high-performing workforce, and
4. Strong and strategic leadership

align closely with the Commission’s statutory agenda. The Commission therefore endorses and supports the direction that is being pursued by the Panel in terms of the areas of review to be covered.
THE ROLE OF THE COMMISSION IN ADDRESSING THE PANEL THEMES

The need for public sector “renewal” to meet an ever changing environment has long been recognised by the Commission. It is a permanent and ongoing process, to which the Commission has been, and remains, firmly committed. Accordingly, it is well recognised that there will always exist areas for adjustment and improvement. The Commission welcomes the Panel’s assistance in identifying these.

The Panel was provided with a presentation by the Commissioner on 8 June 2017, which set out issues and themes, as the Commission saw them. This second paper addresses some of those issues and contexts.

Overall, the Commission’s approach is informed by the direct and close involvement of the Commissioner over the past eight years with his jurisdictional peers through forums, such as the Australian and New Zealand Public Service Commissioners’ and the Australian Public Sector Anti-Corruption network.

Issues of integrity

While streamlining of processes and removal of red tape, seen to be working against the efficient operation of those processes, have been a constant objective of the Commission, it has also been mindful of the need to balance this with meeting the challenges of maintaining integrity in the conduct of public sector affairs. The latter consideration is of particular significance and sensitivity in Western Australia, given the not distant history of events in this State.

The genesis of much of the current approach to systems of governance lies in the work of what is known as the WA Inc. Royal Commission of the early 1990s. In that regard, the attention of the Panel is drawn to the Royal Commission’s second report, copy of which can be accessed on the following website:


Since that report a whole range of statutory initiatives has evolved, often with the Commission’s (or its predecessors’) close involvement, including:

- The Freedom of Information Act 1992;
- The Public Sector Management Act 1994;
- The Commission on Government Act 1994 (the reports of which are also available on the above website);
- The Official Corruption Commission Amendment Act 1996, establishing an Anti-Corruption Commission;
- The State Records Act 2000;
- The Public Interest Disclosures Act 2003 (PID Act); and
- The Integrity (Lobbyists) Act 2016.
Work of the Commission

The balance of the Public Sector Commissioner’s role and the accountability relationships the Commissioner has between chief executive officers and Government Ministers, is unique within Australian jurisdictions. The Public Accounts Committee confirmed ‘that a reasonable balance is being struck’ between an operationally independent public sector that is still sufficiently responsive to the policy priorities of the Government of the day.

Performance of its statutory functions
The Commission itself is closely linked with administering aspects of the integrity legislation listed above - more specifically:

• wide-ranging functions under the PSM Act, such as development and monitoring of public sector standards and codes of ethics;
• receiving and dealing with matters of minor misconduct as a result of passage of the Corruption and Crime Commission Amendment (Misconduct) Act 2014, which transferred responsibility for dealing with minor misconduct in the Public Sector from the CCC to the Commission;
• establishing standards and guidelines for the management of public interest disclosures; and
• administering the lobbyists’ register.

Within the context of this framework, the Commission has nevertheless also sought to streamline and simplify processes where feasible. For example, as part of the Public Sector Reform Act 2010 the Commission drove major reform in reducing the complexity for agencies when dealing with disciplinary matters. Equally, as part of the Workforce Reform Act 2014, the Commission pursued major reform to Public Sector redeployment and redundancy arrangements, through introduction of the capacity for employers to apply involuntary severance to employees.

Overall, it should be noted the statutory framework of the PSM Act moved administration of the public sector (and more particularly the public service) in 1994 from a centralised model under the Public Service Act 1978, where there was a Public Service Board/Commissioner with all the vested powers, to a devolved scenario where authority now resides directly with relevant employers, who are held ultimately responsible for the management of their agencies.

To the extent that the Commission can do so, within the budgetary constraints applicable broadly across the sector, it has sought to provide guidance and assistance to agencies, without imposing requirements, in a wide range of areas from workforce planning to ethical decision-making.
Future priorities of the Commission

In this context some of the Commission’s proposed priorities for the immediate future are outlined.

Machinery of Government (MoG)
The public sector is currently undergoing wide-reaching and complex renewal. The MoG process is important in responding to Government's policy priorities, environmental pressures and opportunities for better performance. The Commission has been well placed to advise, assist and support agencies through the first phase of the 2017 renewal journey. Currently a team of senior and supporting staff are working exclusively to support the successful establishment of new departments and will continue to work with the Departments of the Premier and Cabinet and Treasury to facilitate the second phase of MoG.

A strengthened leadership profile
A key role for the Commission in the renewal process is to formalise the leadership of the Public Sector. The process of selecting new Directors General following the establishment of the new departments will be underpinned by A success profile for chief executive officers and accompanying measurement guidelines. The profile describes and supports high level leadership and business-focused success factors by outlining role expectations, key accountabilities and experiences deemed critical to performance. This process commenced on 3 July 2017 and is expected to be completed by mid-August.

Strong leadership in a dynamic environment is pivotal to enduring reform. The development of sector-wide KPIs, a strengthened process to develop chief executive officer capability, and the reduction of compensation payments available to chief executive officers who end their contract early will be key initiatives in reforming the top tier of the public sector workforce.

On compensation payments, it has been agreed payments for chief executive officers terminated prior to the expiry of their contracts will continue to be calculated as usual until MoG changes are finalised. Under the PSM Act (section 101), there is a maximum payment amount of one year’s remuneration. In recent times this has become the default position. In the short term, the Commission will develop a formula that will result in a lesser payment than the statutory ceiling.

A broad talent pipeline
The Commission will ensure Government’s commitment to reducing the senior executive service by 20 per cent is fully implemented within the sector. Significant reductions in tier 2 and 3 management, and a general reduction in ‘middle management’ positions over recent years, presents capability challenges.

The Commission’s priority is to mature collective talent identification and management approach and extend it to all levels and across key professional groups by:

- continuing to run sector-wide traineeship and cadetship programs, and seeking to ensure this talent is retained over the longer term;
continuing to collaborate with chief executive officers to ensure graduate programs are prioritised and graduate development is consistent;

strengthening relationships with, and capability of, key practitioner groups through clearly defined measures of success and contemporary development; and

assisting people managers and chief executive officers to deliver strategic talent identification and management for the benefit of the entire sector.

