



# Time to Change the Rules

*A new way of thinking and working*

**Final Report**

31 October 2017

CEO Working Group on Public  
Sector Efficiency



This report reflects the work of the CEO Working Group on Public Sector Efficiency, which forms part of the suite of initiatives under the Public Sector Renewal Program currently underway. The report was requested by the Public Sector Commissioner.

Members of the CEO Working Group include the Directors General of the Departments of Finance (Chair), Planning, Lands and Heritage, Transport and Local Government, Sports and Cultural Industries.

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## Preface

Improving the performance of the public sector is a necessity for Western Australia. Experiencing economic transition and substantial budget pressure, as well as increasing social demands and community expectations, the public sector needs to be at its best.

The Government is strongly of the view that the public sector needs to become more collaborative, dynamic, customer-focused and efficient.

Through this report, the Working Group aims to contribute toward this goal by revealing and addressing common impediments to public sector performance. Challenges include excessive, unnecessary or out-of-date rules, processes or practices – otherwise known as internal red tape. The Working Group has sought to deliver recommendations that will directly reduce red tape and build a foundation for continuous improvement through greater collaboration, stronger leadership and guidance, better rule-making and review, and using digital solutions more effectively.

The Working Group has benefited enormously from the contributions of many public servants, agencies, unions and other organisations, through submissions, survey responses, workshops and meetings. Participants provided a wide range of examples of how government is not helping itself with its internal rules and processes, but at the same time demonstrated a ground swell of goodwill towards making meaningful change to improve performance. The CEOs of central agencies have also been generous with their time and their support for the direction and recommendations in this report promises well for implementation.

On behalf of the Working Group I thank those who have contributed, and trust the momentum gained during this review will continue as the task of increasing efficiency is one we must do together.

Chair  
Anne Nolan

Contents

<b>1. About this report</b> .....	<b>2</b>
1.1. Overview .....	2
1.2. Purpose.....	3
1.3. Scope and focus .....	4
1.4. A consultative approach .....	4
<b>2. The red tape challenge</b> .....	<b>6</b>
2.1. Overall challenge .....	6
2.2. Red tape is widespread.....	6
2.3. Many sources of red tape .....	7
2.4. Underlying causes.....	9
2.5. Actions to date .....	10
<b>3. A new way of thinking and working</b> .....	<b>12</b>
3.1. One Sector thinking .....	13
3.2. Stronger leadership from central agencies .....	15
3.3. Improved rule-making and reviewing practices.....	17
3.4. Embracing digital solutions.....	20
<b>4. Specific reforms</b> .....	<b>23</b>
4.1. Getting recruitment right .....	23
4.2. A clearer path for procurement .....	26
4.3. Financial and performance reporting that makes sense .....	28
4.4. Clearing the decks – removing some cumulative burdens.....	31
<b>5. Delivering change</b> .....	<b>33</b>
<b>References</b> .....	<b>38</b>
<b>Attachment A: Terms of Reference</b> .....	<b>40</b>
<b>Attachment B: Consulted parties</b> .....	<b>42</b>
<b>Attachment C: Survey responses</b> .....	<b>43</b>
<b>Attachment D: Recommendations</b> .....	<b>44</b>

## Key messages

- **Red tape is widespread and well entrenched** across the public sector in Western Australia. This is not a unique problem but it is a substantial one.
  - Good rules and processes are essential for good governance and probity.
  - Excessive or out-of-date rules and processes, found in legislation and regulation, agency policies and practices impose costs and limits innovation. Many rules are overly-prescriptive and not risk-based, with processes and approvals over-engineered and frequently out-of-date.
- Action to improve rules and processes, and better use digital solutions, is underway, but a lot more is required.
- **Making sustained improvement requires understanding the underlying causes of red tape.** Causes include a risk-averse culture, inadequate awareness and capability, organisational constraints, and misaligned incentives. This means systemic and cultural change is required.
- **Tackling the perennial problems of red tape requires a new way of thinking and working.** This step change in how the sector approaches rules and governance can be achieved by:
  - **One sector thinking** where agencies across the sector see themselves as one, with greater use of sector-wide policies, agency collaboration, and sharing of best practice and data.
  - **Stronger leadership** from central agencies and centres of expertise to support sector-wide capability building, and lead connectivity.
  - **Improved rule-making** and reviewing practices using new principles, enlivening staff engagement to help innovation and efficiency, and re-thinking the role of audit to extend beyond compliance to efficiency.
  - **Embracing digital solutions** to speed up processes, and enable better performance data management and more efficient record keeping.
- **Immediate and specific actions** have been identified to change the risk averse, process-oriented approach to recruitment, improve navigation and flexibility in procurement, clarify and streamline financial reporting and improve the framework for agency KPIs. Other recommendations cover improving flexibility in timesheets and modernising record keeping.
- **Momentum has already started to build** with new initiatives emerging in response to this review. Central agency implementation plans, a Minister for internal red tape reduction and the use of Repeal Week to deliver and celebrate reforms should support ongoing change.
- **This report presents a package of reforms** for government to consider in conjunction with other Public Sector Renewal initiatives. In particular, the recommendations complement the work of the Service Priority Review, with which the Working Group has liaised closely.

# 1. About this report

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## 1.1. Overview

This report has been prepared by the CEO Working Group on Public Sector Efficiency for the Public Sector Commissioner. The Commissioner requested the Working Group to identify opportunities to reduce internal 'red tape', waste and inefficiencies in the public sector.

The work complements other initiatives seeking to improve the performance and sustainability of the public sector as part of the Government's Public Sector Renewal program. Other initiatives include machinery of government changes, the Service Priority Review, Commission of Inquiry into Government Programs and Projects, and two other CEO Working Groups. The Working Group has consulted with those review teams that also looked at public sector efficiency, particularly the Service Priority Review.

The Working Group has sought to provide a new way of thinking and working to tackle the perennial challenges of red tape in the public sector. As well as proposing specific actions to reduce red tape, the Working Group has sought ways to ensure these changes are sustained for the long-term. Addressing the underlying causes of red tape and setting the foundations for continuous improvement is seen as the way to make long-term improvements.

The Working Group's report includes 14 cross-cutting recommendations to advance a new way of working in the sector, which will help address systemic and cultural barriers to efficiency. The Working Group examined three priority areas, namely recruitment, procurement and financial reporting, as examples to understand common drivers of inefficiency and to propose specific solutions that remove bottlenecks in these areas.

For all these recommendations the Working Group has sought and achieved significant buy-in and agreement from those agencies responsible for their implementation. Encouragingly, several recommendations are already being actioned reflecting agency initiative. The Working Group sees this as highly positive given the scale of reform success depends so much on a desire by agencies to action improvements.

The report also includes recommendations and actions to support successful implementation. These include annual public reporting of reform and process improvement success, central agencies developing implementation plans in consultation with the Department of the Premier and Cabinet, and nominating a Minister with responsibilities for reducing internal red tape across government. The Working Group will also report back to the Public Sector Leadership Council 12 months after the report has been agreed (if it is). A recommendation to continue to engage public servants on red tape reduction will also assist continued momentum and accountability for reform.

The Working Group highlights that several of its recommendations complement reforms identified by the Service Priority Review Panel (2017) in its Interim Report, especially in relation to strengthening central agency leadership and improving regulatory design. In these areas, the Working Group has worked with the Service Priority Review to share relevant findings from consultations and evaluation. It is emphasised, however, that the Working Group's recommendations have a focus on improving sector performance to address internal red tape, whereas the Service Priority Review recommendations are looking at reforms for a broader public sector purpose.

As with other work streams contributing to the Government's Public Sector Renewal program, there is a need to ensure the various reforms agreed by Government are coordinated to provide a clear direction and to maximise impact. The Working Group therefore notes that the Government will need to consider the recommendations made in this report in conjunction with findings from other work being undertaken.

Finally, it is highlighted that agencies responsible for leading reforms may need consider additional consultation and potential regulatory impact assessment prior to legislative or regulatory amendments. In some cases, agencies may also need to consider any implications for current contracts and industrial agreements.

## 1.2. Purpose

The purpose of the Working Group is to identify where internal red tape can be reduced in order to support a financially sustainable and efficient public sector. This includes:

- identifying substantial reforms and potential 'quick wins' that help reduce the burden of internal red tape across government; and
- identifying and proposing remedies for the underlying causes of internal red tape, and recommending strategies to promote continuous improvement.

**Internal red tape is defined as unnecessary or excessive legislative and regulatory requirements, policies and procedures, or practices that govern how the public sector performs its functions.**

The Working Group stresses that well-designed, efficient rules are essential for good governance, accountability and the delivery of public services. This includes effective oversight by accountable authorities. Providing transparency of decision-making, and recording important decisions are important to demonstrate ethical and fair behaviour, and keep confidence in the functioning of government and the value-for-money it offers. The focus of this report is to remove poor rules and encourage more efficient rules and processes to enable the sector to deliver greater value to the community.

The full terms of reference for the Working Group provided at Attachment A.

### 1.3. Scope and focus

Internal red tape can affect all parts of the public sector, from central agencies to front line services, government trading enterprises, public authorities, boards and trusts. To maximise the benefit of its recommendations, the Working Group has focused on the more frequently occurring requirements affecting government departments and agencies, and those which are more common in their application. This includes a focus on activities covered by the *Public Sector Management Act 1994*.

Nonetheless, the principles and tools for improving internal requirements and processes will generally be applicable to the full range of public sector entities and even private sector bureaucracies.

Informed by stakeholder feedback, the Working Group identified recruitment, procurement and financial reporting as common areas of considerable concern, and these have been investigated in detail. This has enabled the Working Group to provide specific and meaningful reforms to directly cut red tape and draw out themes and underlying causes that can suggest solutions for other functions in government.

The Working Group also recognises that while external red tape is not the focus of this report, there is interaction with internal red tape. Improving the internal workings of government can speed up or improve the quality of a regulatory function, which is likely to benefit business and the community. Reducing red tape on business and the community can likewise reduce internal red tape.

### 1.4. A consultative approach

The Working Group has worked collaboratively across government agencies and the broader public sector, and in consultation with unions and staff (see Attachment B). Strong stakeholder engagement and communication efforts have been essential to the project, and the Working Group acknowledges the contributions of participants.

Consultation and engagement included:

- A web-based survey on internal red tape where participants were encouraged to share their views on red tape and its effect on the public sector, and provide examples and evidence of red tape problems and potential solutions. The survey received 467 responses.
- A 'quick win' portal where staff were encouraged to submit a red tape problem area and potential solutions quickly and easily as they occur. Through the portal 107 'quick win' ideas were received.
- The release of an Issues Paper and receipt of submissions from individuals and agencies, including the Community and Public Sector Union/Civil Service Association (CPSU/CSA), Chamber of Commerce and Industry of Western Australia, Insurance Commission of Western Australia, and Western Australian Ombudsman.
- Workshops – with some open to all staff and interested participants, and others targeted at particular stakeholders.
- A web page on the Public Sector Commission website with information on the project and updates.



This consultative approach was supported by analysis that included a stocktake review of regulatory requirements, targeted interviews and meetings with relevant stakeholders, literature reviews and liaison with other reform experts to draw on Australian and international best practice. The Working Group also consulted the Service Priority Review Panel and Secretariat.

## 2. The red tape challenge

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### 2.1. Overall challenge

All public sector agencies or organisations are governed or affected by rules, processes or practices which shape what, when and how they conduct business. They can come from legislation, regulation, Treasurer's and Public Sector Commissioner's Instructions, Premier's Circulars, or agency policies and practices.

Currently, there are over 77 Treasurer's Instructions, 16 Public Sector Commissioner Instructions, 18 Public Sector Commissioner's Circulars, six Administrative Instructions and 43 Premier's Circulars that apply across government. Legislation that provides for the governance of the Public Sector includes the *Financial Management Act 2006* and the *Public Sector Management Act 1994*. There is also other legislation that enforces sector-wide processes and practices, such as the *State Records Act 2000* and *Freedom of Information Act 1992*. The Insurance Commission of Western Australia, in its submission to the Working Group, identified almost 200 compliance obligations on public sector agencies.

There are also agency policies which seek to give practical application to, and add to, the abovementioned rules. The total number of policies applied to agencies is unknown, but within the Department of Finance (Finance) alone there are 82 such policies.

