



INDEPENDENT REVIEW OF THE TASMANIAN STATE SERVICE **FINAL REPORT**

JULY 2021

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We acknowledge the ancient history of the Tasmanian Aboriginal people as the First People of lutruwita/Tasmania. For over 2,000 generations, the health and wellbeing of Tasmanian Aboriginal peoples has been, and continues to be, based on a deep and continuous connection to family, community and the land, sea and waterways.



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Foreword

This Final Report of the Review of the Tasmanian State Service (the Review) contains the observations and views of the Independent Reviewer.

The Final Report draws on and expands the work undertaken in compiling the Interim Report. Between November 2020 and June 2021 significant further research, analysis and formal and informal consultation were undertaken. To this end the Review has maintained its focus on the amended Terms of Reference that were announced by the Premier of Tasmania, the Hon Peter Gutwein MP on 10 September 2020 and subsequently amended in January 2021.

The Final Report makes a number of key recommendations across 5 main domains:

- principles and values
- leadership
- capability
- workforce
- service delivery.

Where relevant, the Final Report has incorporated the recommendations made in the Interim Report. The Final Report recommendations are the Review's complete suite of recommendations.

The Review has drawn on reform directions and journeys in other jurisdictions, particularly the Australian Public Service, Western Australia, New South Wales and New Zealand. That said, the Review has considered service and policy directions in the public sector from all Australian states and territories. Implementing the Review's recommendations in Tasmania will require significant change, but they are changes that other jurisdictions have already made or are making, and there is a lot to learn from them.

The Review recognises and values the contribution of the many individuals and organisations that have supported it with advice, information and opinions about the Tasmanian State Service.

I would particularly like to thank the Reference Group for the valuable insights and understanding they provided about the Tasmanian public sector, public sector services, reforms in other jurisdictions and private sector best practice.

I also wish to acknowledge the significant input from all levels of the Tasmanian State Service, from heads of agency, leadership groups and employees who actively participated in workshops and forums.

Completing the Report against a tight deadline, continued uncertainty resulting from the global pandemic and restrictions (the Independent Reviewer became a Melbourne resident during the course of the Review), the Tasmanian state election and secretariat staff turnover has been challenging.

Finally, I would like to acknowledge the very able work of the Review Secretariat in developing and completing this Final Report.

Dr Ian Watt AC

Independent Reviewer

July 2021

Executive summary

Change in our modern world is both inevitable and all pervasive. The opportunities and challenges it creates grow seemingly faster than ever.

The impacts of the COVID-19 pandemic are reminders of the effects of change and they are almost everywhere we look. COVID 'normal' will be quite different from pre-COVID normal.

The COVID-19 pandemic is far from the only major challenge facing Australia. Shifting geopolitical realities, climate change and its implications, an ageing population and rapidly changing economic indicators are also major issues. Finally, technological change is driving new industries, new opportunities and new ways of working, just as it is diminishing and downgrading old ones.

Governments everywhere are expected to 'do more' to help meet these challenges and to solve these problems. Their role in the economy and society is expanding (at least in the developed world) and thoughts of that role steadily declining at least in the medium term are well gone. The role may change, something very clear from the COVID-19 crisis, but it is certainly not declining. Finally, the problems that government face seem increasingly difficult, the solutions more complex and the periods available ever shorter.

Governments and public services are 'institutions of last resort' – they have to address these challenges and problems facing their jurisdictions regardless. They have no choice even if they wanted one and fortunately none do.

Tasmania, the Tasmanian Government and the Tasmanian State Service (TSS) are very much part of this picture. For the TSS, this picture poses two interrelated issues. The first is responding to the likely increasingly complex and difficult challenges that Tasmania faces, and that will be far from easy. The second is not whether the TSS will need to change over the next decade or so, but rather what the change will be, how it will be managed, and how change can be navigated in the best interests of the Tasmanian community, the Tasmanian Government and the institution itself.

Finally, the impact of change and the pressures of change mean that no matter how well the TSS is performing now, without changing itself its performance will decline.

TSS employees are passionate and committed to delivering better outcomes for Tasmanians. They do the best that they can with the tools and frameworks they have been given, and there are many examples across government of the service delivering great outcomes. Despite being one of the smallest state services, they are expected to deliver the full range of services delivered by larger and better resourced public services elsewhere. They need to be congratulated for the work they do within the constraints they have.

The TSS is held back by its current design.

It is too siloed and too rigid in structure. It has limited capability in many areas and it finds it difficult to share capability across the service. Like most public services, it is often too risk averse and has compounded process and red tape to attempt to manage risk.

Most of the changes recommended in the Final Report are not new. Many have been tried, tested and successfully implemented in other jurisdictions. Many have also been discussed within the TSS – sometimes formally, often informally – for a long time. The opportunity that this Review presents is to take these ideas and to embed them in the fabric of the service. To take the best of public services around the country and to build them systematically into the way that the Tasmanian State Service operates.

The benefit of being a late adopter is the opportunity to implement the best available ideas. That reduces the risk of making important changes. The real challenge is to build these individual changes into changes to the system as a whole, which is where Tasmania can really shine.

The Review recommends a substantial suite of changes for the TSS that is necessary to address the broad Terms of Reference and the adjustments the TSS needs. If implemented, the recommendations will:

- strengthen the leadership, making it more accountable for the outcomes that it delivers for government and the community
- assist state agencies to work more effectively together and with others, ensuring that bureaucratic boundaries do not get in the way of achieving outcomes
- pave the way for building a more capable, agile and high performing workforce across the State Service
- importantly, make dealing with government easier and more productive for Tasmanians.

To succeed, the Tasmanian State Service needs to be grounded in, and driven by, strong values and principles that guide everything that it does. It needs to be united on where it is going and committed to measuring progress in getting there. The State Service Principles currently embedded in the Act do not provide an appropriate foundation for the State Service and should be replaced.

Leadership is key to continuing to build and maintain the culture and capability that the service needs. The principle of stewardship should be firmly embedded in the service to ensure that it is not just delivering results today, but is investing in the capability that it needs for the future.

Some of the most difficult problems that modern governments face are those that extend across 2 or more portfolios. These issues require the attention of ministers and their agencies individually, but also require them to work together to coordinate and prioritise the response, rather than tackling them on a portfolio by portfolio basis. Identifying whole-of-government or cross-portfolio priorities and establishing clear TSS-wide governance to address them makes finding solutions much more likely.

Heads of agency will be key to the delivery of the priorities, and their function and accountabilities should be broadened to increase the emphasis on collaboration and working across departmental boundaries. COVID-19 highlighted how agencies can join forces and move with agility to solve complex challenges during a time of crisis. The TSS needs to learn from this experience and not return to previous ways of working in relative isolation.

The TSS needs a coordinated whole-of-service investment in leadership development. Senior executives require a more tailored approach to development to identify and address specific skills gaps required for them to undertake more complex and challenging positions in the future and ensure they are ready the next time an opportunity comes up. This includes reinforcing a culture that encourages individuals to move around the TSS to obtain the skills and experiences required of future leaders.

The TSS needs to have the tools to systematically review, improve and reshape capabilities and ensure they are aligned with challenges and priorities. This includes the regular review of the capability of state agencies, and an increased focus on the systematic review and evaluation of programs across government. This framework should be underpinned by a robust capability to share, link and analyse data.

The TSS cannot afford to duplicate capabilities across agencies. Sharing capability creates opportunities to invest in better skills, systems and processes that, in turn, deliver better outcomes for the service, the government and the Tasmanian community. Creating shared services is, however, not without risk and should proceed cautiously and deliberately. There may be merit in a shared service for transactional corporate services. Beyond this, the government should appoint functional leaders to set the strategy for developing individual capabilities (e.g. data sharing and linkage, cybersecurity or major capital works) across government. The government should start by appointing functional leaders for a small number of capabilities but commit to expanding the use of functional leadership over time.

Digitalisation is driving change nationally and internationally. It is both a key opportunity of the TSS and a significant risk if not embraced. The TSS needs to take full advantage of a functional leadership approach to align and integrate existing and new core business platforms, and refresh its digital services governance to drive significant improvements in digitalisation across the service.

The TSS is too small to have all the answers and all the capabilities. It must continue to work with other sectors and other organisations to access the best capabilities wherever they may be. The TSS needs to build or renew 'idea' based partnerships with the University of Tasmania, other levels of government, industry and the non-government sector to drive better outcomes for the State.

The State Government spends about \$3.5 billion, or more than half of its total budget, on its workforce. Building the employment framework to gain the best value out of this investment must be a priority for the TSS. There is widespread agreement that the current employment arrangements in the TSS need to be redesigned. They are overly prescriptive and there is too much centralised control and decision-making. There needs to be an increased focus on capability development and performance management that rewards good performance and addresses poor performance. It should be built upon a foundation of professional communities of practice and shared learning and development.

COVID-19 has shown the TSS that it can work flexibly and remotely, creating opportunities for rethinking the relationship between workers and the workplace. The TSS needs to capture these lessons and not just slip back into the old ways of working. Employees now expect remote working arrangements – that is part of the package. The TSS should also explore ways that flexible working could allow the service to access skills and capabilities from across the State for jobs that are traditionally based in Hobart.

Digitalisation is driving a need to rethink the way that governments relate to individuals and families. But it is not just digital technologies that are driving change. Many jurisdictions are looking to integrate services around life events, tailoring services to meet the needs of people, as opposed to reflecting the structure of government agencies. This should be a driving principle for the integration of service delivery across the TSS.

The TSS has a proud history of leading the nation in terms of integrated service delivery through Service Tasmania. It has, however, fallen behind. To rebuild momentum, Service Tasmania needs to be given a clear mandate to create a positive customer experience for individuals and families dealing with government, via a complementary array of digital, phone and face-to-face services. It should be designated as the single agent of digital service delivery in Tasmania, providing access to state government services through a single integrated digital experience. Transactions between the community and government should be managed through a single stream. It should partner with local governments and the Australian Government to improve the future with enhanced shopfront services.

Within a framing around life events, services across the TSS should increasingly focus on the complex needs of people (person-centred) and places (place-based). The factors impacting on the lives of people are complex and interrelated. Providing support that actually makes a difference in people's lives, therefore, requires interventions that usually extend well beyond the boundaries of any single agency and sometimes cross the boundaries of different tiers of government.

Similarly, place-based approaches show promise in terms of addressing complex and ‘wicked problems’.

Finally, given the scale of investment in service delivery outside government, it is imperative that the TSS ensures the Tasmanian community gets value for money and that the right outcomes are achieved – that they represent a worthwhile return on investment. The TSS should appoint a functional leader for system management of outsourced services and develop a whole-of-government population outcomes framework.

The Review makes 77 recommendations across a broad range of subjects. The purpose is to assist the government and the TSS to take the necessary steps to reform the service. Care has been taken to find the right balance between providing specific direction for government while maintaining flexibility in terms of how the recommendations are implemented. The Final Report often provides additional guidance in the text, illustrating one of a number of options for consideration.

Implementation of the recommendations of this Review will take time and will need to be guided by a dedicated team in the Department of Premier and Cabinet. The government will need to prioritise the implementation of the recommendations, as trying to do everything at once will very quickly overwhelm the service. The Report provides some guidance on those things that can be achieved quickly or are a priority, and those things that should be developed over a longer period.

The following roadmap provides a more schematic way to understand what this Review is recommending. It organises all of the reform around 5 key domains: Principles and Values; Leadership; Capability; Workforce and Service Delivery. Each domain can be considered individually, but success relies on attention across all 5, because of the complex inter-relationships between the reforms across the domains. Implementing them all is mutually reinforcing and delivers a much greater result and a much more capable TSS than implementing a few.

Finally, like all Australian governments, the Tasmanian Government has a large and important agenda ahead of it. Tasmania’s circumstances, like those in the rest of Australia, deserve nothing less. Some may see state service reform as an unnecessary distraction from delivering that agenda. The Reviewer disagrees. It is rather a means to help ensure the agenda of this government, and those that come after it, is much better delivered than it otherwise would have been.

Building [public service] capability is not to be a distraction from delivering government priorities – it is the means to achieve them. – Independent Panel of the Australian Public Sector Review, 2019¹

¹ Commonwealth of Australia, *Our Public Service Our Future. Independent Review of the Australian Public Service*, 2019: <https://www.apsreview.gov.au/>

Roadmap for Reform

Principles and values

- Work as a single Tasmanian State Service and promote the concept
- Rewrite the State Service Principles to provide more contemporary, directional and engaging values and principles for the TSS
- Measure progress towards implementing the values

Leadership

- Broaden the functions and accountabilities of heads of agency to include cross-agency policies and programs
- Increase the focus of the TSS on whole-of-government priorities and create the governance to drive them
- Promote the principle of stewardship across the TSS
- Design and implement a talent development program for leadership in the TSS

Capability

- Develop a whole-of-service capability review and improvement framework
- Enhance the State's data sharing and analysis capability
- Prepare the business case for a shared service for transactional corporate services
- Introduce a functional leadership model for capability across the TSS
- Build momentum in the digitalisation of the TSS
- Continue to build intellectual partnerships with others

Workforce

- Delegate all operational employment decisions to heads of agency and increase accountability for decision-making
- Rewrite employment directions to be standards-based directions with supporting guides and policies
- Undertake workforce planning across all agencies and at a whole-of-service level
- Develop a whole-of-service capability framework for the TSS and use it as the foundation for increased capability development and more effective performance management
- Increase the efficiency of recruitment through the increased use of group recruitment

- Develop and promote communities of professional practice across the TSS
- Promote increased mobility in the TSS
- Promote and manage flexible working arrangements, including increasing consistency and facilitating regional employment

Service delivery

- Use life events as an organising principle for services
- Renew Service Tasmania's mandate and enhance services across shopfronts, phone and digital services
- Develop standards for person-centred service delivery in government and a framework for place-based and co-designed initiatives in Tasmania
- Audit existing TSS premises and identify options for improved integration of services and programs and the co-location of TSS employees
- Develop a shared community population outcomes framework and invest in system management capability

Summary of recommendations

Principles and values

Review and refresh the State risk assessment and resilience priorities

Recommendation 1

That the government undertake a full horizon scanning process every 2 years as part of the process of updating the disaster risk assessment.

Promote and work more as a single Tasmanian State Service

Recommendation 2 (adapted from Interim Report Recommendation 1)

Develop and implement the concept of a single state service to help build better capabilities, increase collaboration and deliver improved outcomes for the government and the Tasmanian community.