A contemporary workforce
A contemporary workforce is flexible, mobile, and can adapt quickly to changing priorities. Consistent with the emerging themes from the Review and Directors General working groups, the Commission is considering amendments to the current policy settings. This includes giving employing authorities more flexibility in recruitment, transfer, secondment, redeployment and redundancy to build a contemporary workforce. Adjustments to relevant Commissioner’s instructions and a comprehensive training package may be sufficient to achieve this.

For example, the Commission is considering recognising university degrees as an automatic qualification for inclusion in base grade pools, from which employers may directly select employees. In those cases the PSM Act restrictions against nepotism and patronage will of course continue to apply.

It needs to be acknowledged that there is already a significant amount of flexibility in the system, requiring a different HR orientation and capacity on the part of agencies. In this context, the Commission will promote a more methodical and strategic approach to workforce planning to assist with building a sustainable and capable workforce.

A changing legislative environment
The PSM Act has been in place since 1994, with the last significant amendments made in 2015. To ensure a contemporary workforce, the Commission will consider recommending to Government necessary legislative changes, including to redeployment/severance, to give effect to changes based on recommendations from the Review and Directors General working groups endorsed by Government, and any other emerging issues arising from MoG changes.

A diverse and inclusive workforce
The office of Director of Equal Opportunity in Public Employment (DEOPE) resides within the Commission, and together with that office the Commission will collaborated to increase the sector’s focus on diversity and inclusion to respond to the needs of an increasingly diverse State.

Over the course of the last year the representation of Aboriginal Australians and people with disability has not advanced sufficiently. There is additionally some concern about the impact of the reform agenda on diversity outcomes.

Accordingly, the Commission and DEOPE will continue to work with people managers and chief executive officers to fully realise the development of a diverse workforce through:
• working with new departments to increase gender equity in senior leadership, particularly the representation of women in management;
• delivering new culturally and linguistically diverse, and LGBTI employment and/or inclusion strategies to the broader public sector;
• ensuring diversity and inclusion is considered in talent identification and management initiatives; and
• continuing to explore ways to remove unconscious bias through training, de-identified recruitment and refreshing panel interview processes.

An engaged workforce
An engaged workforce will be best placed to deliver Government’s priorities. The Commission’s 2017 perception survey found public sector employees were highly engaged, with an engagement score of 70 – comparing favourably with other Australian jurisdictions. To maintain strong engagement, particularly amid change, requires strong leadership and effective communication.

It is the Commission’s intent to work towards developing a whole-of-sector employee census to gather more diverse perspectives and address any deficits in, or barriers to, engagement and productivity. Over the coming year the Commission will also examine the options for a whole-of-sector employee value proposition.

An ethical workforce
The Commission has continued to embed the oversight, prevention and education of minor misconduct into its daily business. There has been a 12 per cent increase in minor misconduct matters notified and reported in 2016/17 from the first year of operation, possibly reflecting greater community awareness, following the Commission’s prevention and education programs.

The Commission also continues to deal with breach of standard claims, public interest disclosures, matters of referral, special inquiries (such as the Inquiry into Government Programs and Projects), investigations and examinations as they arise.

The Commission will continue to deliver a Certificate IV in Government (Investigations) and a Diploma in Government (Investigations), to enhance the capability of public officers to undertake and oversight investigations.

Other initiatives that will follow in the 2017/18 financial year to promote integrity and ethical conduct are:
• identifying misconduct trends, issues and potential risks;
• responding to high risk areas through targeted investigations and reviews; and
• delivering sector-wide products and programs to increase the knowledge and skill level of the sector to effectively promote integrity and ethical practices.

Data from the Commission’s oversight activities continues to inform its view of the conduct and integrity of the sector, and its assistance, prevention and education functions. Over the coming year, the Commission will examine how to roll out a unique identifier (Unifier) for all public sector employees to track employees who have been cited for conduct-related matters through the sector, and provide an integrity checking function as part of a robust pre-employment process.
It is anticipated the Unifier could eventually be used for talent identification and management and capability development tracking over time. The Commission will also implement an interactive dashboard on the Commission’s website to allow the public to explore the Commission’s high-level conduct, and eventually workforce, data.

A connected sector

The Commission will continue to work with government boards and committees over the coming year, having engaged with over 130. The Commission supports government boards and committees with advice on remuneration, good governance, ethical conduct and diversity and inclusion. Ensuring they have a strong connection to, and understanding of, the principles that underpin public service is paramount, given members’ proximity to community and the private sector.

Supporting the Government’s current initiatives, and the soon to be launched Onboard WA, the Commission will promote the importance of gender equality on government boards, and the value diversity of thought, skills and experiences has on improving decision making processes and reducing conduct issues.

The Commission has continued to strengthen its relationships with the Indonesian public service and expand its networks with other Asian and African public services. The Commission will continue to promote programs that build experiences beyond the Western Australian public sector, including the China reciprocal program and the Perth Indo-Pacific exchange program.

The Commission continues to intersect with its inter-jurisdictional counterparts from the Public Service Commissions and maintains a strong relationship with our colleagues in New Zealand and Singapore. The Commissions are working towards an inter-jurisdictional workforce data comparison dashboard, to allow like workforce information to be shared and benchmarked.

The Commission’s association with the Australian public sector anti-corruption bodies supports our interactions with the relevant integrity and anti-corruption bodies across the Australia and the Asia-Pacific. Its lead role with the Australian Research Council’s, Whistling while they work 2 project, continues an almost decade long relationship with Griffith University as the preeminent research body around public interest disclosures. The Commission will continue to keep up to date with contemporary research and approaches being undertaken by its counterparts.

CONTACT

Should the Panel seek further information on, or clarification of the foregoing, please do not hesitate to contact Mr Mal Wauchope AO on mal.wauchope@psc.wa.gov.au

Public Sector Commission
8 August 2017
STATE INFORMATION
GOVERNANCE FRAMEWORK

A Discussion Paper prepared by the State Records Office of WA

September 2017
PURPOSE

This Discussion Paper has been prepared in response to the Interim Report of the Service Priority Review, August 2017. It proposes a new Information Governance Framework across the State public sector to better support the government’s digital transformation agenda. Such a Framework will reduce the risk of digital transformation being compromised, assisting agencies to achieve efficiencies while delivering community focused outcomes.