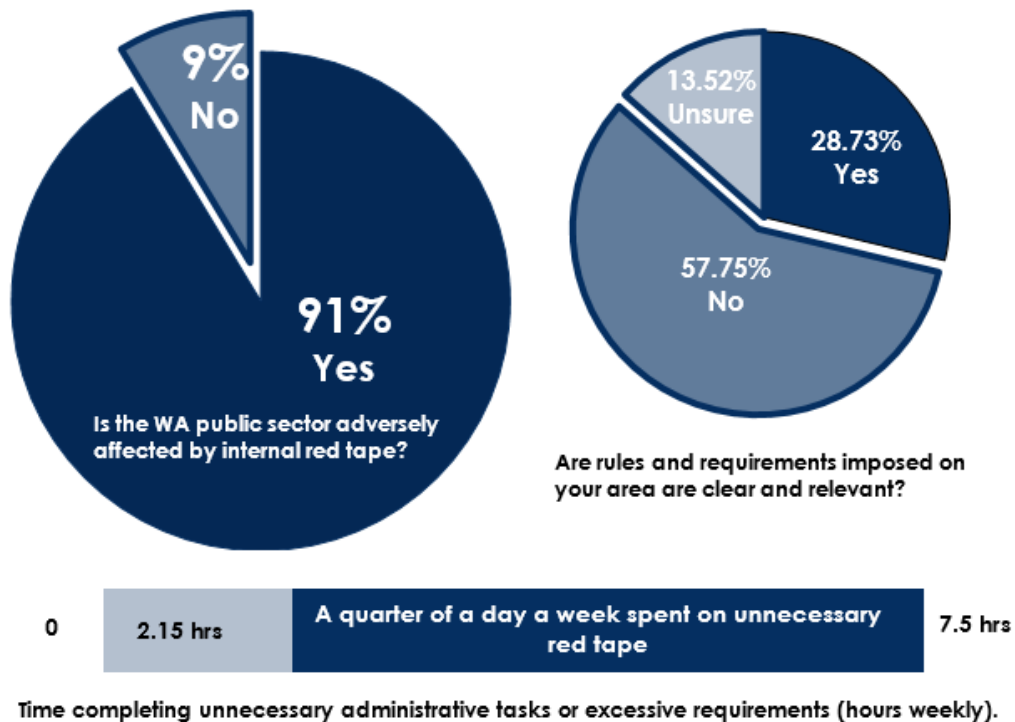
### 2.2. Red tape is widespread

Feedback from the Working Group's online open survey indicated many public servants see internal red tape as a substantial challenge in Western Australia. In particular, 91 per cent of the 467 survey respondents see red tape as a problem, with 36 per cent viewing it as a significant impediment to public sector efficiency. Survey respondents estimated they spent around two hours per week on unnecessary processes and compliance. Some of the data from the online survey is shown in Figure 1 below.

Workshops, meetings and submissions confirmed red tape is widespread across the sector. Whether it be duplicative processes, lengthy approvals or excessive reporting, most public servants can share experiences of waste and inefficiency.

In many cases, the inefficiency is the result of a rule or process that was once appropriate but has fallen behind and now fails to deliver as it should. At times, a rule or process may have been implemented as a knee-jerk response to an incident, without well considered assessment, consultation, or application of regulatory design principles.

Figure 1: Is there a red tape problem?



This problem is not unique to Western Australia. Other jurisdictions in Australia and other countries have identified red tape in the public sector as a constraint on efficiency and performance (Australian Public Service Commission 2012; Rose 2016). A recent review of Commonwealth internal regulation (Belcher 2015) recommended numerous improvements to reduce red tape across many areas including procurement, grant programs, budget and investment processes, financial accountability, annual reporting and other obligations.

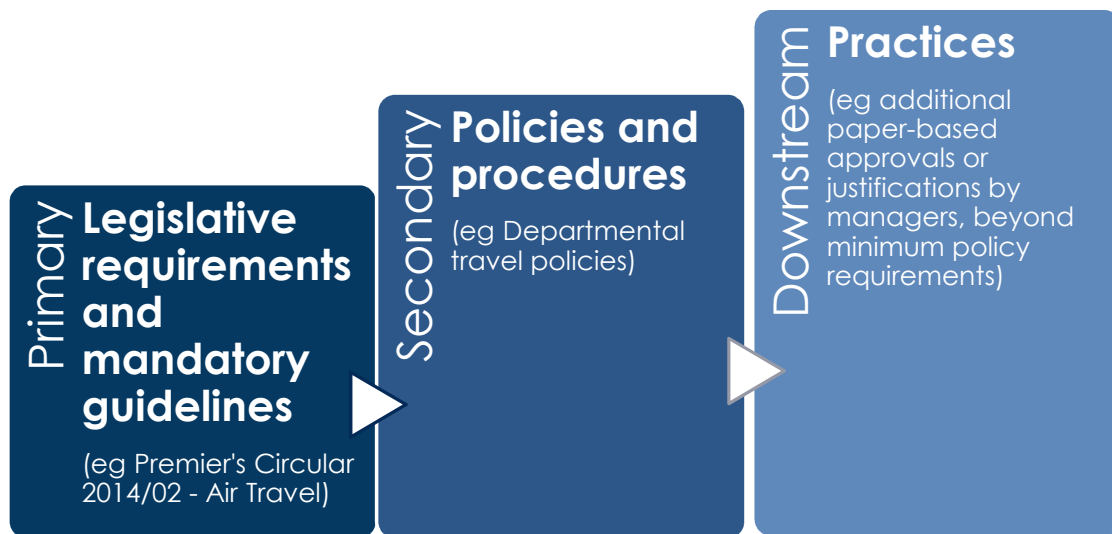
Parallel concerns were highlighted in Deloitte's 2014 *Get out of your own way – unleashing productivity report*, which argues around two-thirds of the estimated \$149 billion red tape burden on business is self-imposed. Many of these rules self-imposed by business are similar to those imposed by government on itself, such as approval processes, clearances and reporting.

### 2.3. Many sources of red tape

The Working Group highlights that red tape can emerge from three main sources:

- Excessive mandatory requirements imposed through legislation or central agency (for example, the Department of Treasury (Treasury)) via regulations and policies.
- Unnecessary policies and processes agencies impose on themselves to either meet those mandatory (actual or perceived) requirements, in response to audit findings, or to support their own business operations.
- Inefficient practices which make any given rule or process more costly or time consuming than need be or overly risk averse (see Figure 2).

Figure 2: Sources of red tape across government



While it is worthwhile addressing all three sources of burden, the burden is compounding, and as such, the greatest efficiency gains can be achieved by addressing red tape at the primary source. Excessive self-imposed rules can include duplicative record-keeping requirements, complex internal approval processes, multiple approvals, onerous staff timesheet reporting, paper-based manual processes, and disproportionate risk averse decision-making.

The Working Group identified several problems that were common across many of the red tape sources assessed and the feedback received. The common problems to emerge are:

- **Rules that are overly prescriptive and difficult to interpret** which can cause excessively bureaucratic processes and inefficiency.
- **Over-regulated or over-engineered processes, approvals and reporting** beyond what is necessary to manage risks, or what is required by legislation.
- **A proliferation of agency-specific policies**, which in many cases could be adequately fulfilled by sector-wide policies that improve consistency and reduce duplication between agencies developing policies.
- **Duplicated requests for information** as information is not shared between agencies or even within agencies during different stages of a process.
- **Limited sharing of innovation and best practice** which hampers the effective adoption of the most efficient models across the sector.
- **Inadequate guidance on efficient compliance** which increases the effort agencies spend on meeting compliance requirements.
- **The persistence of out-of-date policies or practices**, including paper-based or manual processes, which may be redundant due to risk management mechanisms or digital solutions. In some cases, policies are redundant or practices adhere to requirements that no longer exist (that is, myths).
- **Reluctance to consider alternative and innovative approaches** which restricts efficiency improvements and discourages a culture of continuous improvement.

## 2.4. Underlying causes

While many of the common problems above can be addressed with a specific solution, to ensure more sustained and pervasive improvements to efficiency are achieved the underlying causes of internal red tape must also be addressed.

Stakeholder feedback on the underlying causes of internal red tape in the sector are wide and extensive, ranging from concerns over a risk averse culture to a lack of leadership to organisational constraints and 'blockers' that restrict change and reform (see Table 1). There is a considerable feeling that the problems are deeply ingrained, and a fair degree of scepticism that they will ever change. Achieving reform will require reform leaders to account for these types of attitudinal starting points.

**Table 1: Potential causes of internal red tape**

<p><b><i>A traditional and risk averse culture</i></b></p> <ul style="list-style-type: none"> <li>• A culture and history of relying on manual, paper-based processes and prescriptive rules – this can generate an acceptance of rules and proficiency at creating them.</li> <li>• A culture of risk aversion and mistrust which then results in excessive regulation and layered administration.</li> <li>• A strong fear of, or an overreaction to, minor mistakes or embarrassment, leading to new rules being added rapidly while the energy and demands for removing out-of-date rules is often muted with the benefits of reform dispersed.</li> <li>• A tendency to one-size approaches to compliance within government which fails to appropriately balance the trade-off between the benefits of consistency and costs of applying a rule or process in environments where the costs are greater than the benefits.</li> </ul>	<p><b><i>Inadequate awareness and capability</i></b></p> <ul style="list-style-type: none"> <li>• Awareness and capability gaps in the public sector on how to identify process problems and generate improvements.</li> <li>• Lack of capability to use risk-based and non-rule based approaches to regulating behaviour.</li> <li>• A lack of power or tools to adequately respond to (and establish disincentives for) low probability high cost outcomes, so the tendency is to regulate everything and everyone upfront.</li> <li>• Lack of capability to craft guidelines or deliver support and training to process users.</li> <li>• Inadequate awareness of what is possible under current regulations and requirements leading to additional unnecessary steps.</li> </ul>
<p><b><i>Organisational constraints</i></b></p> <ul style="list-style-type: none"> <li>• The self-supporting nature of internal red tape – reforming a red tape rule can itself involve an onerous processes that reform-minded public servants may not have the time, energy or appetite to pursue.</li> <li>• Silos within government which affect an agency's ability to understand other agencies actions, leading to duplication and inconsistencies, and limiting the sharing of best practice processes and information.</li> </ul>	<p><b><i>Misaligned Incentives</i></b></p> <ul style="list-style-type: none"> <li>• Lack of staff empowerment to reform existing processes and arrangements.</li> <li>• Lack of incentives to reward outstanding performance, actual outcomes or change which can lead to improved performance, accompanied by a lack of consequence for inefficiency and rigidity.</li> <li>• Regulating teams do not adequately consider the efficiency goals or desired outcomes of those teams or agencies complying with their regulations.</li> <li>• The authorising environment for taking risks and reforming rules and processes is unclear or absent.</li> </ul>

## 2.5. Actions to date

The Working Group acknowledges that the State Government and many individual agencies and organisations, and teams within organisations, have led or are currently leading various initiatives to reduce red tape and its associated waste and inefficiency in the public sector.

In some cases, this has been led by the owner of regulatory requirements. For example, Treasury periodically reviews the *Financial Management Act 2006* with another review now underway, and has recently streamlined agency budget estimates to reduce the burden for small, lower risk agencies. Treasury has also streamlined agency model annual reports to remove clutter and provide more effective disclosures, and is investigating tiered reporting for financial disclosures and annual reporting. The Public Sector Commission has also undertaken several substantial reforms to recruitment policies in recent years.

Agencies also review their policies and procedures from time to time, and in many cases, this provides opportunities to reduce red tape. Motivated by this review, Finance is currently streamlining and simplifying its policies (with around half its policies likely to be removed or substantially updated).

Importantly, many agencies have also developed internal red tape reduction teams or initiatives (often referred to as simplification or innovation initiatives). These have the advantage of empowering staff across an agency to identify rule and process improvements, reducing red tape and increasing the efficiency of policies and practices.

Examples of agency red tape reduction initiatives include:

- The Department of the Premier and Cabinet setting up a new red tape reduction team to tackle internal red tape and lead sustained change from within the Department. The team has commenced streamlining the Premier's Circulars and creating more efficient internal approvals structures. The team will also review digital systems to streamline the Department's provision of strategic policy advice and support to the Premier and Cabinet.
- Department of Transport's 'Fresh Think Tank' Ideas Management System and supporting program. This initiative provides a formal organisation-wide tool to capture and implement fresh ideas generated by staff to reduce red tape. One such idea raised through this system reduced the time to process taxi applications by 50 per cent.
- Department of Primary Industries and Regional Development's (Fisheries Division) Project 'Barracuda', which involves simplifying and modernising the Department's activities across aquaculture, digital transformation, fisheries management and corporate services reform.
- The establishment of an Innovation Champions Group within Finance which is responsible for encouraging, promoting, supporting and recognising innovation across the Department. This includes managing the ideas management system 'Spark', which has been used to source a range of ideas from staff, including

improving procurement in Building Management and Works, and reducing red tape on low risk procurement in Government Procurement.

- The Insurance Commission of Western Australia's ideas sharing initiative, where all innovative ideas from staff are considered by the executive with an implementation rate over 50 per cent and a high rate of staff engagement.