Rewrite the State Service Principles to provide more contemporary, directional and engaging values and principles for the TSS

Recommendation 3

Amend the *State Service Act 2000* to replace the existing State Service Principles with a clear Object, State Service Values and State Service Principles.

That TSS leadership conduct an open process of engaging with stakeholders and TSS employees to help define the shared values of the TSS.

Recommendation 4

That the State Service Management Office develop key indicators to measure progress towards the embedding of values across the TSS and align the State Service Survey to provide data for these indicators.

Leadership

Make functions and accountabilities of heads of agency more contemporary

Recommendation 5 (adapted from Interim Report Recommendation 2)

That the government task some or all heads of agency collectively with addressing a small number of whole-of-government or cross-government priorities that require a collaborative approach to facilitate delivery of better outcomes.

Recommendation 6

Amend the *State Service Act 2000* to broaden the legislative function and powers of heads of agency to include development of capability and delivery of programs across the State Service and collaboration to achieve outcomes with other heads of agency.

Recommendation 7 (Interim Report Recommendation 4)

That the Secretary of the Department of Premier and Cabinet, in full consultation with relevant portfolio ministers and the Premier, develop and undertake departmental secretaries' annual performance agreements and assessments.

Recommendation 8 (Interim Report Recommendation 5)

That the Premier undertake the annual performance agreement and assessment of the Secretary of the Department of Premier and Cabinet, informed by discussions with ministers (as the Premier sees appropriate) and consolidated advice from other departmental secretaries.

Recommendation 9 (adapted from Interim Report Recommendation 3)

Consider heads of agency contributions to developing the TSS as a genuinely single state service, including the delivery of cross-portfolio outcomes (such as whole-of-government priorities) and whole-of-government capability development, in agency heads' performance assessments.

Greater focus on whole-of-government priorities and the governance to drive them

Recommendation 10

That the government task heads of agency as a group to drive the capability review and improvement framework, functional leadership, digitalisation and some or all of the cross-government priorities.

Provide a small amount of additional resourcing to the Department of Premier and Cabinet to support the heads of agency work and associated follow-ups.

Recommendation 11

That heads of agency advise the government, within 3 months, on the appropriate organisation and structure of heads of agency meetings and the arrangements to support oversight of the delivery of whole-of-government priorities and the broader requirements of the Report.

Promote the principle of stewardship across the TSS**Recommendation 12**

That the government endorse stewardship as a key principle for the TSS by inclusion in the amended *State Service Act 2000*.

Recommendation 13

Update the TSS *Senior Executive Leadership Capability Framework* to include an explicit recognition of stewardship and to align with the broader capability framework proposed for the TSS.

Introduce a talent development program**Recommendation 14 (Interim Report Recommendation 7)**

That the government establish and fund a talent development and management program to identify and develop future leaders of the TSS and future senior executives. The State Service Management Office should manage the program.

Recommendation 15

That the TSS establish a network of former Tasmanians who are currently filling public sector leadership roles elsewhere in Australia and draw on them for informal ideas and advice.

Capability***Develop a whole-of-service capability review and improvement framework*****Recommendation 16**

Develop an agency capability review and improvement framework for government and undertake an initial 3-year cycle of agency capability reviews based on that framework. Develop a simplified version for small agencies. Fund a small unit in the Department of Premier and Cabinet to develop the framework and help manage the reviews and their outcomes.

Recommendation 17 (Interim Report Recommendation 8)

Establish a small review and evaluation unit with additional resourcing in the Department of Premier and Cabinet, managed by the Department of Premier and Cabinet and the Department of Treasury and Finance and overseen by a cross-portfolio steering committee of heads of agency, to annually review a small number of program or groups of programs considered high risk or critical.

Recommendation 18

That the Review and Evaluation Unit (see Recommendation 17) develop a whole-of-government review and evaluation framework for government consideration.

Enhance the data sharing and analysis capability**Recommendation 19**

That the government develop and fund a stronger whole-of-government capability for sharing, linking and analysing data and assign a functional leader to deliver services to, or build capability across, all agencies.

Prepare the business case for a shared service for transactional corporate services**Recommendation 20**

That the government fund the Department of Treasury and Finance to review the potential scope, costs and benefits of consolidating transactional services in government into a shared service.

Introduce a functional leadership model for capability across the TSS**Recommendation 21**

That the government implement and fund a functional leadership model to develop capability across the TSS.

That heads of agency lead the development of a functional leadership program for key whole-of-government capabilities, including clear governance for identifying capabilities for functional leadership, for empowering functional leaders and for holding them to account.

Recommendation 22

That the government, through the heads of agency, develop a platform-based functional leadership model for the ongoing development and integration of consistent core business systems across all agencies.

Recommendation 23

That the government agree on a set of capabilities to form the first stage of implementation of a functional leadership model for capability development.

Recommendation 24

That the TSS incorporate platform-based functional leadership into the digital services governance framework and replace the Digital Services Board with heads of agency meetings.

Build momentum in the digitalisation of the TSS**Recommendation 25**

Amend the terms of reference of the Deputy Secretaries Digital Services Committee to include the Chief Information Officer as a member.

Recommendation 26

That the TSS progressively eliminate 'manual only' business processes, and that the government fund a small, centrally funded resource to drive the digitalisation of existing business processes.

Continue to build intellectual partnerships with others**Recommendation 27 (adapted from Interim Report Recommendation 6)**

That the Department of Premier and Cabinet develop an overarching 'ideas' partnership agreement with the University of Tasmania focused on areas of mutual benefit and with the broad objectives of improving outcomes for Tasmanians.

That under the auspices of the new partnership, the TSS and UTAS explore opportunities, including to:

- build a shared capability to link and analyse administrative data
- work together on whole-of-service workforce planning
- consider the TSS's potential 'surge' capacity needs and the UTAS faculty structure required.

Recommendation 28

That the Tasmanian Chamber of Commerce and Industry and the Department of State Growth work together on the design and delivery of a program of short-term secondments of TSS employees into industry and vice versa.

Recommendation 29

That the Department of Communities Tasmania work with TasCOSS to design and deliver a program of short-term secondments of TSS employees into the community sector and vice versa.

Recommendation 30

Extend the existing graduate program for relevant agencies to include a placement in TasCOSS or another community sector organisation.

Recommendation 31

That the TSS review the current reference groups between government and the community sector to ensure they support the community sector population outcomes framework (see Recommendation 73) and establish an annual forum of government, relevant community sector organisations and peak bodies to refresh the coverage and membership of these reference groups.

Recommendation 32

That the Department of Premier and Cabinet work with the Australian Public Service Commission to design and deliver a program of short-term secondments between the Commonwealth and State.

Recommendation 33

That the State Service Management Office play an overall coordination and advice role in the secondment agreements proposed and developed. A small amount of funding should also be provided to support the initiative.

Workforce

Define business requirements for a whole-of-service human resources information system

Recommendation 34

That the Department of Health continue to develop the Human Resource Information System (HRIS) to provide the foundation for a whole-of-government system, with clear whole-of-government business requirements for accurate and timely reporting to heads of agency, the Head of the State Service, the Employer and Parliament.

Greater power for head of agency decision-making and clearer accountability within the TSS employment framework

Recommendation 35

That operational employment-related decisions be delegated to heads of agency unless centralised decision-making can be justified in terms of high risk to the government or the service. That the Head of the State Service provide advice to the Employer on decisions that should be made centrally and the risks that this approach is seeking to manage.

That the Head of the State Service develop and implement a reporting framework to ensure that heads of agency are accountable for complying with directions and policies established by the Employer.

Recommendation 36

Complete and implement a review of the capability and role of the State Service Management Office as a priority.

Transition superfluous employment directions to whole-of-service guides and rewrite employment directions as standards-based directions, with increased flexibility for agency-based decision-making and process design

Recommendation 37

That the Employer progressively revoke all superfluous employment directions with necessary material translated into TSS practice guides or other suitable instruments.

That the SSMO, in consultation with state government agencies, rewrite remaining employment directions as standards-based directions, with increased flexibility for agency decision-making and process design.

Undertake workforce planning across all agencies and at a whole-of-service level**Recommendation 38**

That the TSS develop a whole-of-government framework for recording, reporting and analysing workforce data to inform workforce planning.

Recommendation 39

That all state government agencies ensure they have workforce plans in place by the start of 2023, which will be refreshed every 12 months thereafter and reviewed every 3 years.

Recommendation 40 (adapted from Interim Report Recommendation 9)

Develop centrally a whole-of-TSS workforce plan by the end of 2023 that targets identified workforce challenges and supports whole-of-government priorities. Whole-of-service workforce plans should be refreshed every 12 months and renewed every 3 years.

Focus on diversity in the TSS**Recommendation 41 (Interim Report Recommendation 10)**

Increase the number of placements available in the graduate, cadet and traineeship programs to create more employment opportunities for young people in the TSS.

Promote the use of group recruitment across the TSS**Recommendation 42**

That the SSMO work with agencies to develop and facilitate a consistent approach to group recruitment, allowing for the appointment of suitable candidates over time to positions in the TSS.

Reinforce the current nature of permanency for classifications in the TSS rather than permanency of duties or positions

Recommendation 43

Amend the *State Service Act 2000* to include the power to make, in regulations, the timeframe for an employee to notify their intention to apply for a review under section 50(1) of the Act.

Make a regulation prescribing a timeframe for lodging a notice of intention to seek a selection review.

Recommendation 44

Split the current Statement of Duties for TSS employees into a Statement of Classification and a Statement of Duties.

Recommendation 45

That the Department of Premier and Cabinet and the Department of Treasury and Finance develop options for reducing the impact of establishment controls on the efficient recruitment to positions in the TSS.

Recommendation 46

That the Head of the State Service and heads of agency develop a standard approach to the management of fixed-term transfers across the TSS.

Develop and promote communities of professional practice across the TSS

Recommendation 47

That the SSMO work with human resource directors or equivalents from all agencies to develop communities of professional practice across the TSS.

Allow for the appointment of TSS employees for a limited time, in limited circumstances without a process

Recommendation 48

Amend the *State Service Act 2000* and any associated employment directions, policies, practices and standards to allow for the appointment of an employee into the TSS for a limited period where a head of agency considers that:

- it is necessary to respond to an emergency
- the required task must be completed in a timeframe that precludes the appointment through the usual recruitment process or
- it supports the agency to partner with an external organisation.

Promote increased mobility in the TSS

Recommendation 49

That the SSMO continue to explore options for the creation of an internal mobility register with relevant unions.

Develop a whole-of-service capability framework for the TSS and use it as the foundation for capability development and performance management

Recommendation 50

That the SSMO lead the development and implementation of a whole-of-service TSS employee capability framework.

Recommendation 51

That the TSS develop tools, including an employee self-assessment tool, to support the embedding of the employee capability framework (see Recommendation 46) into capability development across the TSS.

That the TSS reorganise existing training and professional development programs where appropriate to align with the employee capability framework.

Recommendation 52

Remove the term 'Performance Management Plan' from the *State Service Act 2000* and rewrite Employment Direction 26 to include essential elements of agency-based performance management systems.

Recommendation 53

That the SSMO work with agencies to create an ongoing whole-of-service community of practice to support the implementation of performance management systems across government.

That the embedding of performance management systems in agencies be included in the performance assessment of heads of agencies and this be required in performance management assessments for all relevant managers.

That the Head of the State Service audit the implementation of agency performance management systems 2 years after the introduction of the new employment direction on performance management.

Recommendation 54 (Interim Report Recommendation 11)

That all agencies, in collaboration as appropriate, implement the Auditor-General's recommendations on the management of underperformance concurrent with a centrally led review of Employment Direction 26 and related processes.

Create a 3-tiered approach to the investigation and management of breaches of the Code of Conduct

Recommendation 55

Amend Employment Direction 5 to be standards based, allowing the relevant head of agency to tailor an investigative process based on the circumstances surrounding an alleged breach.

Recommendation 56

Rewrite Employment Direction 5 to allow for a simple, local process to be used where the facts are clear and not disputed and the agency seeks to impose a low-level sanction (i.e. reprimand or that the employee engages in counselling for their behaviour).

Recommendation 57

Amend regulation 29 of the State Service Regulations to include dismissal of an employee for reasons of serious misconduct as specified in the Fair Work regulations.

Recommendation 58

That the government create a shared capability for the investigation of Code of Conduct breaches.

Develop differentiated processes for inability arising from mental and physical health, from inability due to a loss of qualification or accreditation

Recommendation 59

Rewrite Employment Direction 6 to:

- separate the processes for managing employees who have lost essential qualifications or accreditation from the process for assessing employees who are unable to perform the duties of their position for other reasons
- create a relatively simple process for the loss of qualification/accreditation
- prescribe the minimum standards to be met by agencies when otherwise assessing the ability of an employee to perform their duties.

Recommendation 60

Amend the *State Service Act 2000* and/or the *Industrial Relations Act 1984* to prevent the use of review powers under both Acts to consider the same employment-related decision.

Promote and manage flexible working arrangements, including increasing consistency and facilitating regional employment

Recommendation 61 (adapted from Interim Report Recommendation 12)

That the SSMO develop a short set of principles for TSS employees to work away from the office, drawing extensively on existing arrangements and resources and taking into consideration benefits and cautions to provide a consistent, underlying basis for individual agency policies.

Recommendation 62 (Interim Report Recommendation 13)

That the Department of Premier and Cabinet prepare a business case for developing regional office hubs in consultation with the Department of Treasury and Finance as a priority, including consideration of potential regional locations.

Recommendation 63

Heads of agency provide advice on possible targets for the number of added appointments to be made to the TSS outside Hobart.

Service delivery

Use life events as an organising principle for services

Recommendation 64

That the government adopt a life events framework as the basis for the integration of services across agencies.

Renew Service Tasmania's mandate and enhance services across shopfronts, phone and digital services

Recommendation 65

Designate and fund Service Tasmania as the agent for the delivery of a specified range of transactional services for the TSS, including a renewed and extended clear mandate to:

- partner with others to improve the customer experience and enhance sustainability of the service network
- be the single digital service delivery agent for the TSS, requiring all digital services to be either developed on, or integrated with, a single platform to be built and maintained by Service Tasmania.

Recommendation 66

That Service Tasmania accelerate the current actions under its Strategic Plan 2020-25 to enhance service delivery partnerships with the Commonwealth, local government and, where appropriate, the private sector.