Digital transformation requires much more than new digital platforms. Improved business efficiency does not depend simply on significant investment in technology. Rather, streamlined and unified digital service delivery is reliant upon how information is managed in back office systems and through internal processes. The NSW Digital Strategy, Designing Our Digital Future, refers to this as “Digital on the Inside” and has targeted it as one of three priority areas to support the NSW Strategy.¹

To achieve digital transformation for Western Australia, the public sector must change how it manages government information. This Paper sets out how the Information Governance Framework will support those changes and why such a Framework is essential.

Information governance is an approach to managing information assets across an entire organisation to support its business outcomes. Information governance is an essential element of corporate governance that must be aligned with business outcomes and risks.

BACKGROUND

Machinery of Government changes provide a unique opportunity to recast how information is captured and managed across the public sector. The formation of ‘super’ departments supports the rationalisation of systems to standardise the way in which government information assets are managed.

The State Records Office is uniquely placed to assist agencies achieve successful digital transformation. As the State government’s information management authority, the State Records Office regulates good information management practices throughout whole-of-government. The State Records Office works closely with all State and local government agencies to improve the quality of information management on a continuous improvement model. The Office operates under the State Records Act 2000 and has ensured a number of key information management objectives for whole-of-government have been achieved, including:

- All government agencies now operate with an approved Recordkeeping Plan that sets out how they manage their recorded information in all formats. The concept of the Recordkeeping Plan is being emulated in other Australian jurisdictions (Queensland State Archives; State Records Office of South Australia; National Archives of Australia) in similar forms. Through the Recordkeeping Plan, agencies work to a standards-based approach in managing their business information;

The State Records Office works closely with other regulatory offices across Australia to develop coherent approaches to information management, including digital recordkeeping. This collaboration extends to working with national bodies such as the Royal Commission into Institutional Responses to Child Sexual Abuse, the Australian Health Practitioner Regulation Agency, and others;

The State Records Office has initiated a system to manage Recordkeeping Plan / Disposal Authority processes and data for the whole of government. This system streamlines government processes and improves efficiency in the management and disposal of business information. This system has since been adopted in other Australian jurisdictions.

These achievements are significant. However, it is recognised that improvement is ongoing and that greater progress is required in the areas of:

- Digital information management, including the transition to fully digital information management environments in government agencies;
- Improving the efficiency of capturing and managing corporate information, through improved systems, processes and automation;
- Establishing a more collaborative culture across agencies in the area of information management and data sharing.

The need for organisations to improve their performance and capabilities in these areas is supported from survey data the State Records Office obtained from government agencies in 2015.

The Interim Report of the Service Priority Review identifies that a silo culture still exists in government. This silo culture is also apparent in the way agencies manage their information. Agencies are focussed on meeting their organisation’s needs, but typically operate in isolation from each other. This hampers the types of efficiencies that could be achieved were a common approach to information governance put in place. Good information governance has the potential to support innovation and the development of new ways of using government data to deliver improved services. A silo culture can significantly impede information sharing across organisations where different systems, protocols and processes create obstacles to interoperability.

The State Records Office has drafted a Born Digital strategy\(^2\) to transition all government organisations to fully digital information management environments that support improved interoperability. Initial feedback on the Strategy has shown there is strong support for this initiative and recognition of the potential benefits it can deliver but that agencies will need greater guidance in making this transition and meeting the Strategy’s objectives.

The State Records Office therefore proposes a broader Information Governance Framework that provides direction in how practical change to information management can be achieved. The Framework is summarised in this document.

The Framework proposed for the State public sector aligns with the Commonwealth model and has drawn on approaches from other Australasian jurisdictions.

\(^2\) Born Digital: State Strategy for Managing Government Information and Data
INFORMATION GOVERNANCE FRAMEWORK

The Framework aims to improve whole-of-government collaboration and innovation in a targeted approach.

Current approaches to government information management in WA are agency-focussed. While agencies are meeting legislative requirements for managing their information assets, there remain opportunities for improved efficiency, future innovation, automation and collaboration across government. Improved efficiency and compliance does not necessarily rely on significant investment in technology, but rather requires better ways of designing processes and systems at conception. The proposed Framework sets a more strategic direction for information management, looking at ways of doing things better and for less cost in the long-term.

The State Records Office therefore proposes the Framework be delivered in a staged manner. The initial focus of implementing the Framework will be with the new departments formed as a result of Machinery of Government amalgamations. Implementation for remaining State agencies and local government organisations will occur in subsequent stages. Ultimately, the Framework will apply to all government organisations in WA, both State and local.

The main elements of the Framework are as follows:

Information Governance Objectives

Under the Framework, departments and agencies must clearly identify their information governance objectives. To build more robust information governance, agencies will need to:

- Secure senior management support for the transition to fully digital information management environments;
- Understand the legal, regulatory, risk and business context for the agency’s information assets;
- Align digital information strategies and policies to the agency’s business;
- Ensure functional requirements for business systems designed and delivered by ICT meet business requirements for information management;
- Embed a culture that values information and supports digital transformation;
- Ensure systems and processes allow for the improved capture and management of corporate information;
- Assess systems functionality against standards to consider business information needs, risks and opportunities;
- Regularly assess progress in meeting the requirements of the Born Digital strategy.

Information Governance Oversight Group

The State Records Office proposes the establishment of an Oversight Group that supports and monitors implementation of the Framework across government to achieve agreed targets. It is expected the Oversight Group will comprise senior staff of the State Records Office, senior information officers from the new departments, representatives of central government agencies and other specialist staff as required.
The Oversight Group will be the mechanism to establish deliverables that will need to be met by the new departments in implementing the Framework and the *Born Digital* strategy.

**Born Digital Toolkit**

To support agency implementation of the *Born Digital* strategy, the State Records Office proposes the development of a Born Digital toolkit as a priority action. The toolkit will provide practical guidance on how agencies can:

- Establish fully digital information management environments and reduce paper-based information stockpiles;
- Ensure systems put in place meet approved Standards and allow for interoperability and portability of information and data;
- Achieve significantly improved usability for information capture, through automation and an enterprise architecture approach to systems;
- Improve efficiency, productivity and cost savings.

Where possible, the toolkit will utilise existing national / international guidelines (e.g. for records in business systems; electronic records management systems; and metadata property sets etc.)

**Legislative Requirements and Measuring Progress**

In initial consultation with government organisations on the *Born Digital* strategy, agencies stated it would be useful to benchmark their progress against other organisations.