Encouragingly, the Working Group also received dozens of examples of new digital solutions adopted across the public sector that have helped transform public sector administration and regulatory function. Examples included:

- the GoDigital! campaign and system to progress the former Department of Fisheries to digital recordkeeping;
- successful use of an online timesheet to record work attendance and meet audit requirements, in the Department of Planning, Lands and Heritage (Planning);
- the development and implementation of a cloud-based contract management system, called Nimblex, for procurement and fleet management in the Department of Transport; and
- the former Department of Mines and Petroleum (now the Department of Mines, Industry Regulation and Safety) introduced an initiative Digital DMP digitalising nearly all processes including the introduction of electronic signature processes, providing evidence that technology can improve efficiency across business functions.

Planning and Finance are also joining forces to overhaul their recruitment policies and practices in the search for best, modern practice in recruitment. Once complete, the departments intend to share their new approach with the PSC and agencies to see if it could form a model approach across the sector.

Despite these efforts, however, there is clearly a long way to go to reduce internal red tape and ensure efficient processes across the sector.

### 3. A new way of thinking and working

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The Working Group is well aware that another red tape reduction report with 50 suggested cuts to red tape will not be enough to turn the sector around to a different direction. Instead, a new way of thinking and working is needed that tackles the underlying causes and leads to a more efficient and innovative public sector.

The Working Group proposes to improve the sector's approach to rule making and administration through directional reforms in four areas:

- **One sector thinking** where agencies across the sector see themselves as one, with greater use of sector-wide policies, agency collaboration, and better sharing of best practices and data.
- **Stronger leadership from central agencies and centres of expertise** to support sector-wide capability building, and lead network connectivity and the re-focus on efficiency.
- **Improved rule-making and reviewing practices** using new rule-making principles, enlivening staff engagement to help drive innovation and efficiency, and re-thinking the role of audit to go beyond compliance to efficiency.
- **Embracing digital solutions** to speed up processes and improve their reliability, and enable better performance data management and more efficient record keeping.

Effective reforms in these areas will help drive cultural and systemic changes to address the underlying causes of red tape and ensure continuous improvement (see Figure 3). This should be complemented by specific reforms that deliver practical reductions in red tape and build momentum for change.

Actions that can be made now will provide immediate benefits to the sector but will also keep the hard work of sustainable change going by making improvements seen and believed. A summary of quick wins is provided in Chapter 5.



**Figure 3: New ways of thinking and working to reduce red tape and improve sector efficiency**



### 3.1. One Sector thinking

A significant source of red tape is the operation of different government entities as if they were in silos. This is reflected in the duplication of policies and processes, limited cross sector collaboration and information sharing,<sup>1</sup> barriers to staff mobility and inadequate sharing of best practices. The problem is underscored by the lack of a sector-wide contact list which means time is wasted simply finding out how to contact another person in the sector.

These problems also hamper government interaction with business and the community, and a better co-ordinated government will deliver broader savings and better public service. The Service Priority Review Panel has also highlighted this theme, and the need for expanded collaboration and greater customer focus.

<sup>1</sup> The Working Group distinguishes information sharing from data sharing in this report. Information sharing is taken to refer to the full range of knowledge, ideas and facts, whereas data sharing refers to the provision of raw data in digital format.

The Working Group has identified several recommendations to support a new way of thinking and working as one sector that aims to address the systemic sector-wide causes of inefficiency.

A good starting point is to reduce and streamline the number of agency specific and central agency policies. Too often agencies have their own policy for matters that in most cases can be sector-wide (examples include gifts and benefits, ethics and accountability, first aid, leave, vehicles and freedom of information policies). There is also a wide range of approaches to risk management frameworks and registers.

Central agencies also have policies that duplicate each other (such as a risk management Treasurer's Instruction and a Premier's Circular). There is a good opportunity now to strategically review whether a central agency requirement is needed and, if so, which instrument is best suited to achieve the goal. A strategic review by the Department of the Premier and Cabinet of Premier's Circular is positive in this regard, and the Working Group recommends relevant central agencies work together to coordinate a stronger, more integrated governance framework for the sector.

Another important mechanism which the Working Group considers should be used more extensively is that of communities of practice. Communities of practice can help share best practice, improve collaboration on the prioritisation and implementation of efficiency improvements, and assist building capability across the sector.<sup>2</sup> A good example is the CFO Steering Group established by Treasury in 2016. It provides a platform for engagement and collaboration across public sector CFOs, with streamlining and red tape reduction a topic of focus. Similarly the Government Community Services Procurement Leaders Forum and the Chief Procurement Officers Forum facilitate the sharing of procurement practice across agencies. Tangible benefits of these collaborations have included, for example, aggregated purchasing of common services.

Reducing impediments and inefficiencies in staff mobility across the sector is another priority, with impediments driven by variable and burdensome processes, cultural resistance and a lack of an efficient matching platform. Limited staff mobility can restrict the sharing of best practice and innovation, and the building of capability and cross-agency understanding and collaboration, all of which reduces productivity and efficiency in the sector.

All agencies need to play a role here, but there is a specific opportunity for PSC to lead the development of a modern, digital platform that helps address the information asymmetries and transaction costs to better matching public sector needs with staff capabilities, interests and development. Encouragingly, PSC has recently been considering how to embrace such a modern platform to support staff mobility.

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<sup>2</sup> A community of practice is a group of people who interact regularly to share knowledge relating to a specific subject with each other and learn from each other's experience. The Working Group does not wish to prescribe how central agencies form or manage their communities of practice, but a goal of these groups should include reducing internal red tape and improving public sector efficiency.

## One sector thinking

### The Working Group recommends:

- 1. The inefficiency caused by duplication in policy development and training be reduced with:**
  - 1.1. Central agencies to develop sector-wide policies and periodically review these using the principles of good rule-making proposed by the Working Group and remove requirements for agencies to generate their own policy.
  - 1.2. Agencies to adopt sector-wide policies, or a portfolio approach to policies, unless precluded by regulatory or other constraints.
  - 1.3. PSC to consolidate training on sector-wide skills, values and systems, to be completed by all staff commencing public sector employment, including good rule making principles.
  - 1.4. DPC, PSC and Treasury to work together to rationalise their respective policy and regulatory instruments to remove duplication and ensure the best instrument is used for the purpose needed.
- 2. 'Communities of practice' be established or better leveraged to help drive more efficient policies and practices** regarding recruitment, procurement, ICT solutions, financial reporting, and rule-making and process – led by PSC, Finance, OGCI, Treasury and DPC respectively.
- 3. Greater efficiency be achieved by better information sharing between agencies**, with DPC and PSC to lead by example and support improved knowledge and data flows across government.
- 4. Reduce transaction costs and inefficiencies in staff mobility**, with PSC and agencies to remove barriers (procedural, cultural and informational) and develop new approaches to support mobility, including considering a digital platform to link staff interest and skills to resource needs across the sector.

### 3.2. Stronger leadership from central agencies

Strong leadership by central agencies is especially important with the role of central agencies highlighted to support the Government's vision for reform and enable it through guidance and support.

In particular, the Working Group considers central agencies including PSC, Treasury, OGCI, State Records Office and Finance should enhance their role in leading their respective areas. In saying this, the Working Group acknowledges that these agencies already provide assistance and services for agencies in their areas of responsibility to varying extents.

Government Procurement arguably has the most extensive 'involved leadership' approach with staff providing direct support for procurements over \$250,000 as well as through provision of templates, guidance and training.

Nevertheless, there is a need for central agencies to provide further guidance and support to agencies on the rule-making and administrative areas for which they have responsibilities. This was seen as very important by stakeholders to reduce uncertainty over regulatory requirements (which can often lead to risk averse, process oriented and over-engineered practices), help offset a thinning of capability in agencies in many corporate functions, and improve the performance of these functions.

As such, the Working Group strongly supports the Service Priority Review proposal of functional leadership and its inclusion of strengthening leadership across government as one of its four directions for reform.

Another important area that cannot be ignored is the need to improve agencies KPIs so that time and effort is not wasted pursuing, measuring and reporting a disturbing number of limited value indicators. It is therefore recommended that Treasury lead a review, in consultation with agencies, into the State's agency KPI framework. It is proposed the review would consider enabling indicators that better recognise the breath of agency responsibility and primary customer interests, the need for cross-agency contributions in many areas, and the need to acknowledge timeframes for reporting which can be shorter or longer than one year. This review should consider the use of non-auditable as well as auditable KPIs. Reform of the sector's KPIs framework is also proposed by the Service Priority Review.

The Working Group also considers the sector needs support from the authorising environment to encourage a focus on outcomes and innovation and accept some of the associated risks. A traditional political environment that is unforgiving of mistakes perpetuates a risk averse culture and discouraging reform and innovation.

The strong commitment to reduce red tape by government, supported by DPC and PSC, and buy-in from Ministers to the need for innovation and change to drive efficiency and sustainability across the sector is therefore important. Having a Minister responsible for ongoing red tape reduction and improved efficiency across the sector, and the use of annual internal red tape reduction report cards (similar to those used recently for red tape affecting business and community) should go a way to achieving this (see section 5).

## Strong leadership from central agencies

### The Working Group recommends:

5. **Central agencies improve guidance and support across their rule making and administration functions**, including clarifying risk appetite and improving risk management guidance.
6. **Central agencies to minimise unnecessary processes and practices** by providing myth-busting information and fact sheets to provide clarity of requirements, outline what agencies can do, and increasing transparency over agency reform success and performance (such as recruitment KPIs).
7. **The time and effort wasted on meaningless KPIs be reduced** through a Treasury led review (consulting with agencies and the Office of the Auditor General) which aims to identify a more efficient way for agencies to demonstrate performance, including use of non-auditable KPIs.

### 3.3. Improved rule-making and reviewing practices

The Working Group considers that developing rules and processes rigorously, and having them regularly reviewed and up for continuous improvement is critical to an efficient rule and governance framework. The Working Group therefore identifies three areas for improvement:

- adopting good rule-making principles;
- engaging staff to share good ideas about rule and process improvements; and
- capturing the full value audits can bring to the sector.

The Working Group identified that many of the rules in place to govern the public sector were not developed in a way that is consistent with best practice approaches – either failing to undertake risk management assessment, consideration of options or consultation with affected parties. In some cases, the language used in policies and guidance is confusing leading to misinterpretation of what is required.

This conclusion was also made by Belcher (2015) in her review of Commonwealth Internal Regulation. Belcher then recommended five new principles for internal regulation-making which the Commonwealth Government then accepted. Support for the use of good principles for rule-making has also come from the PSC (2015), the Western Australian Ombudsman Chris Field (2010) and Chamber of Commerce and Industry Western Australia (2017), with the first two outlining principles similar to those in Box A.

The Working Group therefore recommends the principles in Box A are agreed to by the Government and adopted by all agencies in making or reviewing new rules or processes. It is also recommended that these principles be included in a Public Sector Commissioner's Instruction with supporting training and guidance provided by PSC and Economic Reform within Treasury.

Linking with recommendation 1.3, the PSC could consider including rule-making and reviewing principles as part of the training provided to staff upon commencement of employment in the public sector.

The Working Group stresses that the amount of work done to justify a new rule or process should itself be proportionate to the risks or benefits involved. In using these principles, agencies may also wish to use Treasury's Red Tape Rapid Assessment tool and Regulatory Burden Measure, available on the Treasury website.

### Box A: Principles for good rule-making

- **A demonstrated need exists.** There is clear evidence of a problem and underlying cause, and an achievable and specific objective.
- **Proposed arrangements will achieve the objective.** Can outcomes be measured, are proposals flexible enough to pass the test of time.
- **Proposed requirements are proportionate to the risk.** Risks and possible tiered approaches (thresholds) have been considered.
- **There are no better alternatives.** Alternatives could include removing other performance constraining rules, incentives, providing information and guidance, exception reporting, minor adjustments to existing arrangements or behavioural insight options to change behaviour.
- **Benefits of the preferred model are greater than the costs.** After accounting for perverse/unintended impacts, capabilities and likely changes in markets and circumstances will the approach offer net benefits to the State as a whole.
- **Consult with those regulated and other affected parties.** Consider existing systems and compliance arrangements, and identify guidance and other support needed.
- **An implementation and evaluation plan has been developed.** This can include possible staged introduction, pilots, KPIs and a monitoring plan. Reviews should occur at least every five years but preferably based on rule/process performance.

Engaging staff in ongoing regulatory and process review, and building staff capability for better regulatory design, is also central to create a more efficient public sector in the long-term.

Many agencies have found that the one way to successfully engage staff is through the use of ideas management platforms, which allow ideas to be shared more broadly. Where these platforms have been actively managed and adequately resourced they have proven a valuable way to engage and empower staff to continuously improve processes and regulate better.

In addition, auditors can play an important role in transforming how we govern and deliver in the public sector. The function of an audit is to review agency practices and compliance with rules and policies, and auditors are experts in assessing practices (knowing when one is below or above standard). Auditors have the ability to get into the details of an agency's processes and yet not be too close (or attached) not to see improvements.