Recommendation 67

Formally capture the lessons learnt from establishing and expanding call centre capabilities in response to COVID-19 and develop a business case for the possible consolidation of call centres into a unified capability for the State.

Recommendation 68

That Service Tasmania develop a robust costing model apportioning all costs to an internal or external service delivery function and the Department of Treasury and Finance regularly review and assess the reasonableness of the model's assumptions and results.

Recommendation 69

Establish Service Tasmania as a state agency supported by an advisory board, following the development of a new costing model and governance.

Develop standards for person-centred service delivery in government**Recommendation 70**

Develop standards for person-centred service delivery for use in the TSS.

Develop a framework for place-based and co-designed initiatives in Tasmania**Recommendation 71**

That the TSS capture the learnings from successful place-based initiatives and develop a framework for place-based and co-designed initiatives in Tasmania.

Audit existing TSS premises and identify options for improved integration of services and programs and the co-location of TSS employees.**Recommendation 72**

That the Department of Treasury and Finance undertake an audit to map the premises that are owned or leased by the TSS and identify options for improved integration of services and programs and the co-location of TSS employees over time.

Develop a shared community population outcomes framework and invest in system management capability**Recommendation 73**

That the TSS work with TasCOSS to develop a shared community sector population outcomes framework.

Recommendation 74

That the government designate a functional leader for system management of externally provided services and establish an expert panel to support the development and delivery of contemporary outcomes-based purchasing models.

Invest in implementation of the Review**Recommendation 75**

That the Head of the State Service chair a small subcommittee of heads of agency that oversees the implementation of recommendations and informs and advises heads of agency as a whole, and provides regular updates to the Premier and Cabinet.

Recommendation 76

That the Government provide funding for the Department of Premier and Cabinet to establish a designated unit to monitor and support the implementation of recommendations across the TSS over a 3-year period.

Recommendation 77

Implementation should be largely complete within 3 years and fully complete within 5 years.

A short independent review of progress should be undertaken after 2 years and again after 4 years.



PART 1 – **CONTEXT**

Part 1. Context

1.1. About the Review

The Tasmanian Government announced an independent Review of the Tasmanian State Service (the Review) in June 2019 to consider whether the governing framework of the State Service is fit for purpose for Tasmania today and into the future. The Review set out to identify structural, legislative and administrative improvements that will transform current structures, services and practices to deliver a more efficient and effective public service.

The scope of the Review was determined by Terms of Reference which were subsequently amended in September 2020 and January 2021. The final Terms of Reference are included at Appendix A.

The Review commenced in November 2019, with Dr Ian Watt AC appointed as Independent Reviewer. Dr Watt has worked at the highest levels of the public service in Australia, including as Secretary of the Department of Prime Minister and Cabinet and the head of the Australian Public Service.

The Independent Reviewer was supported by a Secretariat based in the Department of Premier and Cabinet. Current and past members of the Review Secretariat are listed at Appendix C.

In accordance with the governance arrangements for the Review, the Independent Reviewer reported to the Premier and Treasurer and sought advice from a Reference Group and heads of agency across the Tasmanian State Service (TSS). The Reference Group comprised members of the public, private, academic and not-for-profit sectors. The membership and function of the Reference Group are included at Appendix D. The group met 10 times during the Review.

As part of the Review, the Independent Reviewer and the Review Secretariat undertook extensive consultation and held discussions with heads of agency and other senior executives, ministerial staff, public sector employees, the community services sector, business and industry groups, peak bodies, Aboriginal representatives, unions, the education/tertiary sector and with members of the business community. The Independent Reviewer also made presentations to the Premier and Cabinet, and met with the Opposition Leader, the Hon Rebecca White MP, and the Tasmanian Greens Leader, the Hon Cassy O'Connor MP.

The Independent Reviewer and Secretariat conducted extensive research and liaised with representatives of other jurisdictions regarding public sector services, programs, policies and systems.

The Review engaged with both the TSS and the Tasmanian public more broadly throughout the Review. This included:

- 11 workshops and targeted focus groups
- 43 written submissions (including 10 confidential submissions) – see Appendix E
- 138 submissions via an online consultation tool – see Appendix H
- 91 open and targeted discussions with heads of agency, departmental executive leadership groups, and public servants at the entry, middle management and senior executive levels.

The Review Secretariat developed an online submission tool that was publicised across the TSS to encourage and enable employees and the Tasmanian public to contribute to the Review. The survey included 25 questions that respondents rated using a Likert scale (Strongly Agree, Agree, Neutral, Disagree, Strongly Disagree), and many respondents provided additional qualitative comments as part of their feedback to the Review. There were 138 responses to the online survey, and the majority of respondents were state servants (n=132) and 5 respondents identified as members of the public (n=5). Most state servant respondents also identified the agency in which they worked. Given the relatively small number of respondents as a proportion of the TSS, results should be interpreted with caution. Where relevant, the Final Report refers to specific survey questions and rating results. A table of the data obtained from the survey is included as Appendix H.

Like so much during 2020, progress of the Review was disrupted by COVID-19, and the Review paused in March 2020 for 7 months before consultation and research recommenced for preparation of the Interim Report. The Terms of Reference for the Review were amended in September 2020 to include consideration of lessons and challenges from the COVID-19 response and how the TSS can learn from these in a changed world. A final amendment, regarding the timeframe for the submission of the Review's final report, was made to the Terms of Reference in January 2021.

The Review was undertaken in 2 phases. The first phase informed the Interim Report that was provided to the Premier and Treasurer in November 2020. The Interim Report included 13 recommendations for consideration by government.

As part of the second phase of the Review, the Secretariat compiled a number of fact sheets to enable respondents to consider key topics before providing input to the Review via the online survey.

The Independent Reviewer obtained from the Premier a short extension to the timeline that enabled delivery of the Final Report in July 2021.

1.2. About the State Service

The Interim Report for the Review provided an overview of the TSS. For ease of reference, the facts outlined in the Interim Report are included here, with some additional analysis.

Legislative framework

The TSS is established by the *State Service Act 2000* (the Act) and formally consists of heads of agency, holders of prescribed offices, senior executives and employees. The Act also establishes the agencies that comprise the TSS, which include the 9 government departments shown at Box 1, the Tasmanian Audit Office (which under the Act is also a government department) and 8 state authorities.

Section 5.2 outlines the core element of the governance of the TSS, including the role of the Employer, the Head of the State Service, heads of agency and the State Service Management Office (SSMO). It also outlines the role of the State Service Principles, employment directions and practice, procedures and standards.

Industrial relations in the TSS are governed by the *Industrial Relations Act 1984* and overseen by the Tasmanian Industrial Commission.

Box 1: State Service Act 2000, Schedule 1, agencies

Government departments

- Department of Communities Tasmania
- Department of Education
- Department of Health
- Department of Justice
- Department of Police, Fire and Emergency Management
- Department of Premier and Cabinet
- Department of Primary Industries, Parks, Water and Environment
- Department of State Growth
- Department of Treasury and Finance
- Tasmanian Audit Office

State authorities

- Brand Tasmania
- Integrity Commission
- Macquarie Point Development Corporation
- Port Arthur Historic Site Management Authority
- Tasmanian Dairy Industry Authority
- TasTAFE
- The Public Trustee
- Tourism Tasmania

Size and shape of the TSS

As at June 2020, the TSS comprised 31,998 people (Paid Head Count, PHC), equivalent to 25,289 full-time equivalent staff (FTE). The FTE in the TSS has grown by just under 13% in the last 10 years (see Figure 1).

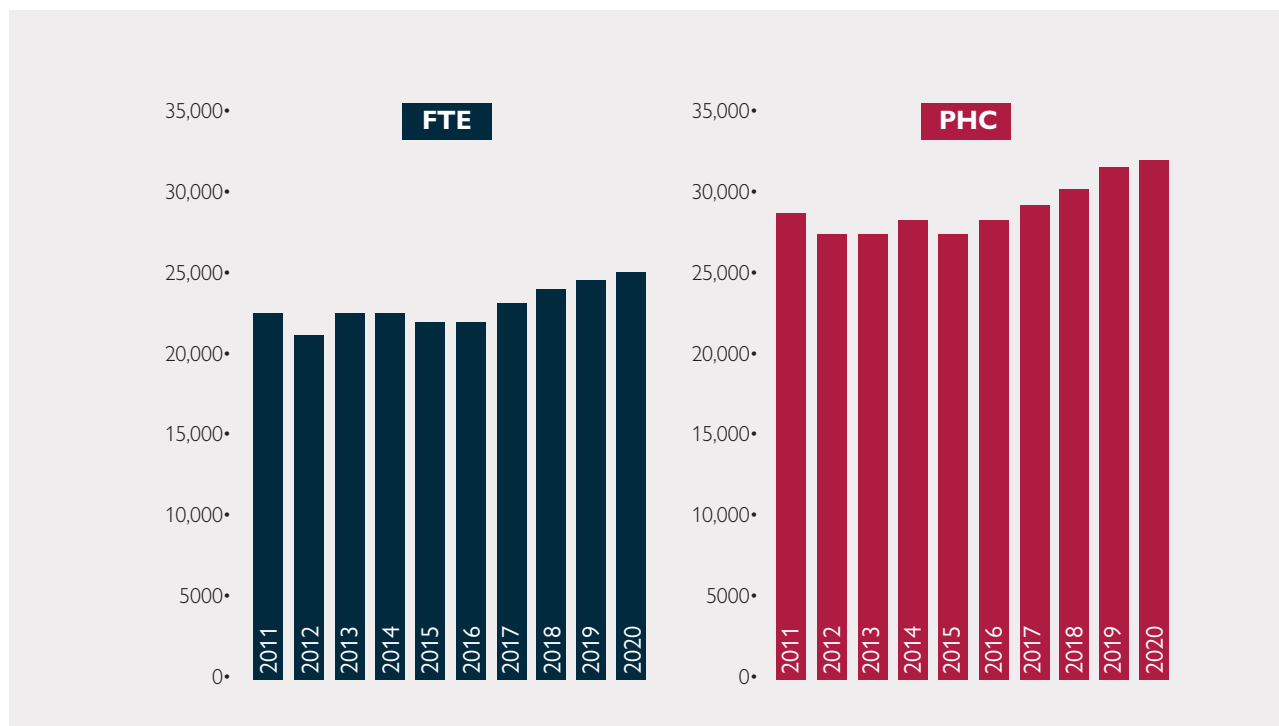


Figure 1: Total TSS size – full-time equivalent, FTE and paid headcount, PHC

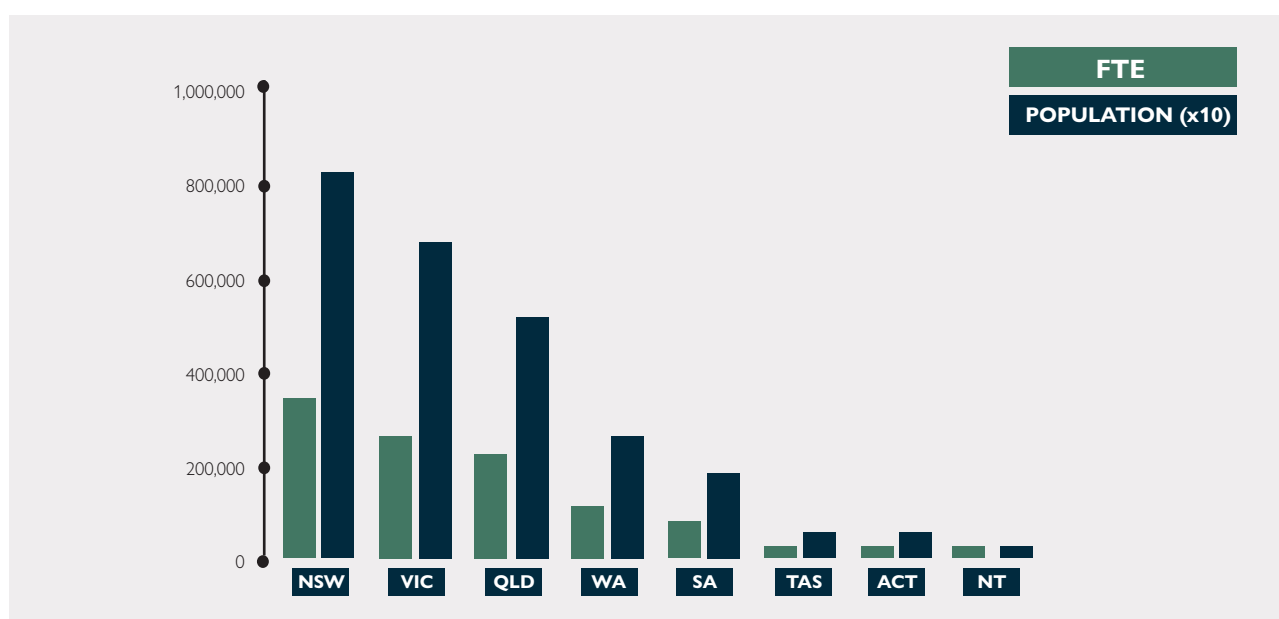


Figure 2: Size of state and territory public services and population

The TSS is the third smallest public service in the country, by FTE (see Figure 2). However, despite being slightly larger in overall numbers, the TSS as a proportion of the population is smaller than both the Australian Capital Territory (ACT) and the Northern Territory (NT) public services. There are 4.68 TSS FTE for every 100 people, compared to 5.05 in the ACT and 8.87 in the NT.

Overall, the TSS is less than a third of the size of the South Australian state service and less than a tenth of New South Wales'. It is, however, a similar size to those state services as a proportion of the population.

Although spread across a huge range of occupations and professions, Figure 3 shows that the majority of the TSS work in 'frontline' services, predominantly in health and education. In contrast, 'non-frontline staff', who are also important in the delivery of services to the government and Tasmanian public, comprise about a quarter of the TSS.