Government organisations are already required to address and report on a range of existing legislative requirements. Under the Framework, departments and agencies will continue to meet and report on their legislative obligations. However to achieve digital transformation that aligns with the recommendations of the Service Priority Review interim report, data obtained from State Records Office new online recordkeeping plan process will be used to inform progress against government’s journey to fully digital information management environments and measures set by the Information Governance Oversight Group.
WHAT SUCCESS LOOKS LIKE

Successful implementation of the Framework cannot be considered in terms of “set and forget”. Like all programs, the implementation will be ongoing and must work to a continuous improvement model. Implementation must be flexible enough to adapt to technological, cultural and policy change.

However, objectives established by the Information Governance Oversight Group will provide organisations with useful point-in-time measures and benchmarks.

Implementation must be focussed on improved government processes, reducing duplication and inefficiency and encouraging innovation. The digital information captured and managed by organisations will:

- Be reliable, trustworthy and authentic;
- Have good metadata;
- Be managed in systems with interoperability with other agencies systems;
- Remain accessible for as long as the data and information is required;
- Identify risks associated with information and protect the security of information;
- Enable information to be used and reused by government and the community
## Benefits of Information Governance

<table>
<thead>
<tr>
<th>Benefits of information governance</th>
<th>Consequences of poor information governance</th>
</tr>
</thead>
<tbody>
<tr>
<td>Enhances information quality and authenticity</td>
<td>Data quality issues</td>
</tr>
<tr>
<td>Improves integrity and reliability</td>
<td>Unreliable information</td>
</tr>
<tr>
<td>Improves findability and accessibility</td>
<td>Information cannot be found or is difficult to interpret</td>
</tr>
<tr>
<td>Improves accountability and reduces risk</td>
<td>Non-compliance with regulations and legislation; Reputation damage</td>
</tr>
<tr>
<td>Enables security controls</td>
<td>Security breaches</td>
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<tr>
<td>Encourages opportunities and efficiencies for a holistic approach to business information needs</td>
<td>Information silos expose government to risk and limit opportunities</td>
</tr>
<tr>
<td>Enables whole-of-government information sharing, collaboration and innovation</td>
<td>Difficult to implement machinery of government change; Limits innovation</td>
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</tbody>
</table>

### NEXT STEPS

The State Records Office invites further discussion on the proposed Framework. If you would like to meet to discuss the Framework and how this can be implemented within your agency, please contact Cathrin Cassarchis, State Archivist and Executive Director State Records at cathrin.cassarchis@sro.wa.gov.au.

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Born Digital

State Strategy for Managing Government Information and Data
PURPOSE

This document sets the strategic direction for the effective management of government digital information in Western Australia. It supports the State government’s aim of achieving a digital transformation by aligning public sector technology and business functions to improve service delivery to the community.

The State Records Office operates under the State Records Act 2000 (the Act) on behalf of the State Records Commission, to regulate recordkeeping, information and data management through the development of a whole-of-government framework.

This document is a road-map to assist all government agencies to establish objectives to achieve a fully digital information management environment by [2020-2025].

“Our society is in the midst of a digital revolution which has transformed how we live our lives, how we communicate and how we use information. Technology gives government agencies the opportunity to develop new business processes and deliver improved services to the community. In a digital age, the effective management of government information is essential to supporting this digital transformation.”

*(quote to be confirmed)*

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1 Dependent upon resources to develop and roll-out Born Digital Toolkit. Implementation could also be staged for State and local government sectors.
BACKGROUND

*What is digital information and why is it important?*

Digital information comes in many forms such as documents, spreadsheets, emails, data in business systems, web resources and social media messages. All such information created or received by government are State records and must be managed appropriately. It is incorrect to think State records are just those captured in an agency’s electronic document and records management system (EDRMS).

![Figure 1](image-source)

Figure 1: Government's digital information comes in many shapes and formats.

The WA government is creating information at an unprecedented rate. The quantity, type and diversity of digital information are growing exponentially. Unless properly managed, this information may become unreadable, unusable or lost and have limited potential future use and value.

Information is an asset which supports informed decision-making, accountability and service delivery. In a digital world it makes good business sense for agencies to properly manage their digital information assets from point of creation.

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2 Image sourced from Archives New Zealand’s *Digital Continuity Action Plan* [image to be updated]
To protect government information assets agencies must take a pro-active approach to managing information properly ensuring that:

- Government digital information assets are authentic, reliable and accessible when needed
- The WA community has trust in the processes of government
- Potential efficiencies are realised

**What is digital transformation?**
The State government’s *Digital WA: State ICT Strategy* defines digital transformation in government as public sector agencies aligning their technology and business functions to transform the way public services are designed, supported and delivered for a community living and working in a digital world. The transformation of government agencies from a paper or a hybrid paper/digital environment to a fully digital environment will support this outcome.

*Born Digital: State Strategy for Managing WA Government Information and Data* will help agencies fulfil the following key principles developed by the Office of the Government Chief Information Officer in *Digital WA*:

- **Principle 2**: Comply with whole-of-government standards, methods and frameworks
- **Principle 4**: Treat information as one of the State’s most important assets
- **Principle 5**: Design government services to be digital by default
- **Principle 7**: If it can be shared, make it available to be shared

From a legislative basis, the *Born Digital* strategy is underpinned by the *State Records Act 2000* which allows for the creation and keeping of government information in the digital domain, as well as the *Electronic Transactions Act 2011* which supports government transactions in a purely electronic form.

**Why digital transformation is important**
Digital transformation is dependent on the provision of appropriate ICT infrastructure and systems to deliver government services as well as the effective management of the digital information which informs and supports that transformation.

Government agencies are currently in transition toward full digital information management with many agencies continuing to create and maintain paper-based records. Creating records in paper or other hardcopy formats can result in inefficiencies such as unnecessary duplication, increased storage costs, and unreliable or inaccessible information that cannot be easily found, shared or backed up for business continuity.

In contrast, digital information is much more usable and can be shared more easily and at less cost. In order to achieve digital transformation for Western Australia, State government agencies must transform to full digital information management. Agencies must ensure their information and data is well managed, trusted and authentic.