Agencies currently have the benefit of both external (Western Australian Audit Office) and internal auditors (in-house or private) that undertake audit related functions, and

the Working Group sees both can play a strong role in reducing inefficiency and improving performance.

The Office of the Auditor-General already plays a role in reviewing government efficiency, through benchmark audits, and narrow and broader performance audits. In doing so, the Office often highlights examples of good practice in its reports and identifies opportunities for improvement in management letters to agencies.

In several reports the Office has also highlighted opportunities to increase collaboration across agencies,<sup>3</sup> and improve goal clarification in agency policies to achieve efficiencies and better performance. Discussions with the Office suggest that opportunities remain to further expand how good practices and improved processes (including where processes can be reduced) can be shared and used more broadly to support efficiency and performance across the sector.

Similarly, the internal audit activities that agencies undertake present an additional opportunity to identify and remove inefficient practices. An internal auditor is uniquely placed to provide quality advice and ideas about efficiency and performance improvements in addition to recommendations on improved compliance actions. The Insurance Commission of Western Australia has had a very positive result from changing its internal audit function to include recommendations for improved efficiency (including the use of 'Lean' principles and techniques). This experience is increasingly common in the private sector which has seen internal audits move to more value-driven performance improvement activities (Crowe Horwath 2011).

### Improved rule-making and reviewing practices

#### The Working Group recommends:

- 8. The rule making principles proposed in this report be embedded in the public sector** through a Public Sector Commissioner Instruction supported with training and guidance.
- 9. Agencies to consider having effective staff engagement platforms and alternative approaches to identify efficiency improvements.**
- 10. The Office of the Auditor General consider enhancing its contribution in supporting government efficiency by:**
  - 10.1. Highlighting poor practices which involve excessive process and procedure as well as those that involve insufficient process and procedure.
  - 10.2. Leveraging existing audits to share good practice more frequently and transparently.
  - 10.3. Sharing criteria for assessing a process as 'good' more transparently.
- 11. Agencies re-consider their internal audit plans to seek opportunities for improved efficiency.**

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<sup>3</sup> Examples include Delivering Services Online, Regulation of Real Estate and Settlement Agents, and Working with Children Checks.

### 3.4. Embracing digital solutions

Embracing digital solutions widely offers enormous potential for efficiency in the public sector – a message also highlighted by the Service Priority Review. In particular, regulatory requirements and processes can become significantly less burdensome with improved customer experience and management analytics. Benefits can include:

- Reduced administration costs, including staff time, printing and mail costs.
- Faster processing through pre-programmed formulas and pre-populated data, and through better tracking and transparency of process actions to identify and remove to bottlenecks.
- Reduced risks of processing error through automated quality assurance.

Stakeholder feedback indicated considerable frustration and disappointment that so many of the sector's systems and processes remain manual and paper based and disproportionate to the risk or benefits involved. As stated by the CPSU in its submission to the Working Group:

*In terms of red tape, having outdated Information and Communication Technology infrastructure means that many processes still end up being completed by hand or are duplicated in multiple formats including hard copy files. Agencies have been undergoing a process of working towards being paperless, however without Information and Communication Technology that is up-to-date and fit-to-purpose, this cannot be achieved.*

The Working Group identified many problems through its investigation of recruitment, procurement and financial reporting functions. From paper-based credit card practices to recruitment processes that only use a fraction of the digital opportunity available, to tendering processes where early stages are handled manually. In many cases, the problem is that online solutions have been added piecemeal to previous manual systems so forms are completed online only to be printed out, signed and scanned back in the system but as a PDF with no data analytic functionality. In many cases, these solutions have simply digitised parts of an out-of-date process and in some cases the manual process has not been retired.

In making this last point, the Working Group highlights three important messages for advancing digital transformation:

- The need to systematically review the purpose, need and approach for a regulatory or business process before adopting digital solutions – placing a poor process online is not the solution the sector needs.
- The importance of a connected digital transformation approach ensuring compatibility and functionality across as much of the sector as feasible, as outlined in the Digital WA Strategy.
- Ensure that old, manual channels are removed when digital processes are introduced to avoid duplication and inefficiency.



The Working Group has found several major impediments to the successful adoption of digital solutions across the sector:

- A lack of receptivity by some to changing processes.
- A passive approach to reviewing and improving current processes before implementing digital solutions. Re-thinking whether a process is needed or re-mapping how to achieve an outcome was a step many reported was missing before considering digital options.
- A lack of ICT proficiency, capability and awareness of digital solutions and associated information governance and data management.
- Regulatory barriers impeding digital solutions, especially restrictions relating to the sharing of data.

Although financial constraints can also limit the adoption of digital approaches, many stakeholders consulted during this review – including digital experts in agencies and the OGCIO – highlighted that this is often not the greatest barrier. Rather, one of the largest constraints is staff perception that ICT procurement entails an approach involving significant upfront due diligence associated with the purchase of expensive infrastructure and assets. Instead, most solutions now require an approach which involves the cloud-based consumption of digital services involving less upfront cost and lower risk (such as a subscription service).

The new digital solutions can transform common government processes such as procurement and recruitment. Many of the current processes in these areas were developed before the current suite of digital solutions were available, and to an extent, regulatory, procurement and governance systems need to adapt accordingly. It is for this reason that Government Procurement and OGCIO have worked together to develop a new ICT CUA, and why the prospect of improved regulatory administration is so great.

The sector has a long way to go to capture the value of current digital possibilities – let alone set itself up for benefits from what can only be expected to be a fast changing digital future. Fortunately, the Western Australian Government has identified the importance of digital transformation and has laid the foundation to progress this change.

## Embracing Digital Solutions

The Working Group recommends that relevant agencies:

- 12. Move to achieve efficiencies through digital solutions quickly** – OGCIO or similar group should accelerate digital transformation by raising awareness of potential benefits, building capability to adopt innovation and digital solutions, and providing assistance in priority areas (such as data management).
- 13. Make processes efficient first** – Agencies should prioritise areas of potential modernisation and digital opportunities, and review their processes for need and approach (with customers in mind) so that digital solutions can be created to optimise the achievement of a clear goal.
- 14. Remove unnecessary regulatory barriers** – Department of Premier and Cabinet should work with the OGCIO and Economic Reform to remove regulatory barriers to data sharing.

## 4. Specific reforms

The Working Group has identified recommendations and actions to address specific red tape problems. Many of these relate to the three priority areas of recruitment, procurement, financial reporting and cumulative burden. Some of these actions can be implemented quickly to build momentum for red tape reduction across the sector. Priority areas for reforms are highlighted in Figure 4.

**Figure 4: Recommendations to address specific priority areas**

<b>Recruitment</b>	<ul style="list-style-type: none"> <li>• Substantially change the current risk averse, process-oriented approach</li> <li>• Use digital solutions to streamline recruitment</li> <li>• Improve the redeployment and referral process</li> <li>• Encourage a culture supportive of continuous improvement</li> </ul>
<b>Procurement</b>	<ul style="list-style-type: none"> <li>• Reduce overall process and reporting burdens</li> <li>• Improve the flexibility and ease of use of Common Use Arrangements</li> <li>• Improve contract negotiation and risk management skills</li> <li>• Enhance focus on performance and outcomes.</li> </ul>
<b>Financial Reporting</b>	<ul style="list-style-type: none"> <li>• Reform annual reporting requirements underlying the preparation of financial statements.</li> <li>• Improve financial management and record keeping</li> <li>• Risk-based reviews of fees and charges</li> </ul>
<b>Cumulative Reform</b>	<ul style="list-style-type: none"> <li>• Enable greater flexibility in ensuring attendance and encourage digital approaches</li> <li>• Modernise record keeping</li> <li>• Remove other burdens</li> </ul>

### 4.1. Getting recruitment right

Recruitment is critical in all agencies, and related rules and processes should be focussed on providing an organisation with the most suitable staff needed to undertake a particular role in a timely, fair and efficient manner.

The principles of merit, equity, interest and transparency underpin the sector's recruitment activities, with the *Public Sector Administration Act 1994* and Public Sector Commissioner's Instruction 1 and 2 providing the main regulatory requirements.

Consultation undertaken by the Working Group illustrated that many public sector employees view the recruitment process as onerous, time consuming and excessively rigid. Discussions with the Public Sector Commission suggest performance is highly variable across different public sector agencies.

With respect to timeliness, a recent review by the PSC undertaken examining the recruitment performance across the public sector in Western Australia found average recruitment times to be slightly over 50 working days. That review also highlighted some agencies with long (over 100 days) advertising to placement timelines suggesting considerable room for improvement.

Specific problems identified by the Working Group included:

- The request to fill vacancy process is often poorly thought through, with managers frequently not completing information correctly thereby causing delays.
- The current redeployment referral process adds nearly a week to each recruitment, but has very low success in filling positions.
- The interview stage of the recruitment process appears to suffer from myths (Box B) and risk aversion, resulting in restrictions and constraints that are likely to be undermining selecting the best applicant.
- Managers often make excessively detailed notes to justify decisions. In some cases, the burden of work is so consuming that consultants are hired to write the report and demonstrate procedural fairness, and avoid the perceived risk of a breach claim (which, while infrequent, often occurs during the breach period after the decision making process is complete).
- No (or little) communication being made with unsuccessful applicants until late in the process, weeks or months after applications are submitted.
- Performance data beyond timelines is also scarce, especially on the quality of candidates and the experience they had in the recruitment process.

### **Box B: Myths surrounding recruitment requirements**

- An employee in an acting position, on secondment or on a fixed term contract must be working in the position for no less than 12 months before permanency can be offered.
- A three-member panel is required for all recruitment interviews.
- A lengthy selection report is needed to justify a recruitment decision and avoid a breach of process.
- The panel is not allowed to deviate from set questions in the interview.

## Moving forward on recruitment

To address these shortfalls and start the task of improving recruitment across the sector, the Working Group recommends several reforms.

### Recruitment

#### The Working Group recommends:

- 15. Substantial changes to the current risk averse, process-oriented approach to recruitment** by, for example, reviewing the breach process and increasing efficiency in transitioning staff from acting to substantive positions.
- 16. Using digital solutions to streamline recruitment**, including improved request to fill processes.
- 17. Improving the redeployment and referral process** with PSC to develop new approaches.
- 18. Encouraging a culture supportive of continuous improvement** through greater cross-sector engagement on good practice, and more transparent measurement of recruitment KPIs.

Following consultation with relevant agencies, the following more detailed actions are provided to support the above recommendations.

#### 15. Substantially changing the current risk averse, process-oriented approach:

- 15.1 PSC to review the breach process and four-day breach period for public sector recruitment under the Public Sector Management (Breaches of Public Sector Standards) Regulations 2005 to reduce delays and risk averse practices.<sup>4</sup>
- 15.2 PSC to develop example selection reports explaining minimum requirements to meet Commissioner's Instructions.
- 15.3 PSC to promote alternative interview techniques and panel structures.
- 15.4 Agencies to increase the regularity of communication with candidates by making better use of RAMS (or other systems).
- 15.5 Improve the efficiency in transitioning from acting to substantial positions: PSC to clarify requirements for transition to permanency in a myth busting fact sheet; and review and consider more contemporary approaches to moving staff from acting positions to substantive positions, taking into account other potential industrial relation and government policy reforms.

#### 16. Using digital solutions to streamline recruitment:

- 16.1 Agencies to consider expanded digital recruitment opportunities to improve timeliness, reliability and quality of service.
- 16.2 Agencies improve management of the request to fill a vacancy process by ensuring information to support the desired recruitment outcomes is captured, along with simplifying and digitalising the process.

<sup>4</sup> The PSC would need to consult with relevant stakeholders, and consider relevant industrial awards and the current review of industrial relations arrangements in progressing this recommendation.

**17. Improving the redeployment and referral process:**

- 17.1 PSC to work with human resources practitioners to collaboratively develop plans to better manage redeployment (for example, asking redeployees to share a performance report or guaranteeing interviews for redeployees).
- 17.2 PSC to evaluate the merits of more broadly adopting short-term placements or trial periods for redeployees.

**18. Encouraging a culture supportive of continuous improvement:**

- 18.1 PSC to drive cross-sector engagement by leading human resource practitioners in educating staff on options and benefits of improved recruitment practices, including consideration of cross-sector pooled recruitment (such as in NSW).
- 18.2 Agencies to improve the measurement and transparency of recruitment outcomes with KPIs including the quality of recruitment (subsequent staff performance) and applicant satisfaction with recruitment experience.
- 18.3 PSC to annually review a sample of agencies for their recruitment KPIs, and report this publicly.

**4.2. A clearer path for procurement**

Procurement policies assist an organisation achieve the best value-for-money for the purchase of goods or services in a manner that meets the probity and accountability requirements of government. Procurements must also meet legislative and other policy requirements, which can include an organisation's environmental, social inclusion or local business goals, and commitments under international agreements.