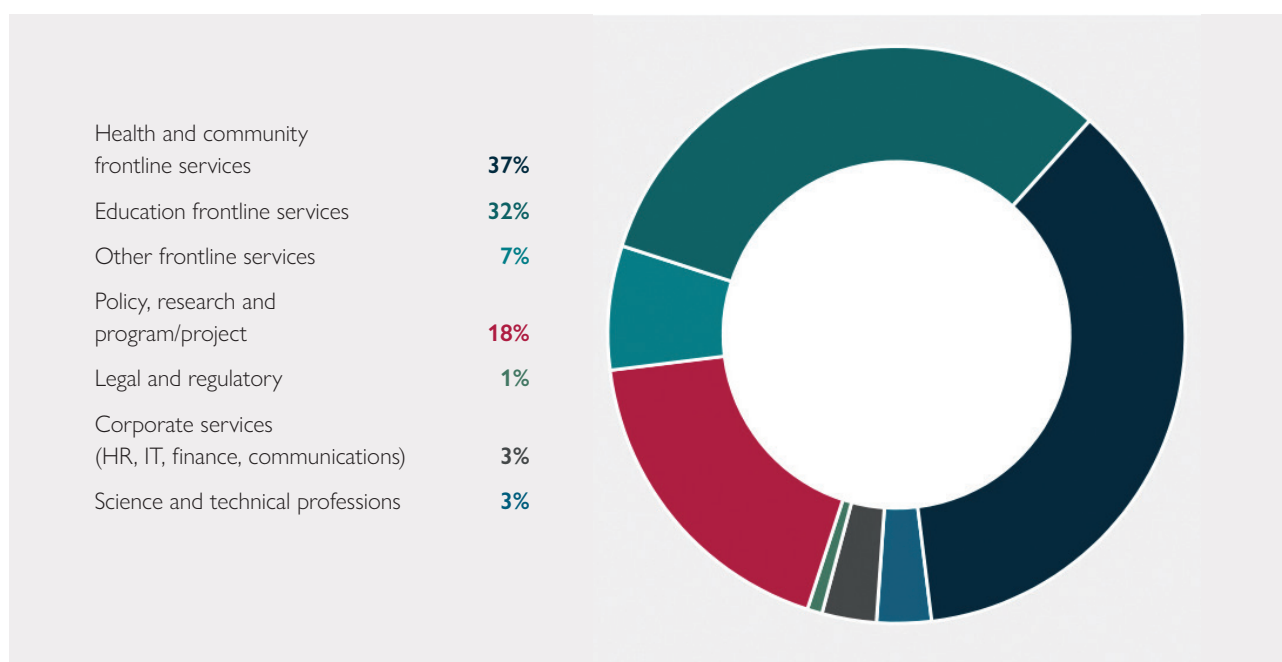


Figure 3: Types of work

By profession, the TSS is diverse. About 50% of all positions are found across 4 professional groups: teachers and education aides (about 24%), nurses (about 18%), general clerks (about 10%) and cleaners (about 3%). The remaining 50% of the TSS, however, is covered by 240 different professional groupings ranging from paramedics and correctional officers, to greenkeepers and car detailers.

Table 1: Top 15 TSS professions by ANZSCO Unit Group (March 2021)

Profession	No.	%
Registered Nurses	3,278.03	12.53%
General Clerks	2,671.49	10.22%
Primary School Teachers	2,300.30	8.80%
Secondary School Teachers	2,156.43	8.25%
Education Aides	1,118.43	4.28%
Other Cleaners	789.60	3.02%
Nursing Support And Personal Care Workers	732.71	2.80%
Contract, Program And Project Administrators	623.81	2.39%
Ambulance Officers And Paramedics	404.80	1.55%
Vocational Education Teachers (Aus) / Polytechnic Teachers (NZ)	404.15	1.55%
Prison Officers	402.95	1.54%
Other Medical Practitioners	389.23	1.49%
Enrolled And Mothercraft Nurses	363.67	1.39%
Generalist Medical Practitioners	317.30	1.21%
Receptionists	305.75	1.17%

The split between ‘frontline’ and ‘non-frontline’ staff is reflected in the agency staffing numbers (Figure 4); the Department of Health and the Department of Education are by far the largest, at 41% and 36% of all TSS staff (or 40% and 33% of total FTE) respectively. In contrast, the 2 smallest TSS agencies have fewer than 10 staff.

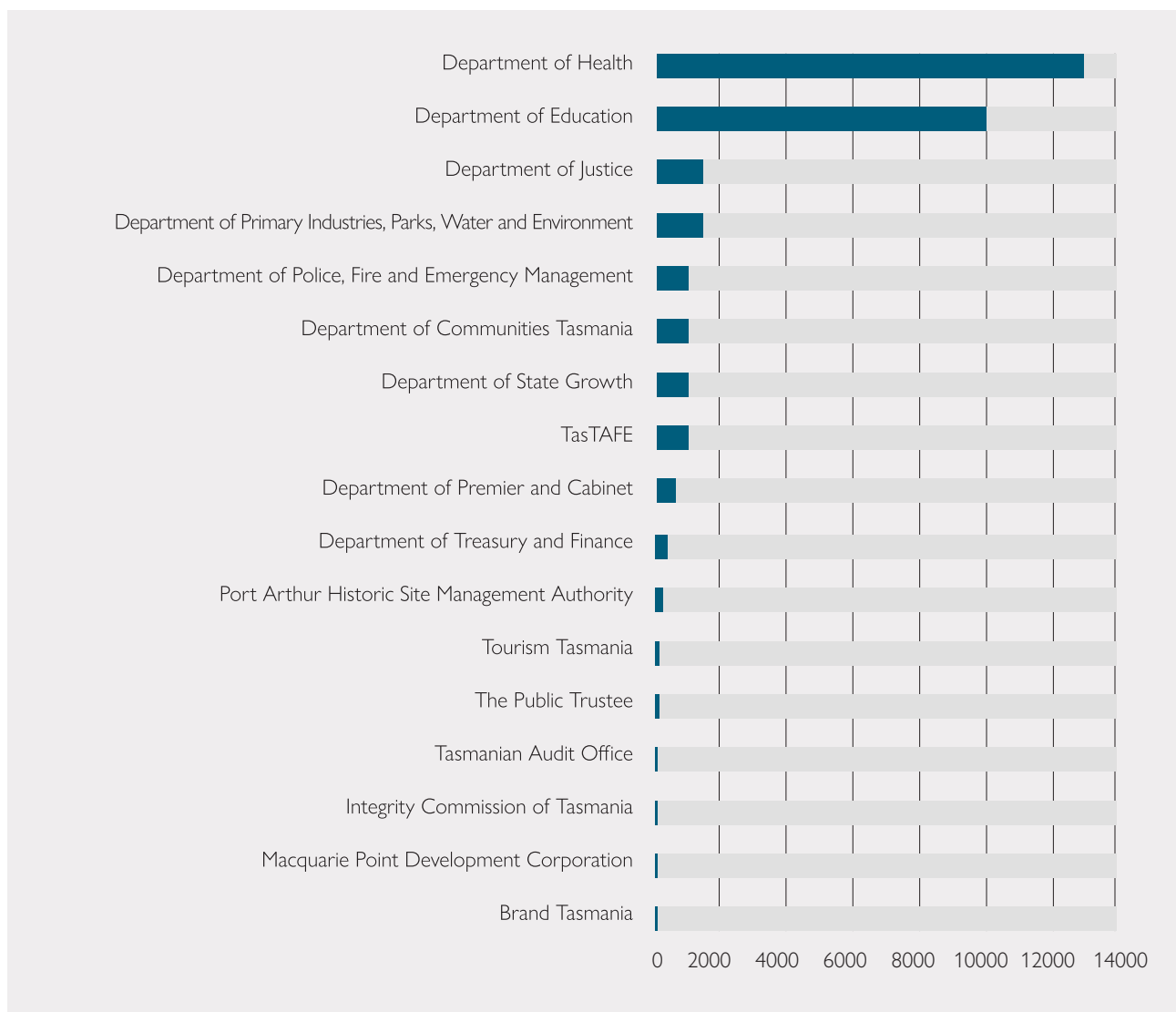


Figure 4: Total staff (FTE) per agency

The TSS is relatively well dispersed across the State (Figure 5). Most of its employees in the North and North-West, however, are frontline operational employees. The significant majority of ‘non-frontline’ employees are based in the South – mainly in Hobart. This is particularly true for management, policy, project and corporate positions, where it is estimated that about 77% of current positions are located in Hobart.

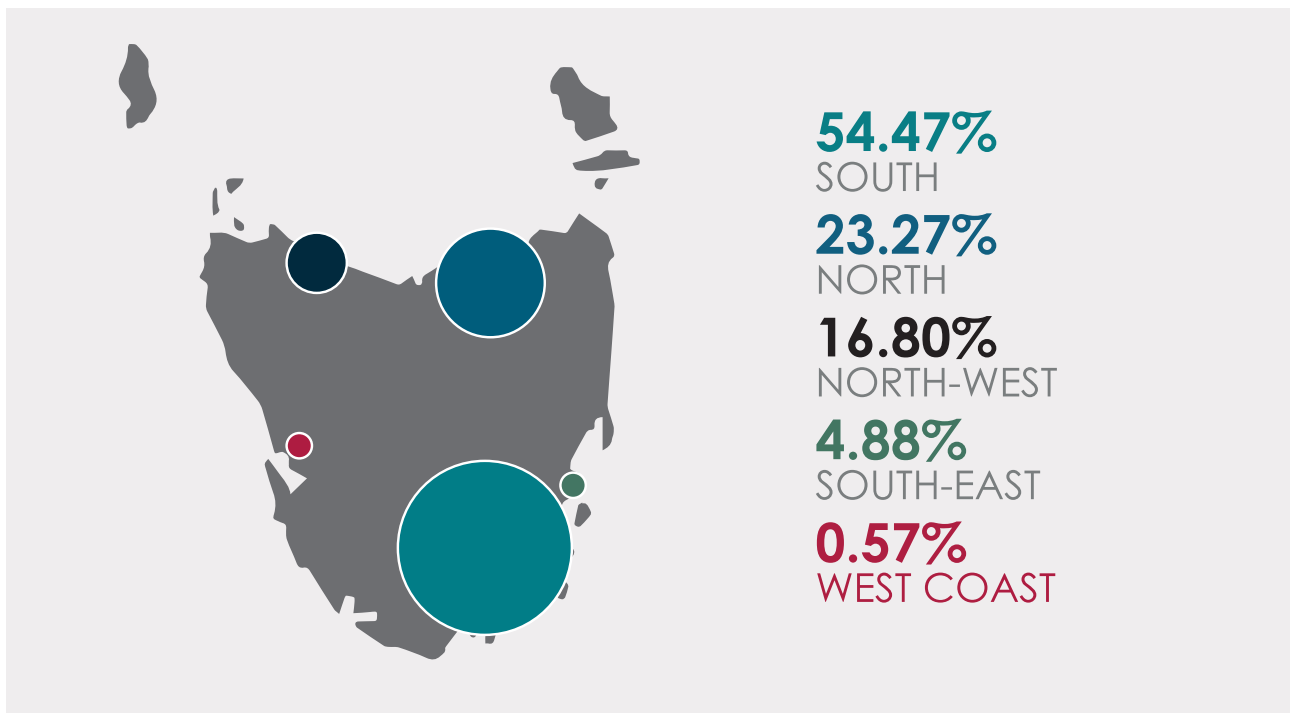


Figure 5: Staff in each region

Figure 6 shows the majority (84%) of TSS staff are permanent employees, with only 15% employed on a fixed-term basis. The remaining 1% are appointed under Part 6 of the Act (agency heads, holders of prescribed offices and senior executives) and hold office for the duration of their appointment. Tasmania employs a higher proportion of fixed-term employees compared to the Australian Public Service. Comparisons with other jurisdictions is difficult given that Tasmania is the only state or territory that does not have a casual employment category.

Just over 60% of the TSS work full-time and just under 40% work part-time.

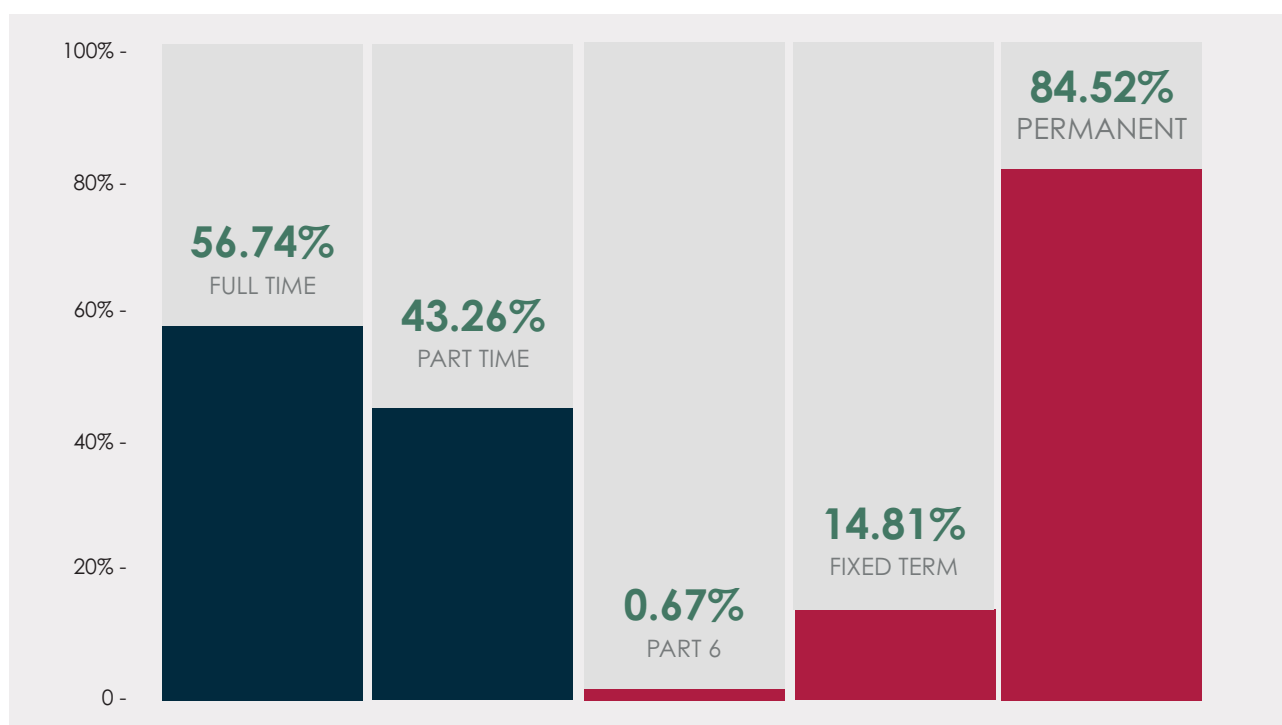


Figure 6: Total TSS by employment category (full-time or part-time) and by employment status (permanent, fixed-term or Part 6 appointment)

Based on the most recent staff survey results, the TSS is a relatively homogenous service (Figures 7, 8 and 9). Only 6% of the workforce identified as having a disability and 3% as being of Aboriginal or Torres Strait Islander origin. The vast majority (almost 90%) of survey respondents were born in Australia, and fewer than 10% are proficient in a language other than English. Around two-thirds have some form of tertiary qualification.