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Well-managed digital information:

- Is accurate, complete and can be trusted
- Is secure from unauthorised access, alteration and deletion
- Contains adequate metadata to ensure meaning and context is associated with the digital record and that it can be proven to be genuine.
- Can be digitally linked to other relevant records or datasets
- Can be found when needed

**At what stage should digital information be managed?**

Digital information must be well-managed from the point of creation with a structure containing enough descriptive metadata to allow for its continued use, legal discovery, appropriate and authorised destruction or permanent retention, ensuring it retains its evidential value.

A proactive approach to the management of digital information is required: **Do nothing and you risk losing everything.**

Most digital information has only temporary value and should be destroyed after its authorised retention period has expired. The unplanned retention of data in a backup solution presents government agencies with many risks.

A proactive approach to the disposal of digital information is required. Unless authorised disposal is carried out in a timely manner, agencies will meet unnecessary costs in storing such information. Over time this situation will become unmanageable. The scenario of ‘digital landfill’ makes digital discovery and retrieval highly inefficient. Subsequent decisions about disposal of poorly managed data become a high-risk, high-cost endeavour as knowledge of the value of the information has been lost.

“**A backup solution is intended to satisfy short-term needs for operational recovery. On the other hand, an archive solution is designed to meet long-term retention and retrieval requirements, which include assurances that obsolescence and data corruption will not compromise the archive.”**

**Oracle Corporation – Backup is not Archiving**

While agencies will still manage and retain government records in traditional formats for the foreseeable future, the **Born Digital** strategy aims to significantly reduce adding to an organisation’s physical holdings and to ensure a transition to managing government information in the born-digital form.

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How to maximise information benefits in the future
There is a strong business need for a robust Digital Archive for WA Government, to protect permanent-value government digital information assets. A centralised Digital Archive comprises systems, infrastructure, processes and services to preserve permanent-value information and ensure it is fully accessible in perpetuity. This capability will allow agencies to transfer their permanent-value information to the digital State Archive Collection in a cost-effective and coordinated manner, alleviating the ongoing burden on individual agencies of managing their key information assets over time. It is important to note that a Digital Archive is more than a data centre or a data storage solution and that in this context the term “archive” does not have the same meaning as the ICT usage of “archive”.  

Unlike paper-based records, digital information can be used more easily in different ways to meet government, industry and community purposes. Digital information supports digital transformation allowing multiple agencies to use common information and datasets to support better coordinated activity and services. Such interoperability of information needs to be underpinned by appropriate protocols, standards and connected systems.

High-value information will have ongoing use beyond its immediate business purposes. Open data initiatives, Digital Archive capability and future government strategies will allow for the re-use of digital information in ways not yet imagined.

“Archives reveal the past and help us understand the present. Archives hold the stories of governments and people and provide us with a sense of belonging. This is as true today, with digital archives, as it was hundreds of years ago with parchment. Our digital archives consist of data which will be used and re-used for centuries to come in ways we have yet to imagine.”

Cathrin Cassarchis
State Archivist

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5 The ICT use of the term “archive” is taken to mean data is stored away from the computer on which it was created for backup copies of files or for files that are no longer in active use. The files on the computer are then erased. In the ICT field, “archive” is not generally taken to mean the active management of the data to ensure it is both accessible and readable over the long term.
AGENCY READINESS

In 2015, the State Records Office surveyed State and local government organisations to assess digital information management capabilities across government. The survey results identified current issues and risks and have been used to formulate the objectives outlined in this document.

The Paperless Office
Most agencies are still creating and managing information in hardcopy. Only 2% of agencies reported that they have achieved the ‘paperless office’.

Control of Government Information
The proper management of electronic documents is currently variable, with 41% of agencies stating they use shared network drives as the main place to store their agency’s electronic documents, potentially in an uncontrolled manner.
Legal destruction of digital records
Another indicator of the lack of digital maturity is that 66% of agencies report they do not conduct authorised destruction of their agency’s digital records. Unless addressed, this will invariably lead to a situation of ‘digital landfill’ with consequent risks for digital retrieval and legal discovery.

Future access to digital information
It is significant that 38% of agencies identified risks with not being able to maintain the accessibility of their digital information over time due to technology changes.
OBJECTIVES AND OUTCOMES

This document identifies broad digital information management objectives for implementation by all organisations. Agencies are required to achieve their implementation by [2020-2025, TBD].

These objectives are to be implemented in tandem with State Records Commission Standards and guidelines and advice produced by the State Records Office, the Office of the Government Chief Information Officer and other relevant government bodies.

**Objective 1: Government agencies implement fully digital information management environments**

Agencies develop a strategy that sets out how they will achieve this objective by [2020-2025, TBD].

The following outcomes demonstrate Objective 1 has been achieved:

- An agency has a robust digital environment for all its information management requirements
- Information created in a digital format is managed in a digital format
- An agency no longer creates paper-based / hardcopy records

**Objective 2: Digital information is well managed, trusted and authentic**

Agencies use the *Born Digital Maturity Checklist* and implement the strategies provided in the *Born Digital Toolkit* as evidence they are meeting appropriate digital information practices.

The following outcomes demonstrate Objective 2 has been achieved:

- An agency captures and manages all digital information in accordance with State Records Commission Standards and State Records Office guidelines
- An agency's information and systems are demonstrated as being secure and unaltered
- An agency applies appropriate metadata to its digital records as part of standard business, in accordance with State Records Office endorsed guidelines

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6 Outcomes are to be supported by the State Records Office, *Born Digital Toolkit (to be completed).*
7 In some instances, agencies may be required to still produce and maintain documents or legal instruments in hardcopy. The above outcome is not intended to override such a requirement in these special instances.
8 *Born Digital Maturity Checklist* (to be completed modelled on NAA, NSW, Qld and SA tools)
9 AS/NZS 5478 Recordkeeping metadata property reference set (RMPRS)
Objective 3: Digital information remains fully accessible for as long as it is required

Agencies provide evidence that they are conducting authorised disposal of their digital information.

Agencies undertake audits of information needing migration and develop strategies and procedures to ensure data remains accessible. Information identified of permanent value is prioritised in such audits.

The following outcomes demonstrate Objective 3 has been achieved:

- An agency has in place migration, data integrity and data audit processes and strategies to ensure digital information remains accessible for as long as required
- An agency applies authorised disposal for digital information that is due for destruction
- An agency is ready to transfer digital information designated as State archives to the digital State Archives Collection for permanent retention

Objective 4: Digital information is used to meet different purposes

Agencies report on the usability of their data and their contribution to the Open Data initiative.