Recent whole-of-government procurement reforms have helped streamline procurement arrangements, however concerns remain over the process. The main problems identified include:

- Processes that are often unnecessarily confusing and time consuming (this can lead to misconceptions of what is required – see Box C).
- Restricted choice, reflecting limited or insufficient options on some Common Use Arrangement panels, and qualitative requirements to join a panel limiting new businesses supplying the Government sector.
- Burdensome approaches to Buy Local Policy implementation.
- Protracted contract negotiations over terms and conditions.
- A perceived decline in risk management capability combined with greater responsibility for risk management being placed on agencies.
- The policies and practices of some agencies go well beyond whole-of-government requirements.
- Duplicative reporting requirements.

In their to the Issues paper, the Chamber of Commerce of Western Australia highlighted the burden that inefficient procurement processes can also place on businesses in Western Australia.

**Box C: Myths surrounding procurement requirements**

- It is not possible to procure innovative and non-traditional products and services using current procurement methods.
- The process of acquiring an exemption to a mandatory CUA is cumbersome and too difficult.

**Procurement improvement****Procurement****The Working Group recommends:**

- 19. Reducing overall process and reporting burdens**, for example, by simplifying and improving procurement documents and website materials, better oversight for large procurements, and removing duplicative reporting on consultancies.
- 20. Improving the flexibility and ease of use of Common Use Arrangements** with regular strategic reviews of CUAs and an improved web-based pick-and-buy platform.
- 21. Improve contract negotiation and risk management skills** with Government Procurement providing additional guidance, and PSC assessing the risk management needs of the sector and ways to improve skills.
- 22. Improving focus on sector-wide performance and outcomes** with agencies to give greater attention to joint tender opportunities and Government Procurement to better capture procurement performance data.

**Following consultation with relevant agencies, the following more detailed actions are provided to support the above recommendations.**

**19. Reducing overall process and reporting burdens by:**

- 19.1. Government Procurement to simplify procurement documents, such as procurement plans and relevant templates in consultation with customers and the red tape reduction team in Economic Reform.
- 19.2. Government Procurement to seek a better way to management procurement assurance over \$5 million than the current State Tender Review Committee process, focusing assistance and assurance at the beginning of high risk and complex procurement processes (with procurement policies being updated to require agencies to liaise with Government Procurement early).
- 19.3. OGCIO to improve guidance and training on the use of the GovNext Common Use Arrangement.
- 19.4. Government Procurement to improve access to information and guidance including updating its website materials.
- 19.5. Repealing Premier's Circular 2005/08, which requires the reporting of a narrow range of consultancies every six months, and instead rely on Tenders WA for information.

- 19.6. Repealing Premier's Circular 2016/02 which requires approval by DPC of professional contracts over \$50,000, or if not rescinded raise the reporting threshold to \$75,000 and focus only on areas of high risk.
- 19.7. Clarifying Treasurer's Instruction 820 to explicitly allow Tenders WA to serve as a register of contracts.
- 19.8. Improving Buy Local arrangements with Government Procurement simplifying the policy, and recommending to government that imported content calculations and reporting only be required when they influence a purchase decision through price preferences (that is, only apply buy local process requirements where it will affect the outcome).

#### **20. Improve flexibility and ease of Common Use Arrangements, with:**

- 20.1. Government Procurement undertaking strategic reviews as each CUA expires to ensure the procurement model best suits market and other conditions. These reviews would include the consideration of purchasing arrangements including mandatory CUAs, consortium CUAs (like Gov-Next-ICT), voluntary CUAs and multi-user lists.
- 20.2. Government Procurement to consider a simple and integrated web based platform for CUA purchasing (pick-and-buy).

#### **21. Improving contract negotiation timeframes and risk management skills by:**

- 21.1. Government Procurement to encourage re-use of previously agreed upon terms and conditions to avoid re-negotiation.
- 21.2. Government Procurement to encourage agency procurement staff to exercise their right to consider only compliant bids when this is in the State's best interests.
- 21.3. Government Procurement to improve the negotiating capability of agencies to facilitate better procurement outcomes.
- 21.4. Government Procurement to assist in building risk management capability in relation to procurement.
- 21.5. The PSC to consider ways to assess the risk management needs and capability of the public sector, and ways to improve how the sector performs risk management.

#### **22. Improving focus on performance and outcomes**

- 22.1. Finance to finalise and implement its prototype digital 'Who Buys What and How' dashboard.
- 22.2. Agencies to develop tenders jointly when appropriate, reducing associated costs and creating savings opportunities.
- 22.3. Government Procurement to review how to better capture and share procurement performance and outcomes across the sector.

### **4.3. Financial and performance reporting that makes sense**

Effective financial reporting and management is essential to ensure the appropriate financial probity and accountability of the public sector. Regulations seek to ensure relevant and accurate financial information is provided in a timely manner to decision-makers, stakeholders understand the financial position and performance of an agency, and inhibit fraud or money laundering.



Unfortunately, many requirements and practices have failed to keep up-to-date in several important areas. This includes in terms of policy, such as adopting some of the streamlined reporting options allowed under the Australian Accounting Standards Board, or contemporary practices including digital banking and electronic signatures.

Overall, the main problems identified by the Working Group include:

- Requiring small public sector entities to report the same financial information as larger entities (a reform area Treasury is currently actioning).
- Treasurer's Instructions that do not fully recognise a digital economy and e-commerce opportunities, and provide insufficient guidance which leads them open to different interpretations.
- Excessive reporting obligations for acquittal of credit card expenses and the accidental personal use of credit cards.
- Wasted time and effort reporting agency KPIs that are often a poor indicator of performance.
- A perception (myth) among some agencies that records must be retained in hard copy or at a standard of digitisation typically reserved for records being held in perpetuity.

The Working Group has also heard that many of the reasons a particular rule or practice is in place is to 'meet the requirements' of auditors, and this perception is leading to excessive risk aversion and unnecessary practices. This not only wasting resources but distracting agencies from delivering services and creating value. An additional problem is that if agencies set excessive policies and processes for themselves, the Auditor General might fail them against those policies, even if the agencies performance actually exceeds central policy requirements. As such, agencies should ensure their policy requirements are efficient and proportionate to risk.

At the same time, it is the Working Group's view that there are opportunities for the Auditor General's Office to play a more proactive role in supporting efficiency, including by informing agencies where their policies and practices may be causing excessive activity and waste in the sector. The Working Group has liaised with the Auditor General's Office and has encouraged it to consider these opportunities, while respecting its independence to determine its activities.

Staff misconceptions regarding such requirements can lead to excessive practices. Some financial reporting misconceptions and myths are provided below in Box D.<sup>5</sup>

In advancing the recommendations below, it is noted that several are within the scope of Treasury's current review of the Financial Management Act.

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<sup>5</sup> Treasury has noted it would liaise with the Office of the Auditor General in developing a financial reporting myth busting fact sheet.

**Box D: Myths surrounding financial reporting requirements**

- Hard copies of credit card receipts must be retained for seven years.
- The Auditor General will accept only paper audit trails and files.
- Agencies must accept all of the Auditor General's findings.
- All Treasurer's Instruction guidelines are mandatory.
- You cannot use smart phone captures (photos) as 'deemed originals' of invoices.

**Improving reporting****Financial reporting****The Working Group recommends:**

- 23. Reforms to annual reporting requirements underlying the preparation of financial statements**, including enabling reduced disclosure requirements for smaller agencies.
- 24. Improving financial management and recordkeeping**, including simplified credit card reporting, salary payment records and write-off approvals.
- 25. Using risk-based approaches to reviewing fees and charges.**

Following consultation with relevant agencies, the following more detailed actions are provided to support the above recommendations.

- 23. Reforms to annual reporting requirements underlying the preparation of financial statements** including:
  - 23.1 Treasury to amend Treasurer's Instruction 1101 to enable reduced disclosure requirements for smaller agencies as per AASB 1053.
  - 23.2 Treasury to review Treasurer's Instructions and guidelines related to reporting requirements, to ensure they are easily understood and applied (for example, written in plain English for those performing financial processes).
  - 23.3 DPC to remove remaining barriers to enable agencies to present their Annual Reports, financial notes, disclosures and other technical information online, with the model report updated accordingly.
- 24. Improving financial management and record keeping**
  - 24.1 Improving the management of credit cards with Treasury to review Treasurer's Instruction 321 to make it less prescriptive, and enable agencies to manage risk proportionately – especially for accidental and non-fraudulent transactions that are repaid promptly; as well as Finance, together with Treasury and the CFO Steering Group, to provide a draft model purchasing card policy and good practice process.
  - 24.2 Simplifying salary payment records with Treasury to amend Treasurer's Instruction 506(7) to allow agencies to deem that salaried permanent staff are in attendance and only report on exceptions; as well as to update guidelines to clarify the different ways of authorising salary payment.

24.3 Improving write-offs requirements with Treasury to amend the *Financial Management Act 2006* so that the Governor's approval for write-offs is not required, enabling the Minister to grant the highest level of approval; and raise thresholds for the accountable authority and Minister to sign off write-offs in the *Financial Management Regulations 2007*.

- 25. Using risk-based approaches to reviewing fees and charges** - Treasury to review Treasurer's Instruction 810 to allow for a risk-based approach to annual increase of fees and low value charges up to the CPI, with a full review of fees and charges on a less frequent (three or five yearly) basis.

#### 4.4 Clearing the decks – removing some cumulative burdens

As noted earlier, it is not necessarily any one issue that sees internal red tape be a significant impediment to public sector efficiency, but rather the multitude of processes, reporting and compliance requirements that in combination consume a large amount of public sector effort.

The Working Group was repeatedly made aware of Issues identified with current practices, including:

- requirements to fill out daily detailed timesheets (especially when paper-based) – while necessary for billing purposes or managing poor attendance, these can be excessive for many salaried staff (particularly senior staff) where alternatives such as calendars or variance reporting or overtime requests can capture material changes in hours or support flexi-leave, overtime entitlements or allowances;
- continued use of wet signatures; and
- inefficient handling of documents and record keeping, especially regarding the misconceptions that paper based records are needed.

#### Reducing other burdens

##### Cumulative burdens

**The Working Group recommends:**

- 26. Better record keeping** through greater flexibility in ensuring staff attendance, and modernising record management practices.
- 27. Digitalising processes and approvals**, including DPC considering digital Cabinet and ministerial processes, and expanded use of electronic and digital approvals and signatures.
- 28. Removing other burdens such as aligning reporting periods for the Government's Building Training policy and developing a whole-of-government** contact database.

Following consultation with relevant agencies, the following specific actions are provided to support the above recommendations.

## 26. Better record keeping

- 26.1 **Enable greater flexibility in ensuring attendance and encourage digital timesheets** that are integrated with human resource systems, if required, with Treasury to amend Treasurer's Instruction 502. Amendments would explicitly allow the hours declared by salaried employees to be deemed an adequate assurance and accurate record of attendance (without mandatory timesheets), unless the supervising officer has reason to believe otherwise or industrial agreements require differently. Treasury to also amend related guidance to encourage agencies to adapt more efficient processes, explicitly discouraging manual approvals and paper records.
- 26.2 **Modernising record keeping:** The State Records Office to work with public sector agencies on modernising records management processes and busting myths regarding record keeping requirements.

## 27. Digitalising processes and approvals

- 27.1 **DPC to review possibilities of improving Cabinet and ministerial processes** through digital systems, as per some other jurisdictions.
- 27.2 **Leveraging the Compliance Calendar with PSC** to continue to improve the functionality and completeness of the Calendar, including a function to notify staff of upcoming obligations and changes to requirements.
- 27.3 **Agencies should expand the use of electronic and digital approvals** including use of email authorisations for low risk and routine decisions, with PSC and central agencies supporting the transition towards digital signatures.