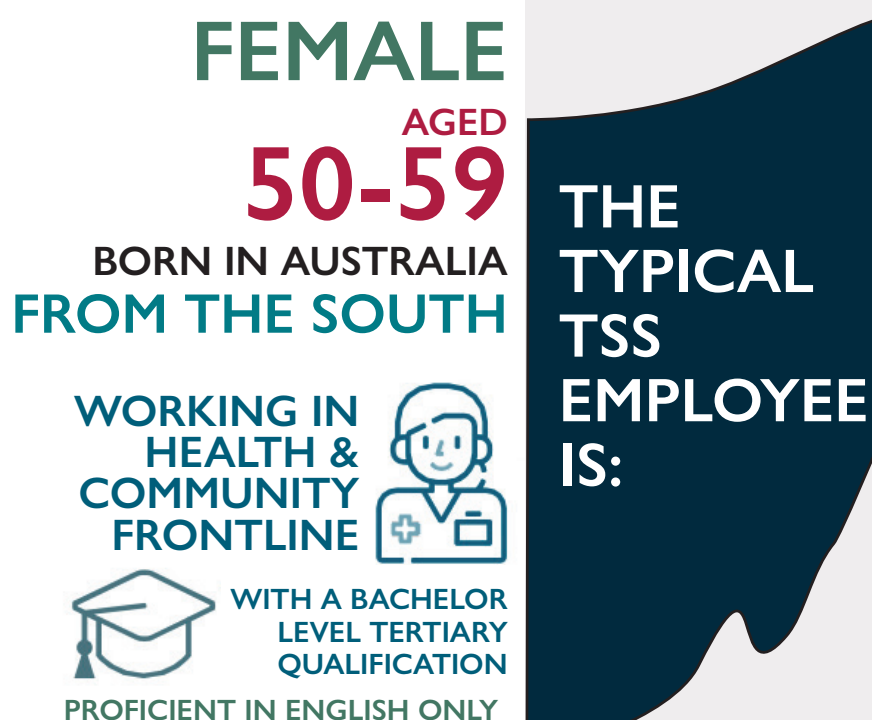


Figure 7: The 'typical' TSS staff member

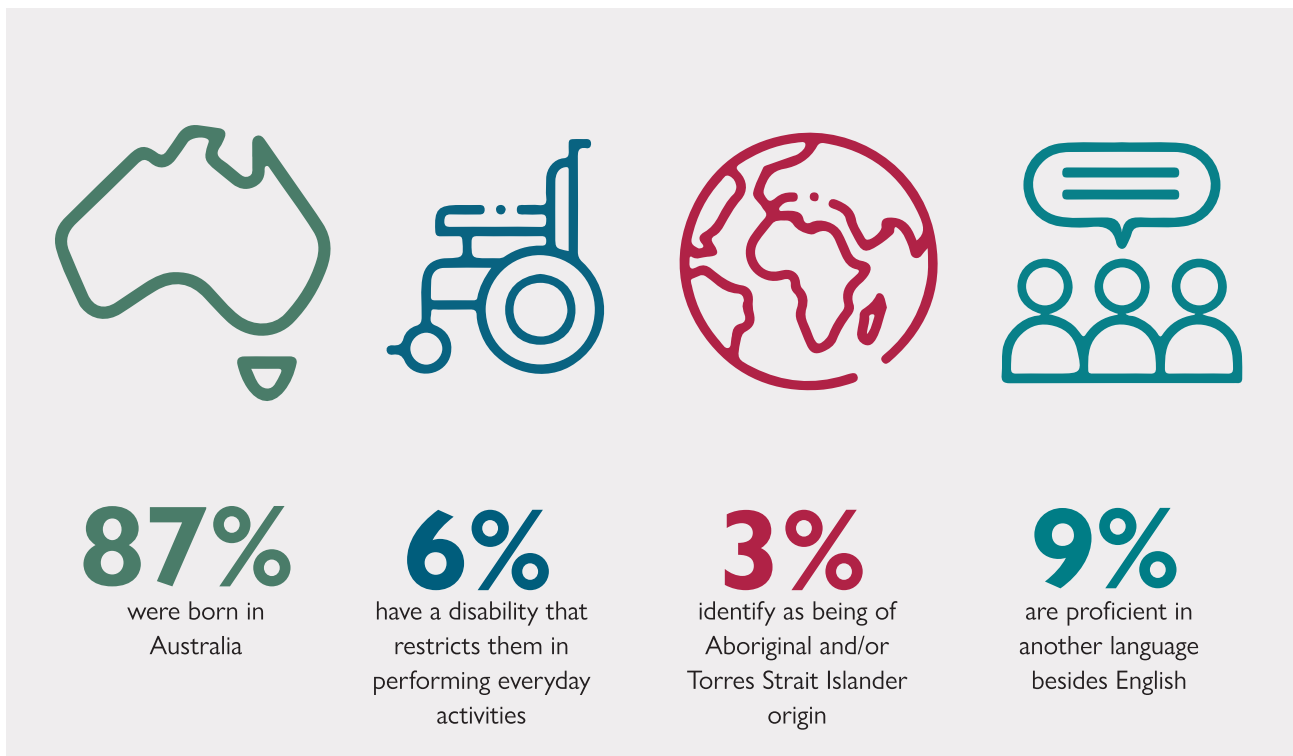


Figure 8: Diversity indicators

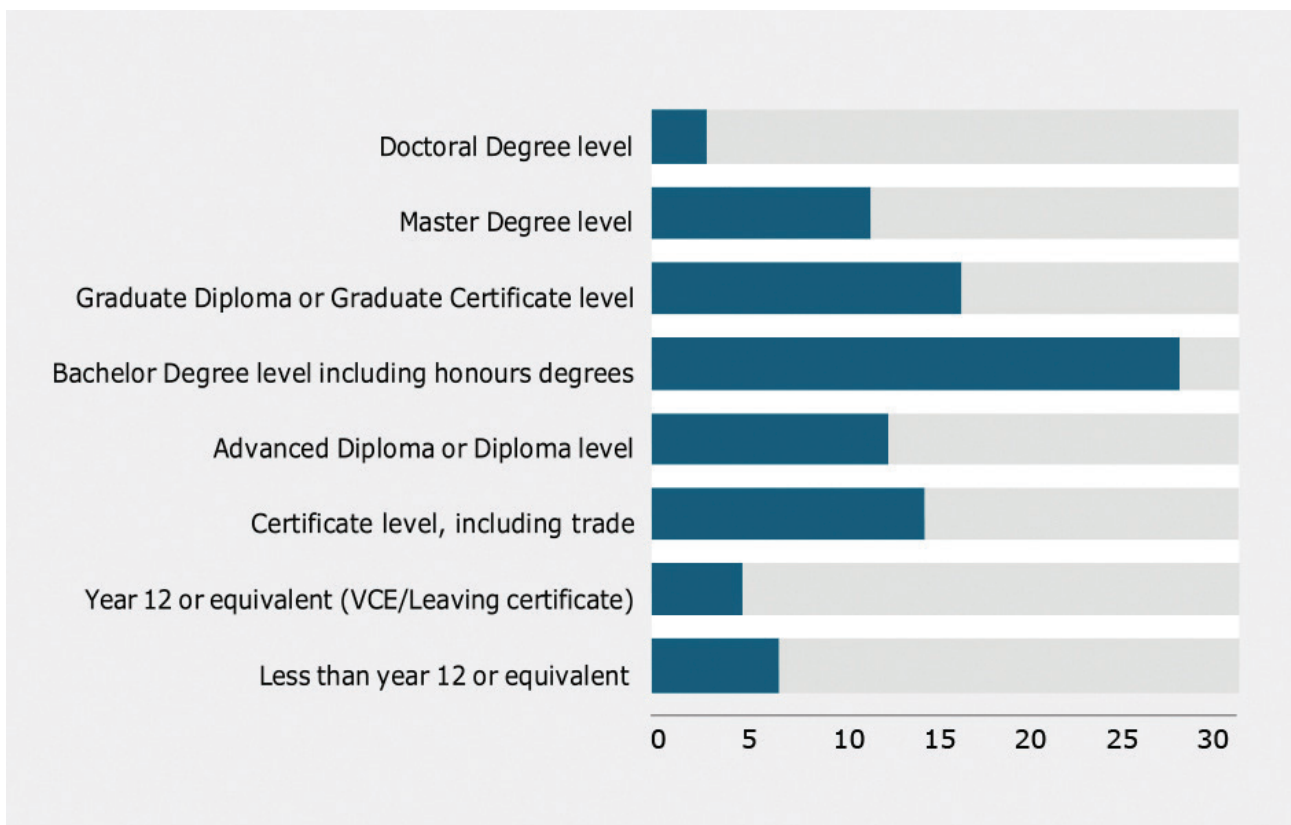


Figure 9: Educational attainment levels (%)

Over 70% of all TSS staff are female (Figure 10), although this proportion changes across different parts of the workforce.

Men occupy 51% of the top 30% of positions in the service based on salary in 2020. However, the gender imbalance is shifting. In 2012, 60% of these positions in the TSS were occupied by men. Compared to 2012, 398 more women held positions in the top 30% of the service (over \$130,900) in 2020. There were 11 fewer men in this category over the same period.

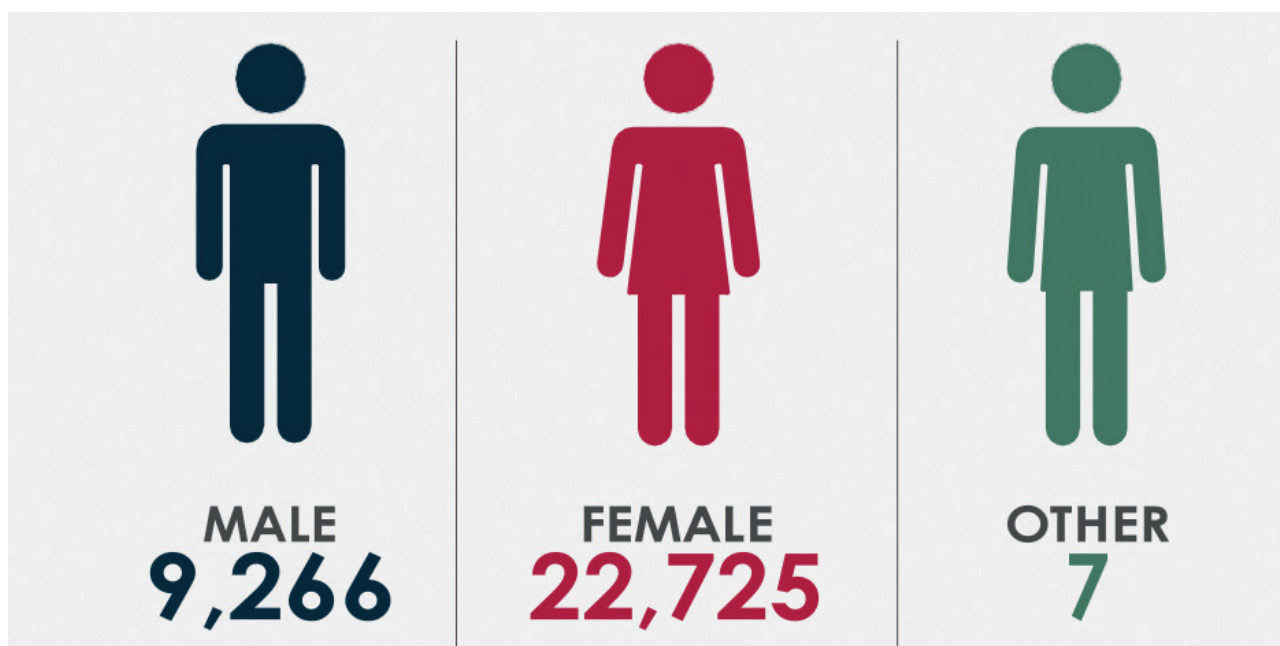


Figure 10: Gender groups (as Paid Head Count)

The TSS is also relatively old (Figure 11), with almost 27% of employees over the age of 55 and just over 12% under the age of 30. Contrary to popular belief, the TSS is not getting older. Its average age has fallen consistently from 46.77 in 2013-14 to 45.3 in 2019-20.