The following outcome demonstrates Objective 4 has been achieved:

- An agency ensures digital information can be exchanged between systems and agencies, and with the community, in accordance with access and data classification protocols

SUPPORT FOR DIGITAL TRANSFORMATION

Transitioning from a paper-based or hybrid paper/digital business model to a fully digital model will be challenging, but government agencies cannot afford to ignore or delay this transition. The longer the delay, the more the volume of information that is unmanaged and inaccessible grows, and the greater the risk and cost to government. The benefits of starting down this path are self-evident.

Agencies will need assistance to realise a fully digital business environment. The State Records Office, on behalf of the State Records Commission, will assist agencies to achieve the objectives outlined in this document by developing information and tools to support them, working in partnership with the Office of the GCIO and others. The SRO’s Born Digital Toolkit will include steps to achieving a paper-free office, including the tools required to support agencies in meeting this outcome.
Western Australian Museum

Submission to the WA Government Service Priority Review and response to the Interim Report of the Review Committee

The Western Australian Museum (WA Museum) welcomes the opportunity to present this submission and to respond to the Interim Report issued earlier this year following a review of Service Priorities.

This response is organised into three sections:

A. The WA Museum and Public Value
B. Response to specific points
C. Response to the Preliminary Conclusions

A. The WA Museum and Public Value

1. Focus on Purpose

1.1 Organisational reform

It is understood that this opportunity is not one for special pleading, however, it is worth citing the work of the WA Museum, the way in which it has reformed its own operations in recent years, and how this might be instructive to the macro process underway for whole of Government.

In 2010, faced with a massive budget deficit and a lack of support and, arguably relevance, the Museum underwent a major examination and strategic planning process.

The starting point for this process was an explicit statement about public value. In bold terms, we asked staff to remember who paid their wages – the people of Western Australia. That principle of People First has informed the Museum and its work ever since, and is a key aspiration of the new museum development in Perth.

Everything the Museum did from then on was initiated, monitored, measured (where appropriate) and delivered with public value in mind.

1.2 A new mission

This led to the development of mission, vision and values that reflected this new, public value focused approach. These are presented in Figure 1, below.
Figure 1.

Western Australian Museum Strategic Plan: Museum 25

MISSION
To inspire people to explore and share their identity, culture, environment and sense of place, and to contribute to the diversity and creativity of our world.

VISION
To be an excellent and vibrant Museum, valued and used by all Western Australians and admired and visited by the world.

VALUES
We are dedicated to community value which means that we will be:

• **Accountable** — We exist for the benefit of all the people of Western Australia and recognise that we are accountable to them and are custodians of their collections.

• **Inspirational, Inclusive and Accessible** — We will inspire people to explore our world and will advance knowledge through study, research and life-long learning; making sure that our facilities, programs and resources are accessible to all.

• **Enterprising and Excellent** — We will be creative, resourceful, imaginative, innovative and entrepreneurial; we will be commercially astute and aspire to excellence in all that we do.

• **Sustainable** — We will aspire to be socially, environmentally and economically sustainable and will work in partnership with others to maximise public benefit and value for money.

• **We recognise Aboriginal and Torres Strait Islander peoples as the first peoples of Australia.** We acknowledge the primary rights of Aboriginal and Torres Strait Islander peoples in their cultural heritage and will work collaboratively to advance understanding between all peoples.

2. Legislative inertia
Importantly, this exercise led to a contemporary and public-focused (or user-focused) approach that is not necessarily reflected in the Museum’s enabling legislation and this is instructive in a wider sense in several ways:
• Firstly, the appropriateness, or otherwise, of legislation in the sector: much of it is out of date and ill-suited to contemporary needs or values. In the case of the Museum Act 1969 which is still the Museum’s enabling legislation, the focus is very much on the creation and maintenance of collections – and admittedly their use for educational purposes – but there is little to suggest the wider role of museums in explaining issues of identity, understanding and community. Similarly, there is no formal acknowledgment of the important research role played by the Museum which informs the collecting activity and provides such an important resource in understanding and managing the heritage and environment of our State. Frustratingly, there are severe restrictions under the Act on the Museum’s ability to undertake commercial activity; so important to its long-term sustainability and to allow it to play its part in relieving pressure on Government funds.

• Secondly, the excessive timescales required to update or vary legislation. The Museum has been waiting for some 14 years for important changes to be made to address some of the issues, above.

• Thirdly, the slavish and conservative interpretation of legislation by State legal advisors: this is advocating to break the law(!), but suggestion that the risk-averse culture that pervades the WA Public Service (and is widely recognised in the Interim Report) manifests itself in this particular way, whereas, a more liberal consideration of the legislation and its intent would allow early adoption of possible solutions.

3. Financial planning

One of the greatest inhibitors to effective strategic planning, long-term commitment and staff morale is the inability to plan effectively because of financial uncertainty. This is not a matter of failing to recognise the economic realities – most people, I am sure, do. The issue is, however, that a number of blunt instruments have been applied, too late in the day – often part way through the year – to try to apply short-term fixes to long-term problems. In the last eight years, only in one year was the budget set and sustained. In every other year, additional savings measures were implemented part way through the year either as efficiency dividends, recruitment freezes, work force renewal, or, most notoriously, the ill-conceived and illogical budget corrective measures in 2012.

DGs and CEOs need greater certainty, notwithstanding external economic pressures to be able to effectively plan and manage their service delivery.

4. Appropriate KPIs

The Outcomes Based Management Framework has thrown up vagaries with respect to Key Performance Indicators and there are anomalies between the intent and the result of the indicators. One of the most obvious relates to cost per object of
managing the State collection and cost per visitor. If the Museum manages to earn 
significant additional income, for instance, for specific research projects, then the 
cost per unit goes up because it is calculated on gross turnover: however, the 
relative cost to the taxpayer has, of course gone down because the same 
appropriation has been received, but more has been achieved, courtesy of the 
earned income. So far from being lauded for earning extra monies to achieve extra 
outcomes, the Museum is castigated for its profligacy! This is just one example of 
how the KPI and the way it is calculated is completely counterintuitive to what it is 
trying to demonstrate.

5. Responsible risk

A theme that runs throughout the Interim Report is the risk aversion that is found 
across the public sector. There has to be greater encouragement of responsible 
risk-taking in the pursuit of innovation and excellence.