## 28. Remove other burdens

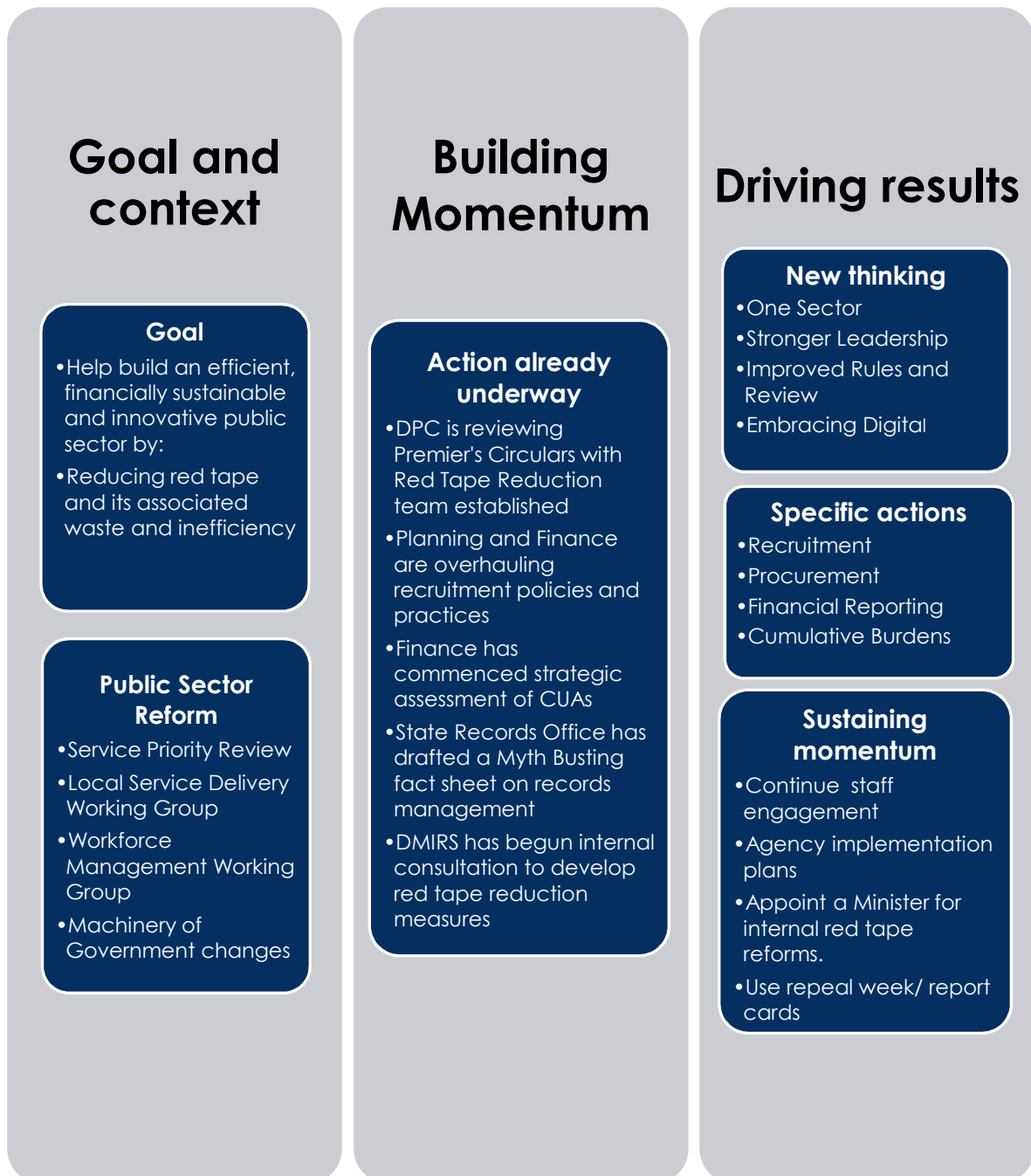
- 28.1 **DPC to revise Premier's Circular 2011/03** so that it is not mandatory for agencies to keep a register of all instances of graffiti, and remove it within 48 hours.
- 28.2 **The Department of Training and Workforce Development to amend the Government Building Training policy** so that the reporting periods align with calendar years.
- 28.3 **PSC should establish a whole-of-government contact database to improve collaboration across government.**
- 28.4 **Information Commissioner to consider building on recent efforts to avoid agencies over complicating responses to freedom of information requests.**

# 5. Delivering change

The Working Group provides its recommendations for government to consider in conjunction with other reviews that form part of its Public Sector Renewal program. The goal is to identify reductions in internal red tape and sustain change to support an efficient, financially sustainable and innovative public sector.

The recommendations centre around creating a new way of thinking and working in the public sector to address the underlying causes of internal red tape, build momentum for change through immediate and specific actions, and sustaining reform through ongoing engagement and accountability (see Figure 5).

**Figure 5: Strategy to Reduce Internal Red Tape**



## Making the most of momentum

Many agencies are already taking action to reduce red tape to achieve efficiencies. Significantly, the commencement of this review, and its consultative nature, has expanded the appetite and interest in further reform. The Working Group has received feedback that the conversation and elevated focus on internal red tape reduction has already seen improvements.

Some of the initiatives energised and supported by this project include a strategic assessment of Common Use Arrangements to improve procurement, and Planning and Finance commencing an overhaul of their recruitment policies and practices. The State Records Office has also taken the initiative to work with Finance to develop a Myth Busting fact sheet on records management, and Treasury is considering how it expands its use of communities of practice.

The Department of Mines, Industry Regulation and Safety used the opportunity to contribute to the Working Group to undertake several workshops of its own and start developing its own program of reform initiatives. The Department of the Premier and Cabinet has similarly kick-started a new red tape reduction team with a program of reform being developed.

These examples also serve to highlight that the Working Group's recommendations will necessarily progress in tandem with, and often in support of, agencies' other reform priorities, along with the recommendations of other Public Sector Renewal initiatives.

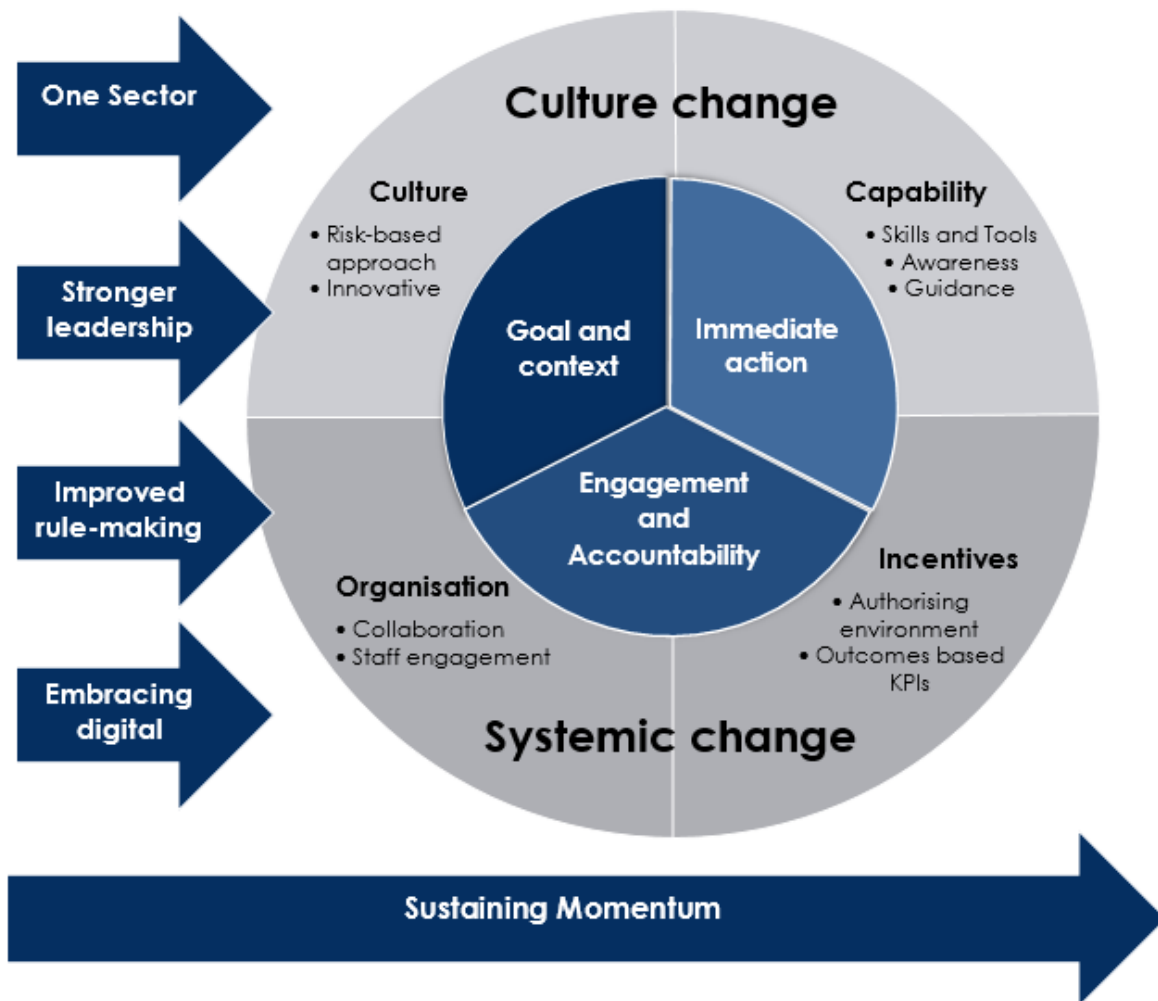
## Achieving results

The Working Group has identified 14 cross cutting recommendations and a further 14 specific actions to reduce red tape and improve public sector efficiency. Two additional recommendations are made to help sustain reform momentum.

The cross-cutting recommendations aim to drive systemic and cultural change across the sector through a new way of thinking and working (see Figure 6). They offer government tangible and meaningful ways to drive an innovative and risk-based (not risk averse) culture, expand awareness and capability, re-align incentives towards outcomes and efficiency (rather than traditional process and compliance), and help address organisational and silo constraints on performance.

The specific actions proposed represent an important first instalment of reform ideas that will directly cut red tape and provide efficiencies, and give impetus to further reform ideas from agencies and staff across the sector. They also help expand the 'practice' of reform.

Figure 6: Driving long-term sustainable change through a new way of thinking



The Working Group has drawn from its recommendations and proposed actions a subset of initiatives that it considers could be taken up immediately (over the next six months) (Figure 7). Achieving quick wins will continue to build the momentum for change. Doing so will also help build credibility and trust across the sector that change can happen – with trust critical to achieving cultural change. The Working Group has also provided suggested timeframes for each of the recommendations and proposed actions. These timeframes are only indicative to guide further development of implementation plans (see Attachment D).

It is emphasised that the changes are best seen as a package that complement each other – as well as other public sector reform initiatives (especially the Service Priority Review). The recommendations work together to build awareness, capability and momentum for ongoing red tape reduction and the pursuit of efficiency, with some directly supporting each other.

Figure 7: Proposed immediate actions

Cross-cutting			
<p><b>One Sector:</b></p> <ul style="list-style-type: none"> <li>• Establish or further support cross-sector communities of practice</li> <li>• Remove barriers to cross sector policies.</li> </ul>	<p><b>Stronger Leadership:</b></p> <ul style="list-style-type: none"> <li>• Create myth busting fact sheets</li> </ul>	<p><b>Improved Rules and Review:</b></p> <ul style="list-style-type: none"> <li>• Agree to the rule-making principles in a Public Commissioners Instruction.</li> <li>• Improve value from internal audit</li> </ul>	<p><b>Embracing Digital:</b></p> <ul style="list-style-type: none"> <li>• Start removing unnecessary barriers to information sharing</li> </ul>
Specific areas			
<p><b>Recruitment:</b></p> <ul style="list-style-type: none"> <li>• Develop example selection reports</li> <li>• PSC to consider better ways to move staff to permanency.</li> <li>• Improve recruitment KPIs.</li> </ul>	<p><b>Procurement:</b></p> <ul style="list-style-type: none"> <li>• Simplify procurement documents.</li> <li>• Improve training and guidance on GovNext-ICT CUA</li> <li>• Repeal Premier's Circulars 2005/08 and 2016/02 on reporting on consultant contracts</li> <li>• Finalise the 'Who Buys What and How' platform</li> <li>• Clarify Tenders WA can serve as register of contracts</li> </ul>	<p><b>Financial Reporting:</b></p> <ul style="list-style-type: none"> <li>• Enable streamlined (tiered) reporting</li> <li>• Improve instructions for credit cards and fees and charges</li> <li>• Provide draft model purchasing card policy</li> <li>• Only require salary reporting by exception</li> </ul>	<p><b>Cumulative Burdens:</b></p> <ul style="list-style-type: none"> <li>• Enable flexibility in records of attendance and time worked</li> <li>• Improve PSC's Compliance Calendar</li> <li>• Align Government Building Training policy with calendar years</li> </ul>

**Sustaining momentum**

The Working Group has been impressed by the participation of so many public servants during this review, and the goodwill to support improvements to the way the public sector sets its rules and processes and implements them. It is also cognisant that continuous improvements needs the ongoing involvement and innovative ideas of staff. Specific reforms and systemic change will struggle to deliver the cultural change needed if staff are not engaged in the purpose and potential direction of improvements to drive efficiency.

It is therefore recommended that initiatives be pursued to continue to engage staff on red tape reduction and efficiency improvement including through awards and rewards, and the use of red tape champions (which has proven highly successful in supporting red tape reduction activities aimed at reducing burdens for business and the community). Gaining broad ownership over new directions is well recognised as important in organisational management (McKinsey and Company 2011).