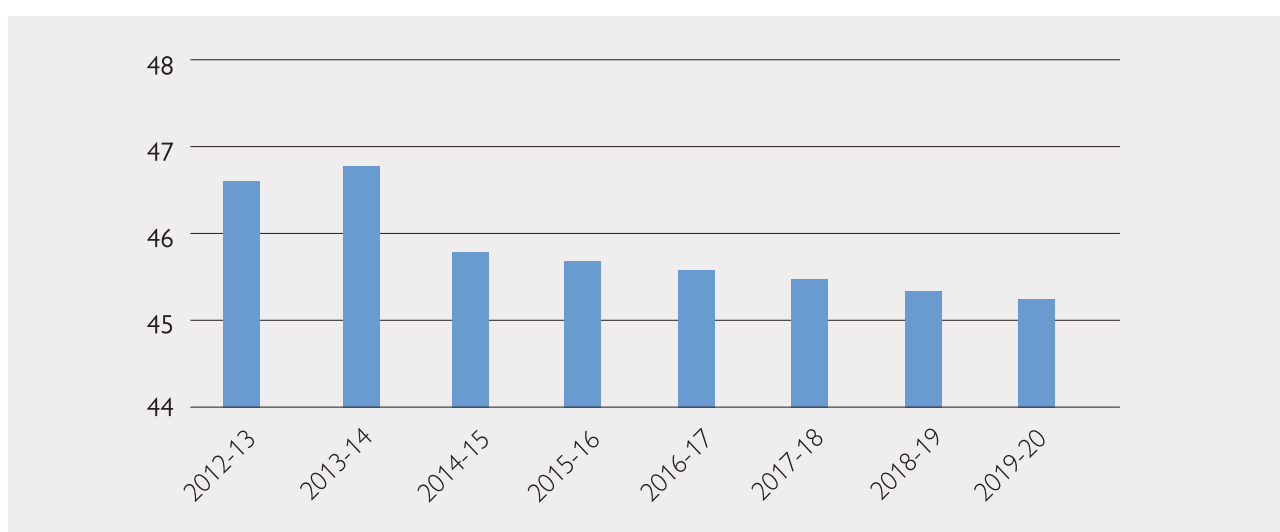


Figure 11: Average age of the TSS over time

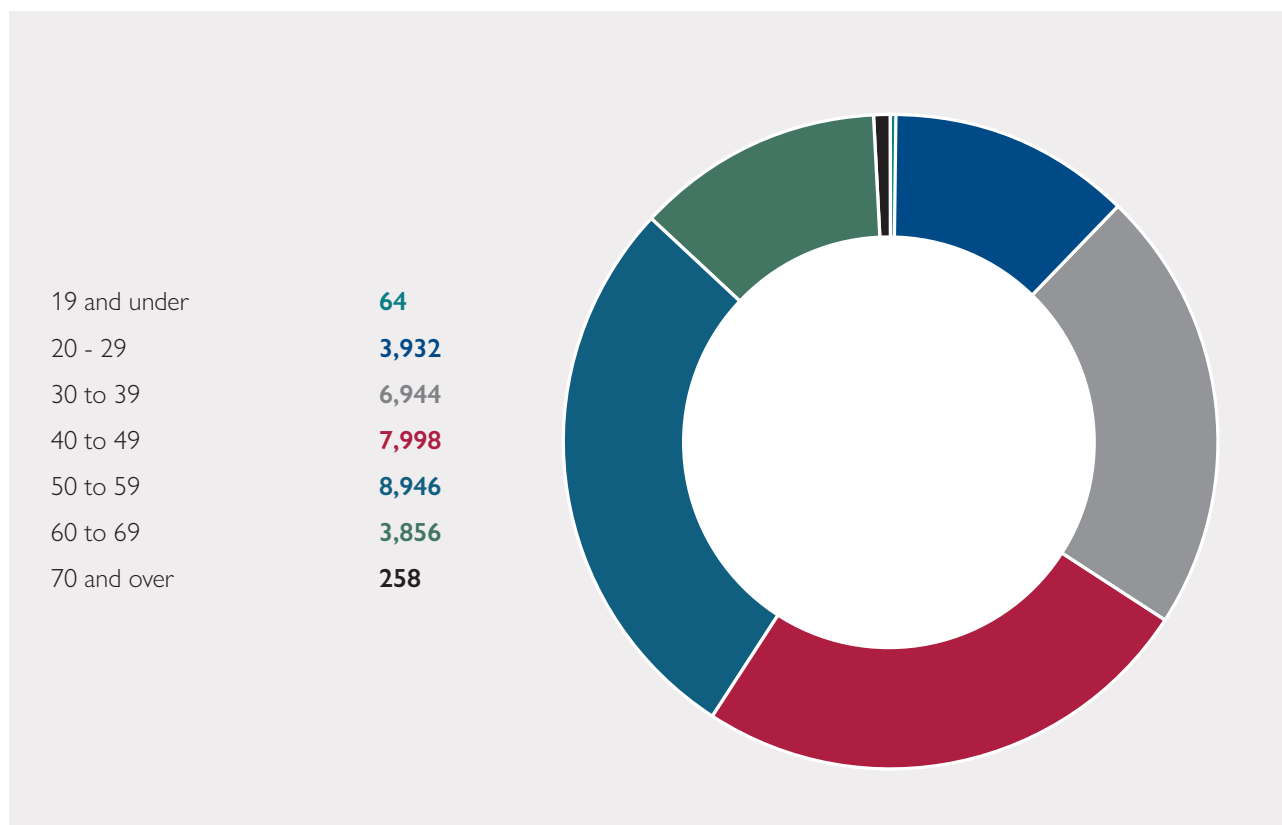


Figure 12: Current age composition of the TSS

In the 5 years to March 2021, the age group that grew the most as a percentage was the 65 and over category, which grew by 73%. The numbers in this category, however, are relatively small. While there were 377 more employees in the age group of 65 and over in March 2021, compared to March 2016, there were 1,430 extra employees in the age group of 25 to 34 over the same period.

As a proportion of the total TSS employees, the 3 youngest cohorts grew consistently, growing from 42% to 47% of the service.

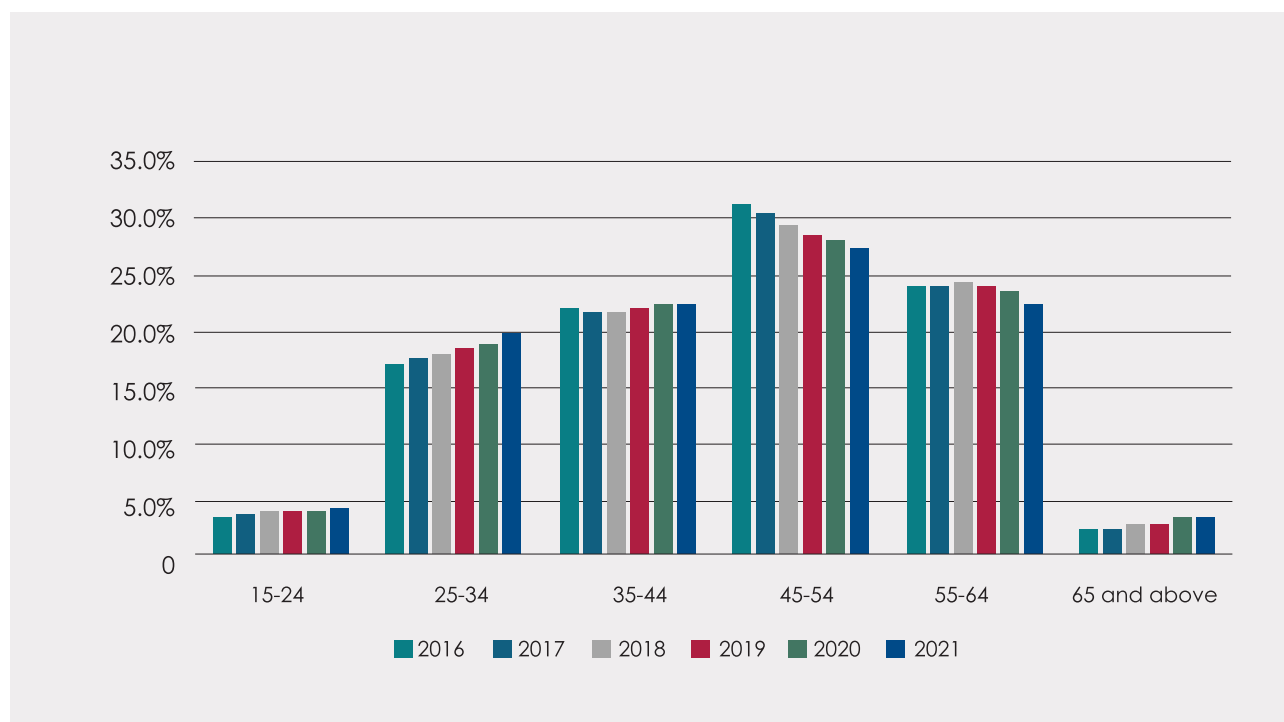


Figure 13: Employee age groups in the TSS as a percentage of the total

This trend of increased recruitment of younger people into the TSS is continuing and shows a distinct bias towards the 25 to 34 year age group over the last 5 years.

1.3. Lessons from COVID-19

The Review's amended Terms of Reference (January 2021) noted that the:

novel coronavirus (COVID-19) pandemic of 2020 sparked a whole-of-service response and triggered a number of workplace changes throughout the TSS. This impacted both the physical environment and working pattern of TSS employees and the ways of working both within and across agencies.

The Terms of Reference also requested the Review to reflect 'on lessons learned during the COVID-19 pandemic to identify improved ways of working'.

The lessons from the COVID-19 pandemic are still being distilled, and will be for a very long time. Even at this early stage, however, there are clear lessons for the TSS and the Tasmanian Government in relation to the TSS.

i. Regular horizon scanning

The Tasmanian Premier established the Premier's Economic and Social Advisory Council (PESRAC) on 30 April 2020 to help shape and enhance Tasmania's recovery from the pandemic. In its Final Report on 16 March 2021, PESRAC observed that:

the COVID-19 experience ... demonstrates that governments in Australia pay insufficient regard to long-term strategic planning, particularly in relation to risk assessment and management.

The Review notes that regular horizon scanning and following through with proper consideration of the implications can help remedy this strategic shortcoming.

The 2016 Tasmanian State Natural Disaster Risk Assessment rates the 3 highest risks for people in Tasmania as pandemic, heatwave and bushfire (all rated as extreme). The risk assessment suggested that:

a pandemic influenza would be expected to increase mortality and morbidity rates to between 500 to 5,000 cases. Based on the experience of the relatively mild 2009 H1N1 pandemic influenza, it is very likely it would be a significant challenge for the health system to manage a future pandemic of similar or greater clinical severity.

Unlike the COVID-19 experience, however, the risk for pandemic influenza on the economy was assessed as medium. There were similarly modest ratings in terms of the expected impact of pandemic influenza on public administration and social settings. The ratings were not unreasonable at the time of the risk assessment, as no one predicted the scale of intervention from governments in terms of the movement of people and economic activity.

Given the experience with COVID-19, there would be an advantage in the Tasmanian Government updating its 2016 disaster risk assessment to reflect the current knowledge regarding the potential impact of a pandemic on the economy, public administration and social settings.

This updated risk assessment will increase the imperative for planning and maintaining the ability to shift resources in a crisis, quickly and substantially. Arrangements that provide this flexibility and agility should be already in use or, at least, 'on the shelf' waiting to be used, rather than having to be invented in a crisis.

The Tasmanian Government responded well to the COVID-19 crisis, and the TSS played a major role in that response. The result was a credit to both. However, a regular, strategic horizon scanning process that includes ministers and senior members of the TSS, and following up by thinking through the implications, would complement what is already done and help meet PESRAC's concern.

The Review understands that the Tasmanian Government is reviewing the 2016 disaster risk assessment and expanding its focus to non-natural risks such as cybersecurity, major transport accidents and structure failures. It is understood that the risk assessment will also be updated to reflect the State's experience with COVID-19. This activity is to be commended. There would be value in the regular review, once every 2 years, of the State's risk assessment to ensure adequate preparedness. Identifying priorities for increasing resilience could be a focus of intervening years.

Recommendation 1

That the government undertake a full horizon scanning process every 2 years as part of the process of updating the disaster risk assessment.

ii. Coordination, collaboration and cooperation

The Review gained many insights into the TSS in relation to its immediate and ongoing response to COVID-19. The Review heard from stakeholders that the government acted swiftly and with agility from the outset. The TSS acted in a coordinated and considered multi-agency manner in response to the pandemic and in accordance with the expectations of government. With overall coordination and direction from the Premier and the State Controller, the necessary personnel from various government agencies worked in a collaborative way, for example:

- The Department of Health played a key leadership role via the Public Health Emergency Operations Centre and with the Director of Public Health undertaking a key advisory and executive role to government.
- The Department of Police, Fire and Emergency Management played a key role in investigation and compliance management, and the Police Commissioner acted as State Controller in accordance with legislative requirements.
- Communities Tasmania coordinated the provision of quarantine accommodation across the state.

- The Department of Premier and Cabinet provided staff and the functions of State Recovery Adviser and State Policy Adviser and their associated functions – Public Information Unit and COVID Response Unit (formerly Tasmanian Emergency Information System).
- The Department of Primary Industries, Parks, Water and Environment, particularly Biosecurity Tasmania, was responsible for the administration of border control.
- The Department of Justice provided advice and support to maximise business compliance with COVID-19 Safe Workplace planning and execution.
- The Department of State Growth led the delivery of support for businesses.
- The Department of Education led the very significant process of educating children online while schools were closed.

In their submission to the Review, the Premier's Health and Wellbeing Advisory Council² observed that COVID-19 highlighted how 'agencies can join forces and move with agility to solve complex challenges facing Tasmanians in crisis.' The submission went on to state that 'it will be important to ensure that we don't simply return to business as usual in the form of siloed approaches between agencies and a lack of authentic consumer engagement which create barriers to an effective public service.' The Review endorses this statement, given that it heard too many comments on agency silos and the importance of breaking down the walls for it to be comfortable that this won't occur. This concept of working beyond the boundaries of agencies is critical for the future success of the TSS and is addressed extensively throughout this report.

iii. Drawing on resources beyond the TSS

Another significant lesson for the TSS (and one that it was not unfamiliar with) is that it doesn't have the resources internally to deal with large scale emergencies and it must rely on others for essential inputs and surge capacity. The TSS worked collaboratively with the University of Tasmania (UTAS) and in close partnership with other jurisdictions to share information and expertise and ensure that a considered national approach was taken in the response to COVID-19. The TSS also relied heavily on the resources of industry and the non-government sector.

To deal with the necessary staffing requirements of COVID-19 contact tracing and public health call centres, TSS employees were rapidly upskilled to deal with demand and meet the needs of a surge in workforce required to undertake these new requirements. UTAS staff were also involved in meeting this increase in demand and meeting the public health needs for epidemiological and professional advice.

The TSS should capture the lessons learnt with regard to the value of its relationships with other sectors in responding to COVID-19, and consider how to apply them. In this context, this theme of partnership is comprehensively considered and a number of recommendations are made in relation to this issue in Section 4.6.

² Premier's Health and Wellbeing Advisory Council, Submission to the Tasmanian State Service Review, November 2020, p 7.

iv. Working out of the office

To help enable social distancing during the crisis, staff from across the TSS worked from home wherever possible and appropriate. To support this shift away from the workplace, agencies rapidly deployed new policies, software and hardware that allowed for virtual teams to continue to support the core business of the TSS. As seen across Australia and the rest of the world, the successful use of more flexible working arrangements have changed the relationship between work and 'the workplace', which needs to be both managed and used for the benefit of TSS employees, the TSS and Tasmania. The lessons learnt from flexible working arrangements are discussed further in Section 5.11.

v. Speed and flexibility

Crises such as COVID-19 require rapid decision-making, implementation and delivery. Slow decisions, slow implementation and slow delivery have a very obvious impact in a crisis, but they also have an impact in normal day-to-day operations.

The TSS is overburdened with processes. The Review has several suggestions for consideration by the government and the service to reduce the burden and speed up its operations.