6. Accounting Practices

6.1 Senseless spending limits

Whilst there is no much that can be done about Accounting Standards, there are 
a number of things that should be examined. Firstly, and it is pertinent because 
of the comments about building more partnerships with business and industry. 
The WA Museum actually has some very productive partnerships, particularly 
with industry and with Universities. The issue is that income derived from this 
(much of which funds staff positions) goes against the Museum’s spending limits. 
This has the outcome that the Museum is penalised for entrepreneurship and 
income generation.

6.2 Collections, not cash...

Another vagary is the way in which collection items, often natural science 
specimens, are assigned a financial value in the annual Statement of 
Comprehensive Income (Profit/Loss account). This has the impact of artificially 
inflating the figures in the annual report.

6.3 Valuations

Something that is occupying major museums across Australia at the moment are 
the quinquennial valuations that museums are required to carry out. These 
valuations are tendered and so it is rare to get the same valuer twice leading to 
often massive fluctuations in the 'book value' of the collection with a concurrent 
impact on the balance sheet which can then lurch between low and high on an
annual basis. Furthermore, each valuation can cost upwards of $200,000
(including GST) for what is, after all, a fairly arbitrary process – particularly when
it comes to natural science collections. Museums believe that collections should
not be subject to valuations and should not appear, as such, on the balance
sheet. This may seem rather detailed, but it is an example of Government
inflexibility that should be challenged.

B. Response to specific points

1. The Four Directions for Reform

1.1 Building a public sector focused on Community Needs (p. 11)

The WA Museum is totally committed to this principal and is driven by its values.
This commitment and realisation was critical to the organisational reform outlined
in A., above.

In achieving this, there is a firm recognition of some of the need to be cognisant
of the factors causing sub-optimal performance listed and, where necessary, to
address these:

- **Focus on the public:** The Museum’s focus on public value was developed
  specifically to address the need for focus on external customers when it was,
  of course, much easier to be introspective. This required cultural change
  within the Museum as it inevitably is needed in parts of the wider public
  sector.
- **Collaboration:** Collaboration has been critical to the Museum’s ability to
  achieve much more than would have otherwise been possible. This has been
  with other Government departments, educational and academic institutions,
  cultural partners and industry. Viewing and presenting the Museum as a Hub
  for community, educational and research activity that can be funded and/or
delivered by others has been an important transition from a traditional
transactional model and has led to more diverse outcomes for more users at
no additional cost.
- **Remote Communities:** The Museum has recognised its responsibility to
  regional and remote WA. Consequently, it has re-designed its operating
  model from one of service delivery, to one of collaboration, training provision
  and digital delivery to better address the needs of remote communities, albeit
  with very limited resources.
- **Community-led solutions:** By working with local communities, particularly
  Aboriginal communities, the Museum has sought to ensure that the sharing of
  stories and experiences, and the associated outcomes, are appropriate to the
needs of those communities. In its consultative work for the New Museum, over 14,000 people have been consulted across 52 communities (see Figure 2) to ensure community aspirations are met.

Figure 2. **Community consultation for the New Museum Project, to date.**

- **Co-design of services:** This relates to the previous factor and has been particularly successful when working with Aboriginal groups, such as Nyamba Buru Yawuru in the Kimberley and the Albany Heritage Reference Group Aboriginal Corporation in the Great Southern.

- **Relationships with business:** The Museum has been at the forefront of developing business partnership for over 20 years: indeed it was recognised in 2012 when the Museum achieved the Premier’s Award for its long and productive partnership with Woodside Energy investigating, documenting and interpreting the marine biodiversity of WA’s north-west coast. Indeed, a great part of the Museum’s research is funded whether through industry, or Australian Research Council linkage grants. The only constraint is the tyranny of spending limits which means that the Museum is penalised for money raised through this method.
• **Fragmentation and Duplication**: there are bound to be many examples where the Museum could improve its functioning and relationships with other organisations.

1.2 Co-design of services (p. 13)
As noted above, the WA Museum is committed to the principle of customer involvement in service design: this is amply illustrated by Figure 2, above. It would be ridiculous for the Museum to attempt to second-guess the needs (and wants) of individuals and communities across WA.

1.3 Digital Transformation and Data Sharing (p. 13)
The Museum is committed to data-sharing both internally and externally. A huge amount of its zoological data has been uploaded to the very successful Atlas of Living Australia and also forwarded to the Global Biodiversity Information Facility. We would support anything that makes data more accessible, discoverable and useable.

The potential for digital transformation to improve the quality and speed of service is clear to see and should be embraced. However, the comparison of the costs of a face to face transaction versus an online transaction ($60.9 versus $0.4 is somewhat misleading as, in many cases, the two types of transactions and experience cannot be equated). In short, some types of transactions are more effective face to face and some more so digital.

1.4 Good regulation (p. 16)
This is such an important point: it is an unfortunate fact that, as so much regulatory burden is put on the public sector (by definition), too often this becomes the main focus. Re-balancing from regulator to enabler would be welcomed by both customers and public servants alike.

2. Enabling the Public Sector to do its job better

2.1 Factors causing sub-optimal performance
It is hard to read this and avoid shouting 'yes!'. The factors identified are all too familiar: poor project management, damaging internal competition, the focus on compliance rather than innovation and risk taking. Too much red tape and what I regularly describe as the unfortunate triumph of process over outcome. Until we seriously address these, we will continue to be frustrated.

2.2 Budget breakdown (p. 19)
Once more, it is heartening to see the budget process called out for what it is: divisive, damagingly competitive and encouraging a culture of resource retention rather than resource deployment. The silo mentality encourages a focus on
inputs (i.e. how much money can I get in my budget?) rather than outcomes (i.e. how can I deploy my resources most effectively?)

Inefficiency dividends (p. 19)

No sensible public servant could deny the need for prudence and even frugality at this time. Similarly, every public servant and every department should be prepared to make sacrifices. The trouble is the efficiency dividend, like so many of the measures implemented, is a blunt instrument that allows no room for strategic re-planning: instead the public service finds itself in a constant sense of attrition.

2.3 Better value from procurement (p.20)

This is another area where process has regrettably overcome outcome. It is our opinion that the focus on risk avoidance rather than mitigation is disproportionate to the benefits that accrue.