Ongoing engagement and participation also needs to be supported by continuous accountability for delivering reform. Previous reforms have often stagnated over time in the absence of implementation accountability and transparency. The Working Group itself has committed to review and report back on progress to the Public Sector Leadership Council 12 months after this project is completed.

***Sustaining Momentum***

**29. DPC should showcase public sector efficiency improvements and maintain ongoing engagement with staff on internal red tape reduction as part of the government's public sector renewal program.**

**30. Government should support accountability and governance for reform through:**

- 30.1 Central agencies, in consultation with DPC, developing implementation plans for recommendations related to their area.
- 30.2 Government appointing a Minister with responsibilities for internal red tape reduction (this could include the Minister for public sector reform (currently the Premier) or the Minister for regulatory reform (currently the Treasurer).
- 30.3 Government agreeing to use Repeal Week (or similar week) to provide legislative priority for reforms and annual reports cards to incentivise action and add transparency.

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# Attachment A: Terms of Reference

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## Directors General Working Group on Public Sector Efficiency

### Terms of Reference

#### 1. Introduction

On 20 April 2017, the Public Sector Commissioner requested the formation of a Directors General working group to identify opportunities to reduce internal 'red tape', waste and inefficiencies in the public sector. In particular, the Commissioner has raised concerns over significant administrative overburden of accountability and approval requirements within government.

The working group will need to work across government to identify where internal red tape could be reduced to minimise waste and support a financially sustainable and efficient public sector.

'Red tape' commonly refers to unnecessary or excessive government regulations, processes and paperwork imposed on entities outside of government. Many governments in Australia and overseas have introduced red tape reduction activities in recognition of the importance of reducing unnecessary costs and delays emanating from red tape affecting business and the community.

Excessive rules that the Government imposes upon itself (internally) through policies, convention or legislation have received less attention but can be equally inefficient and costly. These rules can often be more intangible and hidden compared to conventional red tape burdens. Furthermore, compared to external red tape reduction, their removal tends to have fewer champions for change.

Internal red tape can have far-reaching effects. It not only limits public sector productivity and innovation, it can also affect the quality of advice and service delivery. In the long-term, it can affect the morale and culture of the public sector making government less attractive as an employer of choice, and more onerous to interact with.

#### 2. Purpose of the working group

The purpose of this working group is to help Government build a financially sustainable and highly productive public sector by reducing internal red tape and its associated waste and inefficiency across government.

The working group's role therefore includes:

- identifying 'big wins' and potential 'quick wins' that help reduce internal red tape across government;
- identifying and proposing remedies for the underlying causes of internal red tape, including potential accountability frameworks, performance incentives, risk management tools, and other mechanisms to support long term efficiency improvements; and
- recommending strategies to promote a culture of agility, innovation and efficiency across the public sector.

### **3. Proposed Approach**

In fulfilling its task, the working group will adopt a consultative approach that uses both targeted and broad-based engagement, including with unions and central agencies responsible for the main requirements imposed on government agencies.

### **4. Membership**

The working group is to be chaired by Anne Nolan, Director General of the Department of Finance and includes Gail McGowan, Jennifer Mathews, Richard Sellers and Ron Alexander.

At least three members must be in attendance in order to achieve a quorum.

### **5. Timing of deliverables**

A final report is due to the Public Sector Commissioner by 31 October 2017, with interim reports as required.

### **6. Frequency of meetings**

The working group will meet on a monthly basis and more frequently as determined by the Chair, commencing in May 2017.

### **7. Secretariat for the Committee**

Secretariat support for the working group will be provided by the Department of Finance.

# Attachment B: Consulted parties

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## Consulted parties

In addition to line agencies, the Working Group consulted with:

- *Community and Public Sector Union/Civil Service Association*
- *Department of Finance, including Government Procurement*
- *Department of the Premier and Cabinet*
- *Department of Treasury*
- *Insurance Commission of Western Australia*
- *Office of the Auditor General*
- *Office of the Government Chief Information Officer*
- *Public Sector Commission*
- *Service Priority Review panel and secretariat*
- *State Records Office*

## Written Submissions

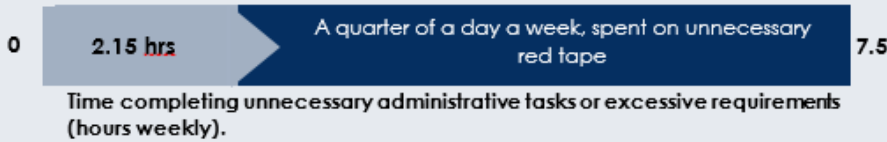
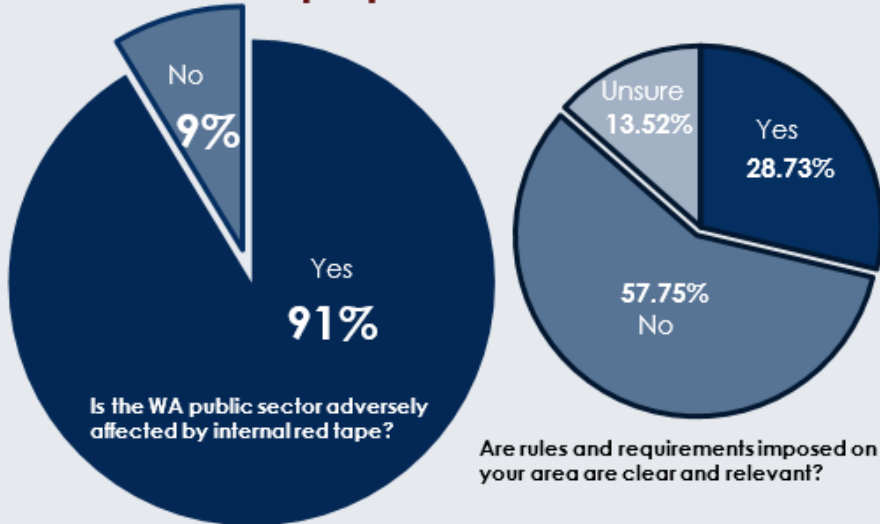
Written Submissions were received from:

- *Australian Society of Archivists*
- *Chamber of Commerce and Industry WA*
- *Community and Public Sector Union/Civil Service Association*
- *Department of Mines, Industry Regulation and Safety*
- *Insurance Commission of Western Australia*
- *Mr Christopher McAlinden*
- *Mr Martyn Cavanagh*
- *Ms Jade Santa Maria*
- *Ombudsman Western Australia*
- *State Records Office*

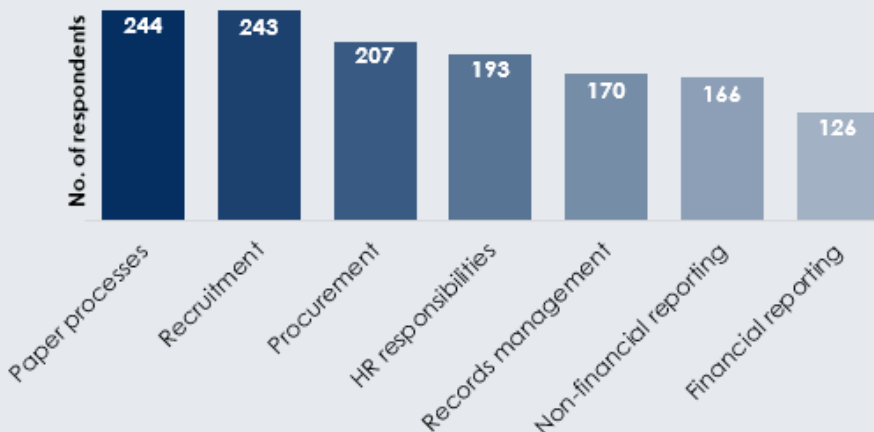
# Attachment C: Survey responses

Results from 467 responses to an open, online survey (not randomised)

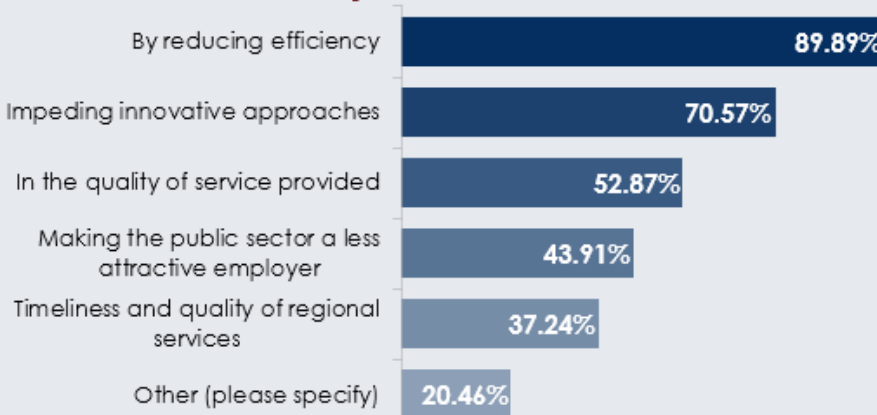
## Is there a red tape problem?



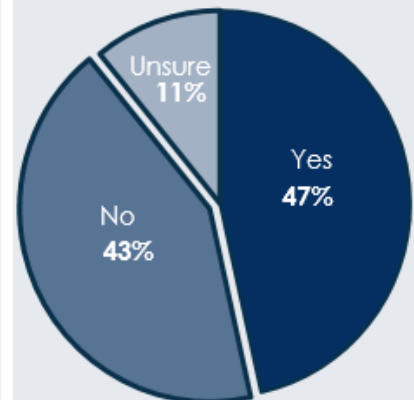
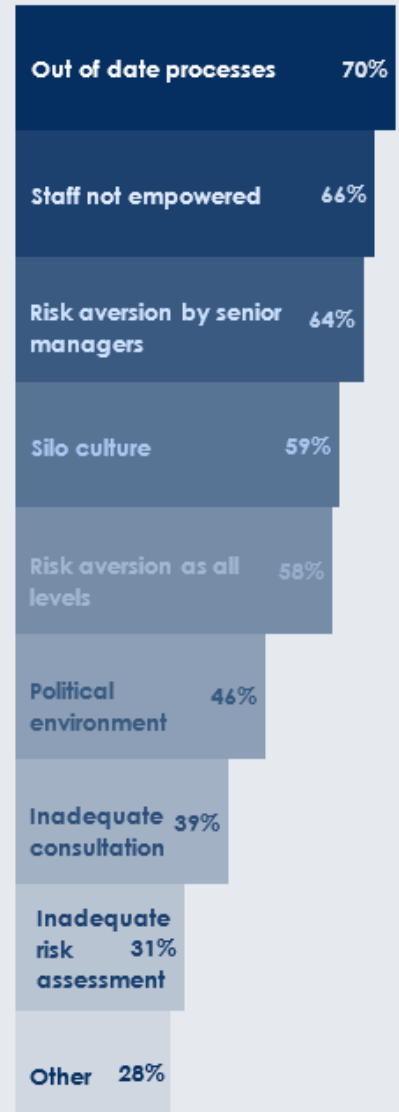
## Where are the greatest problems?



## How does red tape affect the sector?



## What causes red tape?



Does your work area refer to best practice principles for developing new processes?