Finally, flexibility. Crises demand the rapid shifting of resources. The TSS actioned that in the COVID-19 crisis, but many of the mechanisms used were naturally temporary and have already lapsed. Greater flexibility would significantly enhance the ability to deal with day-to-day issues and help in the early days of a crisis. Again, the Review has suggestions and considerations here.

The COVID-19 crisis has, perhaps above all, highlighted the importance of preparation, learning from a crisis, and having institutions that are able to adapt to, and meet, the next crisis. That is an important lesson for the TSS. Many of the recommendations in this Final Report will help make that response all the better next time.

1.4. National Agreement on Closing the Gap

On 27 July 2020, the Tasmanian Government with the Tasmanian Aboriginal Centre (as the representative of the Tasmanian Aboriginal people on the Coalition of Peak Aboriginal organisations) signed the National Agreement on Closing the Gap.

It is a historically significant document as it is the first time that Commonwealth, state and local governments in Australia and the Coalition of Peak Aboriginal and Torres Strait Islander organisations have agreed to work together to deliver real change for Aboriginal people. Work on Closing the Gap will complement and be supported by the Tasmanian Government's recently announced commitment to consulting with the Tasmanian Aboriginal community to enable truth-telling and the development of a treaty.

The State Government is currently working with Tasmanian Aboriginal people on its jurisdictional Tasmanian Implementation Plan for Closing the Gap. The outcomes of the State Service Review should be considered in the development of the implementation plan as an opportunity to help the TSS deliver the objectives and priorities of Closing the Gap. The following reflections are made regarding the importance of many of the directions outlined in this report for the implementation of the National Agreement.

The overarching objective of the agreement is to ‘...overcome the entrenched inequality faced by too many Aboriginal and Torres Strait Islander people so that their life outcomes are equal to all Australians.’ The 4 Priority Reform areas are:

- Formalise partnerships to involve Aboriginal and Torres Strait Islander peoples in decisions that affect them.
- Build the capacity of Aboriginal organisations to deliver services, and fund these organisations to deliver services currently delivered by mainstream organisations.
- Expose racism in government institutions and engage with Aboriginal and Torres Strait Islander peoples on significant changes to government policies that affect them.
- Share data and information with Aboriginal and Torres Strait Islander organisations and people.

The signatories have committed to mobilising all ‘avenues and opportunities’ available to them to meet the objectives of the agreement. In a Tasmanian context, the agreement reflects the State Government’s commitment to working with Tasmanian Aboriginal people for better outcomes in key areas such as health, education, employment, child safety, justice, family violence, housing and improved access to land, water and sea as well as a commitment to supporting language and culture. Strong **leadership** and prioritisation will be critical for the successful implementation of the State’s commitments under Closing the Gap. Many of the social outcomes that the National Agreement seeks to address are complex issues that will require a whole-of-government response and commitment to meaningful partnership. The broadened roles of heads of agency, the setting of whole-of-government priorities and associated governance discussed in Section 3.2 will provide a more robust foundation to address these issues. The partnerships and shared decision-making outlined in *Priority Reform One* of the National Agreement will also guide the development of whole-of-government priorities for the TSS.

The co-design of **services** as described in Part 6 of this Report will support efforts of the Tasmanian Government to continue to build capacity in Aboriginal community-controlled services in Tasmania, consistent with the State’s commitments under *Priority Reform Two* of the National Agreement.

Improving the diversity and cultural awareness of the TSS **workforce** will be critical for transforming government organisations as outlined in *Priority Reform Three* of the Agreement.

More broadly, an increased commitment to place-based service delivery will help create the genuine relationships between the TSS and Aboriginal people and organisations in Tasmania as outlined in the National Agreement.

Finally, the Review also recognised and makes recommendations about the importance of data collection, sharing and analysis in Section 4.3, consistent with *Priority Reform Four* of the National Agreement.

The National Agreement on Closing the Gap is an essential set of reforms for the TSS and Aboriginal people in Tasmania. The delivery of these reforms will be enhanced by the implementation of the recommendations of this report.

1.5. What does the report mean for the front line?

Part 6 of the Report emphasises that the Tasmanian Government and the TSS will be judged on their ability to deliver services to Tasmanians. Some people, however, may read this report as being largely focused on the bureaucracy of the State Service or ‘back office’, with little relevance to frontline workers or frontline services. This is not the case.

Many of the recommendations of the Review will assist frontline workers to improve the delivery of services to Tasmanians. For example, the release and implementation of whole-of-government or cross-government priorities will be highly relevant for frontline services. The capability reviews of state agencies will consider how frontline services are supported. The increased focus on person-centred and place-based service delivery will impact on service delivery priorities and the way that services work together in the interest of individuals, families and communities.

Other recommendations target improvements to the ‘back office’ so that it can support frontline services more effectively. For example, platform-based functional leadership will drive improvements to the core business systems that frontline services rely on. Increased data sharing will help services to better understand their clients and achieve improved outcomes.

Our rosters are done on Excel. I know the State Service has rostering platforms. We don't. – Focus Group Participant

Finally, many recommendations target improvements in the way that the TSS works across portfolios and with others on common objectives and priorities. This is important for improving the way frontline services respond to increasingly complex challenges.

Ninety per cent of respondents to the online submission tool agreed or strongly agreed that the TSS gets better outcomes when staff and business units are able to work across agency boundaries, but only 26% agreed (no one strongly agreed) that different parts of the TSS work well together. This has very significant implications for frontline services. Working better with others means, for example, that schools work more with services outside school hours that keep young people engaged in their education; midwives work more closely with services to support new parents in the home; or drug and alcohol rehabilitation services work more effectively with mental health professionals. The more that the TSS works together, the more effective its services will be in addressing Tasmania's complex problems.

Of 138 responses to the Review's online submission tool, 83% agreed or strongly agreed that leadership has a critical role in creating positive change across government. The recommendations of this Review focus on building leadership across the TSS, including for design and delivery of frontline services.

I work on whole-of-government policy, and one of the most amazing projects I've worked on is the Child and Family Centres – we built 11 and it was a collaboration between Education, Health and DPaC. In the end you can point and say, I had a small part in making that happen and that was a really proud moment for me. – Focus Group Participant

It's almost like you've got eight different cities, who have all got their own power grids. One on 120 volt, one on 240 volt, one on 180 volt, and everyone has their electric shaver or hair dryer that runs on their own version. – Focus Group Participant

Only 34% of respondents to the Review online submission tool agreed (32%) or strongly agreed (2%) that the employment rules and process in the TSS generally provided for fair, safe and equitable employment decisions. Only 13% agreed that recruitment and appointment processes in the TSS support getting the right people into the right jobs at the right time. The recommendations of the Review will make recruitment in the State Service easier and more efficient. It will promote increased use of group recruitment which means that vacancies can be filled more quickly. It will increase the focus on capability development and make it easier for the service to foster good performance and manage poor performance.

Recruitment can be quick at times, when they want it to be, but normally its long and drawn out. – Focus Group Participant

We've actually lost the best candidate because our processes take too long. It takes so long to get back to them that they've already got a job somewhere else. – Focus Group Participant

Finally, all of this work will be underpinned by a renewed set of values and principles for the State Service that support everything that it does. This is important for building a positive and rewarding culture across the service.



PART 2 – PRINCIPLES AND VALUES OF THE STATE SERVICE

Part 2. Principles and values of the State Service

What should we strive for?

The State Service is built on robust and resilient foundations. The object, values and principles of the State Service clearly articulate the expectations of Parliament regarding the value that the State Service is to deliver to the community. They define the values upon which the culture of the State Service is to be built. Finally, they guide the policies and decisions of the employees and leaders of the State Service.

Where are we now?

The *State Service Act 2000* includes a set of principles for the State Service and heads of agency are required to uphold, promote and comply with them. The principles vary widely. They include a mix of values, such as honesty and integrity, standards of behaviour, such as maintaining appropriate confidentiality, and process-based expectations, such as providing a reasonable opportunity to members of the community to apply for State Service employment.

They have not been reviewed since the introduction of the Act over 20 years ago. They are no longer a contemporary reflection of the expectations of behaviour in the State Service. They are also not presented in a form that can be easily promoted or shared across the Service. TSS outcomes are currently not consistent with at least one of them. They need to be replaced.

What do we need to do?

The review makes a number of recommendations to:

- work as a single Tasmanian State Service and promote the concept
- rewrite the State Service Principles to provide more contemporary, directional and engaging values and principles for the TSS
- measure progress towards implementing the values.

2.1. Principles and values context

Change is both inevitable and all encompassing. Australian society and the Australian economy are already challenged by change caused by the COVID-19 pandemic, climate change and its implications, and shifting geopolitical realities. Technology is driving new industries, new ways of working and new opportunities, just as it did with the old ones that it is now degrading. Governments are pressed to do more to meet these challenges, and consequently more is required from public services. Expectations of governments generally are both greater and the responses sought more complex.

Tasmania is no exception to the waves of change and nor is the TSS. The issue for the TSS and other public services, over the next decade or so, is not whether or not they will change, but rather what the change will be, how well it will be managed and how it will benefit the communities they serve. Finally, no matter how well the TSS is performing now, without change its performance will steadily decline over time. Fiscal stringency will accelerate this decline.

Section 2.2 discusses the importance of the TSS working as a single service. In a similar vein, the Review considers it important that TSS employees develop a shared understanding of the values and principles that underpin it. If this is achieved, it will help ensure the TSS is working together on shared strategic goals and outcomes, in a culture that has clearly identified standards and behaviours that shape everything it does. This will be increasingly important as the TSS works to address current and emerging challenges.

2.2. A single state service

The major challenges Tasmania faces are not getting easier to solve and will progressively require increased collaborative thinking and focus. Similarly, the prospects presented to the State must be seized to ensure opportunities for the community are not missed. The TSS has a critical role to play in responding to these challenges and opportunities alike.

Although the Review acknowledges that the singular nature of government agencies is vital, the importance of their working together, as a single state service, cannot be underplayed. As noted in the Review of the Australian Public Service (APS), single agencies working largely independently will miss opportunities to deliver robust, innovative policy advice or high-quality services in complex areas that cut across boundaries³. The need to collaborate across agencies to meet public policy and delivery challenges, as highlighted in the APS Review, is likely to become more frequent, and this will require the APS, and similarly, the TSS, to be run as a better integrated organisation.

³ D Thodey, *Our Public Service, Our Future: Independent Review of the Australian Public Service* ("Thodey"), 2019, p 27.

The Review has consistently heard that the TSS often does not operate as one, with agencies too internally focused. This isolation makes it harder to solve some of the most difficult problems it faces due to inefficiencies and uncoordinated investment. Systems and digital capabilities are not aligned, and there is insufficient sharing of information and resources. Responses to complex policy issues are often too narrowly focused, and staff at times lack an understanding or appreciation of how their role and responsibilities contribute to the broader TSS context in which they operate. The above examples are not new or easily fixed, and they are not unique to the TSS.

Collaboration for us is confined to our workplace, where it works well. Beyond that there is no sense of working together across the Tasmanian State Service. – Focus Group Participant

The Interim Report⁴ used the term ‘One TSS’ as indicating a TSS where all agencies worked with a shared identity, common purpose, united in vision and integrated in approach. It is multiple areas of the TSS looking through a common lens to address complex problems and ensure service delivery alignment. It means the existence of a unified culture where all parts are willing and able to work together to achieve outcomes. Whether this ‘one TSS’ term is the most appropriate for the TSS in the future is, the Review considers, a matter for the Tasmanian Government and the TSS itself. That said, the sentiment of a single service working together as one is what matters, regardless of the tag.

To operate as a ‘single service’, TSS senior leadership must work together as a team, to build and lead a culture that fosters collaboration, unites all staff through a shared identity, and embeds corporate arrangements that better facilitate mobility across the service and bring together capabilities beyond the immediate workplace. The online submission tool used as part of the Review revealed that 90% of participants believe the TSS can get better outcomes when staff and business units are able to work across agency boundaries; 83% feel the TSS leadership has a critical role to play in creating positive change across the TSS.

I’ve recently moved between agencies and you would think the rules would be the same, but that doesn’t seem to be the case. People shouldn’t have to learn different rules across agencies, they should all be the same, if not similar. – Focus Group Participant

The TSS will need a greater emphasis on common objectives, as government works best when there is a shared destination. The use of whole-of-government priorities mentioned in the Interim Report⁵ and discussed further in Section 3.2, is one mechanism that will encourage and provide structure to the TSS working as one organisation to address challenges requiring collaboration.

The introduction and implementation of a ‘single service’ concept will not be an immediate shift and, like all cultural changes, will take considerable time. However, an important step in the right direction will be the implementation of the recommendations outlined in this Report.

⁴ Review of the Tasmanian State Service Interim Report - Chapter 3: Towards a Single State Service.

⁵ Review of the Tasmanian State Service Interim Report - Chapter 3: Towards a Single State Service.

Recommendation 2 (adapted from Interim Report Recommendation 1)

Develop and implement the concept of a single state service to help build better capabilities, increase collaboration and deliver improved outcomes for the government and the Tasmanian community.

Promoting a single state service prompts the question of what the scope of the TSS should be. The Review has heard from a number of organisations suggesting that the *State Service Act 2000* can be a significant constraint on the organisation's ability to deliver the outcomes that the Tasmanian community needs.

In its Final Report, the Premier's Economic and Social Recovery Advisory Council (PESRAC) stated that:

...industry stakeholders report that industrial relations rigidities inhibit TasTAFE keeping pace with the rapidly evolving, diverse and competitive requirements of industry. [PESRAC] heard that the employment conditions for TasTAFE trainers align more to a school than an industry environment.

The Review also heard many of these concerns and supports the recommendation of PESRAC to transition TasTAFE into a government business. This recommendation should be implemented as soon as practicable.

The remaining concerns regarding the scope of the Act related primarily to the impact of the industrial environment in the TSS on the viability of commercial activities (such as food and beverage services) associated with some operations, and the flexibility in the use of market allowances to recruit industry specialists. The Review considers that there are options for managing both of these issues without necessarily amending the current scope of the Act.

2.3. Redefining the State Service Principles

The TSS is established under the *State Service Act 2000*. Section 7 of the Act outlines the principles upon which the TSS is established (see Box 2). They are operationalised through a general obligation under Section 8 of the Act that all heads of agency are to uphold, promote and comply with the State Service Principles. The principles should fundamentally underpin everything the TSS does, from shaping behaviours and setting the culture to ensuring everyone is working towards the same outcomes across the service.