2.4 Data sharing (p.21)

There are enormous benefits, economies of scale and reductions in duplication that are possible if a commitment is made to greater data sharing.

3. Reshaping and strengthening the public sector workforce

3.1 Factors causing sub-optimal performance (p. 23)

Again, the factors causing sub-optimal performance are all too familiar. The Museum is attempting to address some of these issues through a comprehensive workforce planning initiative and a commitment to increase diversity, notably by using targeted positions as well as Section 50d and Section 51 of the Equal Opportunity Act 1984 to increase the representation of Aboriginal and Torres Strait Islander peoples in the workforce.

3.2 Creating a unified sector (p.25)

There is clearly good reason to ensure that agencies and individuals work together more effectively across the sector to achieve added value and economies of scale; furthermore, this ensures a sense of ‘common purpose’. The only cautionary note that should be sounded is that the temptation should be avoided for the sector to become (or, dare we say, continue to be?) an introspective collective of the cognoscenti: being a public servant means serving the public, not being part of an elite, self-advancing club!
3.3 Simpler Employment Framework (p. 27)

I suspect that all but the most unreconstructed and entrenched human resources specialist would support this approach. The issue is to identify the actual barriers and ascertain which are legislative and which are cultural. In either case, change will not be rapid, and the techniques may be different to address each – but addressed they must be. The time and effort wasted on unnecessarily complex HR practice is crippling the public sector.

3.4 Develop a high-performance workforce (p. 30)

There is no easy way to say this, but successive ‘knee-jerk’, clumsy and ill-conceived budget control measures have impacted dramatically on the ability of departments to plan their workforce requirements, to recruit and retain effectively and to sustain morale. Managing change is one thing, but managing in a climate of constant uncertainty, with sweeping decisions made at a point of distance and then imposed with little understanding of the potential consequences, is something else and makes for very inefficient outcomes and a disenchanted workforce.

4. Strengthening Leadership across government

4.1 Factors causing sub-optimal performance (p. 31)

Once again, the Review has accurately identified some of the greatest barriers to performance. Those that particularly resonate are ‘silo-ism’, short-term management and crisis aversion as opposed to strategic planning and stewardship, over-reliance (and excessive cost) of private sector advice which appears to be used not for the breadth of experience but as a back-covering technique to blame shift if anything goes wrong.

The allusion to lack of trust between the Government of the day and agencies is an interesting one. In some ways this is inevitable as public servants are carrying out the will of politicians and when the politicians change, it is inevitable that there will be a perception of divergence of views and purpose. This really is a political question that can only be addressed by finding more effective ways of transitioning from one government to another. Dare we say, good luck with that one!

4.2 Functional Leadership (p. 35)

For us, the most important message here is about encouraging responsible risk-taking. The WA public sector, in some places, is incredibly risk averse and this inevitably stifles innovation and creativity with enormous opportunity costs.
4.3 Incentives and accountability for performance (p. 36)

There is clearly well-tested logic here, however, we should sound a cautionary note in that the constraints of the public sector (compliance, policy, process, political will, etc.), performance can often be affected or even compromised by factors that guide the control of the CEO. We truly believe that there is no lack of desire for innovation and entrepreneurship in the WA public sector, however much of this is encouraged there are still differences between the modus operandi of the private and public sectors and between the drivers and constraints that impact them. Both are subject to market forces and a regulator environment, but there are additional internal factors associated with the public sector. Any performance targets, incentives and penalty schemes must take this into account.

5. Whole of Government Targets (p. 38)

In principle, the Museum is supportive of the development of whole of Government targets. Some thought should be given as to how the impact and effect of these cascade through agencies and statutory bodies. What is clear is that the Outcomes Based Management (OBM) framework has severe limitations and some of these are identified in the Interim Report. Not only does it lead to "... compliance process based on outputs, with poor visibility to outcomes". It can actually be counterintuitive to what the desired outcomes might be. A full review of the OBM should be undertaken.

C. Response to the Preliminary Conclusion (p. 42)

The Museum would broadly agree with the conclusions reached in this part of the Interim Report, in particular the two legacy issues identified. There is no doubt that the experience of WA Inc. and the wash-up from it has led to an overreaction manifested through over regulation, excessive blame avoidance, reluctance to take responsibility and risk aversion. All of this has led to a public sector that, despite its many qualities, and some wonderful examples of innovation, still demonstrates levels of fear and paranoia that are debilitating.

Similarly, the conclusion regarding the 'Shared Services experience' is sound and sensible: just because it had a bad outcome and was possibly badly executed, it does not mean that it is a bad idea! With a long average length of tenure, it is no surprise that corporate memories run long and deep – and this is possibly another inhibitor to change.
Thank you for the opportunity to respond to this Review and the Interim Report. We should be more than happy to take part in further discussion or to explain the contents of this submission if necessary.

Yours sincerely

Alec Coles OBE
Chief Executive Officer
Western Australian Museum
Please find below the Wheatbelt Development Commission’s comments regarding the Service Priority Review.

| Overall Comments | • The Wheatbelt Development Commission agrees with the issues as stated and directions proposed in the SPR.  
• We suggest that regional decision making authority is vital to apply the best outcome especially in rural and remote areas which are home to diverse populations. We feel that this has not been adequately captured or discussed in the review in its draft form.  
• We would suggest that resources need to be allocated to pro-actively facilitate multiple agency/private sector collaboration for it to be a successful reform.  
• One size does not fit all.  
• Central decision making and control will not get best regional outcomes. |
| Section 1- Building a public sector focused on community needs | • We suggest that “proactive economic development services” should be considered a service category for the public sector to strengthen and diversify the State’s economy and encourage employment opportunities in the best interest of the community. |
| 1.6 Introduce whole of government targets | • If whole of government targets are set, it needs to be ensured that the public sector is focused on the achieving outcomes of the targets, not simply focusing on the design of the processes and systems related to the targets. |
| 2.2 Get better value from procurement. | • The WA public sector could become much more efficient in the procurement of services by only paying for the skill sets and expertise (academic or scientific advice on specific topics or issues, high level world economics etc.) that cannot already be accessed within the public sector, and delivering as much as possible ‘in house’. This relates to activities such as business case development, project development and feasibility. That is, paying $300 plus per hour to a consultant for desktop analysis and basic regional consultation is not cost effective.  
• Regional autonomy in decision making must be considered to promote local content- a stated aim of government. |