# Attachment D: Recommendations

Recommendation	Responsible Agency	Suggested Timelines
<b>One Sector</b>		
<p>1. The inefficiency caused by duplication in policy development be reduced with:</p> <p>1.1. Central agencies to develop sector-wide policies and periodically review these using the principles of good rule-making proposed by the Working Group and remove requirements for agencies to generate their own policy.</p> <p>1.2 Agencies to adopt sector-wide policies, or a portfolio approach to policies, unless precluded by regulatory or other constraints.</p> <p>1.3 PSC to consolidate training on sector-wide skills, values and systems, to be completed by all staff commencing public sector employment, including good rule making principles.</p> <p>1.4 DPC, PSC and Treasury to work together to rationalise their respective policy and regulatory instruments to remove duplication and ensure the best instrument is used for the purpose needed</p> <p>2. 'Communities of practice' be established or better leveraged to help drive more efficient policies and practices regarding recruitment, procurement, ICT solutions, financial reporting, and rule-making and process – led by PSC, Finance, OGCI, Treasury and DPC respectively.</p> <p>3. Greater efficiency be achieved by better information sharing between agencies, with DPC and PSC to lead by example and support improved knowledge and data flows across government.</p> <p>4. Reduce transaction costs and inefficiencies in staff mobility, with PSC and agencies removing barriers (procedural, cultural and informational) and developing new approaches to support mobility, including a new digital platform to link staff interest and skills to resource needs across the sector.</p>	<p>PSC</p> <p>All agencies</p> <p>PSC</p> <p>DPC, PSC and Treasury</p> <p>Central agencies</p> <p>DPC and PSC</p> <p>PSC and agencies</p>	<p><b>Mid end 2018</b></p> <p>Mid 2019</p> <p>Ongoing</p> <p>Ongoing</p> <p>Set up by <b>mid 2018</b>, then ongoing</p> <p>Ongoing</p> <p>Mid 2019</p>
<b>Stronger Leadership</b>		
<p>5. Central agencies improve guidance and support across their rule making and administration functions, including clarifying risk appetite and improving risk management guidance.</p> <p>6. Central agencies to minimise unnecessary processes and practices by providing myth-busting information and fact sheets to provide clarity of requirements, outline what agencies can do, and increasing transparency over agency reform success and performance (such as recruitment KPIs).</p>	<p>Central agencies</p> <p>Central agencies</p>	<p>Ongoing</p> <p><b>Mid 2018</b></p>



Recommendation	Responsible Agency	Suggested Timelines
7. The time and effort wasted on meaningless KPIs be reduced through a Treasury-led review (consulting with agencies and the Office of the Auditor General) which aims to identify a more efficient way for agencies to demonstrate performance, including consideration of non-auditable KPIs.	Treasury	End 2018
<p><b>Improved Rules and Reviewing practices</b></p> <p>8. The rule-making principles proposed in this report be embedded in the public sector through a Public Sector Commissioner Instruction supported with training and guidance.</p> <p>9. Agencies to consider having effective staff engagement platforms and approaches to identify efficiency improvements.</p> <p>10. The Office of the Auditor General consider enhancing its contribution in supporting government efficiency by:</p> <p>10.1 Highlighting poor practices which involve excessive process and procedure as well as those that involve insufficient process and procedure.</p> <p>10.2. Sharing good practice more frequently and transparently.</p> <p>10.3. Sharing criteria for assessing a process as 'good' more transparently.</p> <p>11. Agencies re-consider their internal audit plans to seek opportunities for improved efficiency.</p>	<p>PSC</p> <p>All agencies</p> <p>Auditor General's Office</p> <p>All agencies</p>	<p><b>Mid 2018</b></p> <p>Ongoing</p> <p>Ongoing</p> <p>Ongoing</p> <p><b>Mid 2018</b></p>
<p><b>Embracing Digital solutions</b></p> <p>12. Move to achieve the efficiency available through digital solutions quickly – OGCIO or similar group should accelerate digital transformation by raising awareness of potential benefits, building capability to adopt innovation and digital solutions, and providing assistance in priority areas (such as data management).</p> <p>13. Make processes efficient first – agencies should prioritise areas of potential modernisation and digital opportunities, and review their processes for need and approach (with customers in mind) so that digital solutions can be created to optimise the achievement of a clear goal.</p> <p>14. Remove unnecessary regulatory barriers – Department of Premier and Cabinet should work with the OGCIO and Economic Reform to remove regulatory barriers to data sharing.</p>	<p>All agencies and OGCIO</p> <p>All agencies</p> <p>DPC</p>	<p>Ongoing</p> <p>Ongoing</p> <p>Ongoing</p>

Recommendation	Responsible Agency	Suggested timelines
<b>Moving forward on recruitment</b>		
<b>15. Substantially changing the current risk averse process</b>		
15.1 PSC to review the breach process and four-day breach period for public sector recruitment in the <i>Public Sector Management (Breaches of Public Sector Standards) Regulations 2005</i> to reduce delays and risk averse practices.	PSC	End 2018
15.2 PSC to develop example selection reports explaining minimum requirements to meet Commissioner's Instructions.	PSC	<b>Mid 2018</b>
15.3 PSC to promote alternative interview techniques and panel structures.	PSC	Ongoing
15.4 Agencies to increase the regularity of communication with candidates by making better use of RAMS (or other systems).	All agencies	Ongoing
15.5 Improve the efficiency in transitioning from acting to substantial positions: PSC to clarify requirements for transition to permanency in a myth busting fact sheet; and review and consider more contemporary approaches to moving staff from acting positions to substantive positions, taking into account other potential industrial relation and government policy reforms.	PSC	<b>Mid 2018</b>
<b>16. Using digital solutions to streamline recruitment</b>		
16.1 Agencies to consider expanded digital recruitment opportunities to improve timeliness, reliability and quality of service.	All agencies	End 2018
16.2. Agencies improve management of the request to fill a vacancy process by ensuring information to support the desired recruitment outcomes is captured, along with simplifying and digitalising the process.	All agencies	Ongoing
<b>17. Improving the redeployment and referral process</b>		
17.1 PSC to work with human resources practitioners to collaboratively develop plans to better manage redeployment (for example, asking redeployees to share a performance report or guaranteeing interviews for redeployees).	PSC and community of practice	End 2018
17.2 PSC to evaluate the merits of allowing short-term placements or trial periods for redeployees.		End 2018



Recommendation	Responsible Agency	Suggested timelines
process requirements where it will affect the outcome).		
<p><b>20. Improving flexibility and ease of Common Use Arrangements</b></p> <p>20.1 Government Procurement to undertake strategic reviews as each CUA expires to ensure the procurement model best suits market and other conditions. These reviews would use Government Procurement's recent CUA Assessment Guide and the proposed principles for good rule making, and include the consideration of purchasing arrangements including mandatory CUAs, consortium CUAs (like Gov-Next-ICT), voluntary CUAs and multi-user lists.</p> <p>20.2 Government Procurement to consider a simple and integrated web based platform for CUA purchasing (pick-and-buy).</p>	<p>Finance</p> <p>Finance</p>	<p>Ongoing</p> <p>End 2018</p>
<p><b>21. Improving contract negotiation and risk management skills</b></p> <p>21.1 Government Procurement to encourage re-use of previously agreed upon terms and conditions to avoid re-negotiation.</p> <p>21.2 Government Procurement to encourage agency procurement staff to exercise their right to consider only compliant bids when this is in the State's best interests.</p> <p>21.3 Government Procurement to improve the negotiating capability of agencies to facilitate better procurement outcomes.</p> <p>21.4 Government Procurement to assist in building risk management capability in relation to procurements.</p> <p>21.5 The PSC to consider ways to assess the risk management needs and capability of the public sector, and ways to improve how the sector performs risk management</p>	<p>Finance</p> <p>Finance</p> <p>PSC</p>	<p>Ongoing</p> <p>Ongoing</p> <p><b>Mid 2018</b> and ongoing</p>
<p><b>22 Improving focus on performance and outcomes:</b></p> <p>22.1 Finance to finalise and implement its prototype digital 'Who Buys What and How' dashboard.</p> <p>22.2 Agencies to consider developing tenders jointly when appropriate, reducing associated costs and creating savings opportunities.</p> <p>22.3 Government Procurement to review how to better capture and share procurement performance and outcomes across the sector.</p>	<p>Finance</p> <p>All agencies</p> <p>Finance</p>	<p><b>Mid 2018</b></p> <p>Ongoing</p> <p>End 2018</p>

Recommendation	Responsible Agency	Suggested timelines
<b>Financial and performance reporting that makes sense</b>		
<p><b>23. Annual report requirements underlying the preparation of financial statements</b></p> <p>23.1. Treasury to amend Treasurer's Instruction 1101 to enable reduced disclosure requirements for smaller agencies as per AASB 1053.</p> <p>23.2. Treasury to review Treasurer's Instructions and guidelines related to reporting requirements to ensure they are easily understood and effective (for example, written in plain English for those performing financial processes).</p> <p>23.3. DPC to remove remaining barriers to enable agencies to present their Annual Reports, financial notes, disclosures and other technical information online, with the model report updated accordingly.</p>	<p>Treasury</p> <p>Treasury</p> <p>All agencies</p>	<p><b>Mid 2018</b></p> <p>End 2018</p> <p>End 2018</p>
<p><b>24. Improving financial management and record keeping</b></p> <p><b>24.1 Improving the management of credit cards</b></p> <p>Treasury to review Treasurer's Instruction 321 to make it less prescriptive, and enable agencies to manage risk proportionately – especially for accidental and non-fraudulent transactions that are repaid promptly, and Finance, in consultation with Treasury and the CFO Steering Group, to provide a draft model purchasing card policy and good practice process.</p> <p><b>24.2 Simplifying salary payment records:</b></p> <p>Where used, agencies to deem that salaried permanent staff are in attendance and only report on exceptions.</p> <p>Treasury to update its guidelines regarding Treasurer's Instruction 506 (7) to clarify the different ways of authorising salary payment.</p> <p><b>24.3 Improving write-off regulations:</b></p> <p>Treasury to amend the <i>Financial Management Act 2006</i> so that the Governor's approval for write-offs is not required, enabling the Minister to grant the highest level of approval.</p> <p>Treasury to raise thresholds for the accountable authority and Minister to sign off write-offs in the <i>Financial Management Regulations 2007</i>.</p>	<p>Treasury and Finance</p> <p>All agencies</p> <p>Treasury</p> <p>Treasury</p>	<p><b>Mid 2018</b></p> <p>End 2018</p> <p><b>Mid 2018</b></p> <p>Mid 2019</p>
<p><b>25 Reviewing fees and charges-</b> Treasury to review Treasurer's Instruction 810 to allow for a risk-based approach to annual increase of fees and low value charges up to the CPI, with a full review of fees and charges on a less frequent (three or five yearly) basis.</p>	<p>Treasury</p>	<p>Ongoing</p>

Recommendation	Responsible Agency	Suggested timelines
<b>Removing cumulative burdens</b>		
<p><b>26 Better record keeping</b></p> <p><b>26.1. Enabling greater flexibility in ensuring attendance and encouraging digital timesheets that are integrated with human</b> resource systems, if required, with the Treasury to:</p> <p>Amend Treasurer's Instruction 502 to explicitly allow the hours declared by salaried employees to be deemed an adequate assurance and accurate record of attendance (without mandatory timesheets), unless the supervising officer has reason to believe otherwise or industrial agreements require differently.</p> <p>Amend guidance for Treasurer's Instruction 502 to encourage agencies to adopt more efficient processes, explicitly discouraging manual approvals and paper records.</p> <p><b>26.2. Modernising record keeping,</b> with the State Records Office to work with public sector agencies on modernising records management systems and busting myths regarding record keeping requirements.</p> <p><b>26.3. PSC should establish a whole-of-government contact database</b> to improve collaboration across government.</p>	<p>Treasury</p> <p>All agencies and State Records Office</p> <p>PSC</p>	<p>Mid 2018</p> <p>Mid 2018</p> <p>Ongoing</p> <p>End 2018</p>
<p><b>27. Digitalising processes and approvals</b></p> <p><b>27.1. Improving the ministerial and Cabinet process</b></p> <p>DPC to review possibilities of improving Cabinet and ministerial processes through digital systems, as per some other jurisdictions.</p> <p><b>27.2 Leveraging the Compliance Calendar:</b></p> <p>PSC to continue to improve the functionality and completeness of the Compliance Calendar, including a function to notify staff of upcoming obligations and changes to requirements.</p> <p><b>27.3. Expand the use of electronic and digital approvals and signatures:</b></p> <p>Agencies to consider using email authorisations for low risk and routine decisions.</p> <p>PSC and central agencies to support the transition towards digital signatures.</p>	<p>DPC</p> <p>PSC</p> <p>All agencies PSC and central agencies</p>	<p>End 2018</p> <p>Mid 2018</p> <p>Ongoing</p> <p>Ongoing</p>

Recommendation	Responsible Agency	Suggested timelines
<p><b>28. Remove other burdens</b></p> <p><b>28.1 DPC to revise Premier's Circular 2011/03</b> so it is not mandatory for agencies to keep a register of all instances of graffiti, and for it to be removed within 48 hours.</p> <p><b>28.2 The Department of Training and Workforce Development to amend the Government Building Training policy</b> so that the reporting periods align with calendar years.</p> <p><b>28.3 PSC should establish a whole-of-government contact database to improve collaboration across government.</b></p> <p><b>28.4. Information Commissioner to consider building on recent efforts to avoid agencies over complicating responses to freedom of information requests.</b></p>	<p>DPC and WA Police</p> <p>Department of Training and Workforce Development</p> <p>PSC</p> <p>Information Commissioner</p>	<p>End 2018</p> <p><b>Mid 2018</b></p> <p>Ongoing</p>
<b>Sustaining momentum</b>		
<p><b>29. DPC should showcase public sector efficiency improvements and maintain ongoing engagement</b> with staff on internal red tape reduction as part of the government's public sector renewal program.</p>	DPC	Ongoing
<p><b>30. Government should support accountability and governance for reform</b> through:</p> <p>30.1 Central agencies, in consultation with DPC, developing implementation plans for recommendations related to their area.</p> <p>30.2 Government appointing a Minister with responsibilities for internal red tape reduction (this could include the Minister for public sector reform (currently the Premier) or the Minister for regulatory reform (currently the Treasurer).</p> <p>30.3 Government agreeing to use Repeal Week (or similar week) to provide legislative priority for reforms and annual reports cards to incentivise action and add transparency.</p>	DPC	Ongoing