The State Service Principles are referenced in a range of instruments used across the service. For example, Statements of Duty in the Department of Premier and Cabinet (DPAC) state that employees should familiarise themselves with the State Service Principles and work to ensure they are embedded into the culture of the agency. The principles also influence the employment directions, policies and procedures of the TSS.

For example, the principles require that the TSS is a ‘...public service in which employment decisions are based on merit’. This principle is firmly embedded into the processes established for recruitment to the service.

No Review submissions and very few consultation participants made reference to the State Service Principles, which is concerning in itself given the role that the principles should play in defining the culture of the TSS. One possible reason is that the current State Service Principles are not overly engaging or aspirational. Nor are they reflective of a modern service. They don’t build a picture of the values of the TSS, even though they include some important value statements (e.g. being impartial, ethical and professional). They include a mix of value statements and operational statements, such as promoting ‘...effective performance management in which heads of agency, officers and employees are accountable for the performance of their functions and exercise of their powers’. They are not organised well around concepts that can easily be taken from the Act and promoted across the service.

Finally, some are seen to be ignored by large parts of the TSS. For example the *Tasmanian State Service Annual Report 2019-20* stated that only 37% of the TSS workforce participated in a performance management process, despite it being an expectation expressed specifically in the State Service Principles. The Auditor-General also found in his *Report on the Management of Underperformance in the Tasmanian State Service* that less than 40% of managers surveyed understood how underperformance is managed in their agency.

There are also some important underpinnings for a modern state service that are not reflected in the current set of principles. They include working across agency boundaries as a **united** service; being **agile** in that it adapts its capabilities to meet the needs of the government and the community; promoting **stewardship** as a foundational principle for building and maintaining capability; and being **connected** to the community.

To support the APS to best undertake its role, the Independent Review of the Australian Public Service⁶ recommended that core principles – apolitical, stewardship, openness, integrity and adherence to merit – be distilled and set out in the *Public Service Act 1999* to provide clear guidance to the APS and its leaders and employees and help reaffirm the Westminster tradition of the APS. By doing so, these principles would serve as a powerful set of foundational principles to complement APS values.

Most other states and territories have updated their purpose, objects or values for their state service relatively recently. For example, Victoria updated its public service values with the new *Public Administration Act 2004*, Queensland modernised the purpose of its public service in 2008, South Australia in 2009, Northern Territory in 2012, New South Wales and the Australian Government in 2013, and the ACT in 2016.

⁶ Thodey, *Our Public Service Our Future: Independent Review of the Australian Public Service* (‘Thodey’), pp. 91-92.

The absence of a set of engaging values and principles for the TSS is also a barrier to promoting unity across it. This makes it difficult to characterise what brings the service together at a level that is beyond the day-to-day operational challenges faced by its employees. It makes it difficult to promote the culture that the service needs to build to be most effective.

The Review considers that it is essential to revise the current principles as the foundation for maintaining a modern state service. The Review also considers that this should be done in an inclusive and participative way, allowing members of the TSS and the community to have input into the values they consider should be presented to Parliament for consideration.

Box 2: State Service Principles

The State Service Principles as provided in Section 7 of the *State Service Act 2000* are as follows:

- (a) the State Service is apolitical, performing its functions in an impartial, ethical and professional manner;
- (b) the State Service is a public service in which employment decisions are based on merit;
- (c) the State Service provides a workplace that is free from discrimination and recognises and utilises the diversity of the community it serves;
- (d) the State Service is accountable for its actions and performance, within the framework of Ministerial responsibility, to the government, the Parliament and the community;
- (e) the State Service is responsive to the government in providing honest, comprehensive, accurate and timely advice and in implementing the government's policies and programs;
- (f) the State Service delivers services fairly and impartially to the community;
- (g) the State Service develops leadership of the highest quality;
- (h) the State Service establishes workplace practices that encourage communication, consultation, cooperation and input from employees on matters that affect their work and workplace;
- (i) the State Service provides a fair, flexible, safe and rewarding workplace;
- (j) the State Service plans for and promotes effective performance management in which heads of agency, officers and employees are accountable for the performance of their functions and exercise of their powers;
- (ja) there is an expectation that officers and employees –
 - (i) will perform to the standard and requirements identified in the performance management plan relating to the officer or employee; and
 - (ii) will be responsive to Government priorities; and
 - (iii) will deliver quality services;
- (k) the State Service promotes equity in employment;
- (l) the State Service provides a reasonable opportunity to members of the community to apply for State Service employment;
- (m) the State Service provides a fair system of review of decisions taken in respect of employees.

2.4. Options for setting direction for the State Service

Various approaches have been used to set the values and principles for public services in other jurisdictions. Generally, jurisdictions use a combination of objects, values and principles (see Box 3). Victoria, the APS and the ACT use all three; Queensland, New South Wales, South Australia and the Northern Territory prescribed an object and principles; and Western Australia and Tasmania only prescribe principles.

Regardless of the construction of objects, values and principles, an analysis of relevant public sector legislation across Australian public services suggest that the intent can be grouped into 3 broad objectives:

1. To set the expectation of parliaments regarding the value that the State Service is to deliver to the community.
2. To establish the values upon which the culture of the State Service is to be built.
3. To define the key principles upon which the Employer is to manage the State Service.

Box 3: Objects, values and principles

Objects are used in legislation to articulate the objectives of the legislation – what parliament is seeking to achieve through passing that piece of legislation. Many jurisdictions use this part of the Act to define what sort of public service that State is seeking to create. For example, an object of South Australia's *Public Sector Act 2009* is 'to promote a high performing public sector'. An object of the public service in the ACT is to 'establish and maintain an apolitical public sector with clear values, clear standards of conduct and a best practice focus'. Queensland's legislation seeks to establish a public service that is 'responsive to Government priorities'.

Values are used to describe how you want the public service to work. They shape how an organisation and its members are expected to behave, and should align with the culture that you are seeking to build within the State Service. For example, the *Victorian Public Administration Act 2004* defines the values for the public sector as responsiveness, integrity, impartiality, accountability, respect, leadership and human rights. The values of the Public Service in NSW are integrity, trust, service and accountability. The values of the APS are impartial, committed to service, accountable, respectful, and ethical (which usefully acronyms to ICARE).

Principles are factors that should be considered in setting policies or making decisions in the State Service. For example, the *Western Australian Public Sector Management Act 1994* sets principles for public administration, human resource management and code of conduct. A human resource principle is, for example, that 'all selection processes are to be directed towards, and based on, a proper assessment of merit and quality'. A principle of the State Service in Queensland is 'promoting collaboration between Government and non-government sectors in providing services to the community'. A principle underpinning the Victorian Public Service is that 'public sector employees are treated fairly and reasonably'.

The Review considers that the *State Service Act 2000* should be amended to include these objectives through the inclusion of an object and values and the amendment of the State Service Principles. The *Object* should clearly define Parliament's expectation of the value that the Service delivers to the community. The *values* should set the foundation for the Service's culture, and the *principles* should prescribe a set of standards upon which the Employer (and delegates) should manage the service.

An important feature of setting the values of any organisation is to engage stakeholders and employees in the process to increase their 'ownership' and credibility as 'shared values'. For this reason, the Review is not proposing to recommend specific values, principles or an object for the Act. The Review has, however, considered relevant legislation across other jurisdictions and the outcomes of consultation and considers the following would be a good starting point for consideration and a basis for consultation:

The Object of the (Tasmanian) *State Service Act 2000* could be to establish a State Service that is:

- accountable for the delivery of high quality, reliable advice and services for the Tasmanian community
- responsive to the needs of government
- fair and equitable in its treatment of members of the community
- collaborative in terms of the development and delivery of services.

The TSS does not have a values statement. One could be constructed along the following lines:

United in purpose with the ability and motivation to work both across government and within agencies to capture opportunities and meet challenges for Tasmania

Objective, ethical and trustworthy in providing independent, honest, comprehensive, accurate and timely advice and in implementing the government's policies and programs free from bias

Responsive to the government in supporting current and emerging needs of the Tasmanian community

Accountable to the government, the Parliament, the community and each other for its actions and performance

Focused and agile in its use of resources and able to access and develop the expertise it needs

Connected and community-driven in delivering high-quality services fairly and impartially to the community, supporting a strong sense of place and embracing diversity in people and their views.

Increasingly, organisations find values an essential part of their corporate infrastructure. In an increasingly changing and complex world, organisations find it impossible to anticipate all eventualities, and develop black letter policy to prepare for them. To even attempt to do so is to tie the organisation up in knots. Values should help fill the void that policy and prescription are not able to do. Indeed it is hard to think of a large organisation in Australia that does not have a values statement, at least partly for that reason.

There is no need to regard a TSS Value Statement as necessarily conflicting with the individual value statements that TSS agencies have. They do not need to be identical, nor should agency statements only relate to the items in the TSS Values. They should, nevertheless, be compatible, and agencies will no doubt review their value statements in the light of the overall TSS statement.

The values should be energetically promoted across the TSS.

The Tasmanian State Service could uphold and promote principles along the following lines:

- State service employees are stewards, actively contributing to the development and maintenance of capability within agencies and across the TSS as a whole.
- The State Service is a public service in which employment decisions are based on merit and members of the community generally able to compete for State Service employment.
- The State Service establishes workplace practices that encourage communication, consultation, cooperation and input from employees on matters that affect their work and workplace.
- The State Service provides a fair, flexible, safe and rewarding workplace.
- The State Service plans for and promotes effective performance management in which heads of agency, officers and employees are accountable for the performance of their functions and exercise of their powers.
- The State Service promotes equity in employment.
- The State Service provides a fair system of review of decisions taken in respect of employees.

Whatever the chosen values and principles, it is important that they be adopted by all members of the TSS, especially the TSS leadership, once they are in place. As is currently the case with the State Service Principles, heads of agency should be responsible for upholding, promoting and complying with the values and principles.

Recommendation 3

Amend the *State Service Act 2000* to replace the existing State Service Principles with a clear Object, State Service Values and State Service Principles.

That TSS leadership conduct an open process of engaging with stakeholders and TSS employees to help define the shared values of the TSS.

2.5. Tracking progress towards the values of the State Service

It is important that the values of the TSS do not sit idle within the *State Service Act 2000*. They should be actively promoted and used to help shape the culture of the TSS and the outcomes that result.

To achieve this, the Review recommends that the TSS take the additional steps of defining what the values look like in the workplace and measuring the degree to which the values are embodied in the workplace. An illustration of how this can be achieved using the value *accountable* as an example is provided in Box 4.

SSMO currently surveys state servants once every 2 years, with a smaller survey being conducted in the off-years. The survey should be aligned to the agreed values, providing a base for measuring progress in promoting the values across the Service.

Recommendation 4

That the State Service Management Office develop key indicators to measure progress towards the embedding of values across the TSS and align the State Service Survey to provide data for these indicators.

Box 4: Measuring how much the value 'accountable' is embodied in the workplace

Example of how to measure progress towards values:

The State Service is *accountable* if:

- all employees and business units clearly understand their role and the outcomes they are expected to achieve
- there is clear reporting on performance
- ongoing performance assessment processes support continuous improvement.

The degree to which the State Service is *accountable* can be measured by:

- the percentage of the State Service that report that they clearly understand their role
- the percentage of the State Service that consider that their work contributes to the reported performance of their business unit
- the percentage of the State Service that agree that performance-related information is used for ongoing improvement.



PART 3 – **LEADERSHIP**

Part 3. Leadership

What should we strive for?

The State Service is focused on key priorities and is led, at all levels, by stewards who are accountable for both individual performance and working together, making decisions supported by evidence and embracing ongoing improvement.

Where are we now?

The government has signalled its intention to develop and promote key whole-of-government priorities to address certain cross-government issues for the State, which will help to provide unity and purpose for the TSS. This commitment has yet to be formally embedded within the governance of the State Service.

There is a growing appreciation of the importance of working across agencies and beyond the boundaries of any single agency. However, current efforts are limited to a small number of programs (such as the whole-of-service efforts to reduce family violence) and are heavily dependent on individual relationships between senior executives, including heads of agency.

The functions of heads of agency prescribed in the *State Service Act 2000* are limited to working within the boundaries of agencies, which provides a potential barrier to collaboration and cooperation across government.

The importance of leadership development is increasingly recognised in the State Service and, while there have been efforts to build cross-service capability in some areas, these efforts have had limited success.

Stewardship is not reflected in the core values of the State Service. Leadership development is limited and not clearly aligned to a contemporary capability framework. There is no talent management program for identifying future senior leaders in the State Service and for helping provide them with the knowledge and experience necessary to occupy these senior positions.

What do we need to do?

The Review makes a number of recommendations to:

- broaden the functions and accountabilities of heads of agency to include cross-agency policies and programs
- increase the focus of the TSS on whole-of-government priorities and create the governance to drive them
- promote the principle of stewardship across the TSS
- design and implement a talent development program for leadership in the TSS.

3.1. Leadership context

Leadership is a key ingredient to managing change well, and cohesive leadership is essential in managing the challenges the TSS faces now and in the future. It builds trust and encourages accountability. It promotes stewardship. It helps to get difficult problems addressed properly and increases the chance of helping solve them. Without cohesive leadership, the TSS will find its challenges much harder to meet.

The Interim Report noted that heads of agency, senior executives and senior managers in the TSS have a vital role to play in setting the culture across the TSS and for working together to address the challenges and grasp the opportunities for the State (see Chapter 5 of the Interim Report). Under the banner of 'stewardship', leaders have a responsibility to build and enhance their individual agencies, ensuring they have the necessary capabilities required for the future. They must also jointly build a more capable TSS as a whole, with a greater focus on identifying and nurturing potential leaders for the future and building a culture of improvement and innovation. Leaders must also take more collective responsibility for ensuring the best use and allocation of TSS resources to deliver on government priorities and meet community needs.

The Interim Report included a number of observations about leadership and recommendations for investing in leadership across the service. It discussed accountabilities of senior leadership, the importance of promoting the principle of stewardship and the need to more directly develop potential successors for key senior leadership roles.

The Review has considered the role of leadership in the TSS further in its second phase. This report builds on the observations and recommendations of the first report and recommends a program of 5 reforms that, if implemented, would significantly enhance the ability of the service to lead change over the coming decades. In summary, these reforms seek to:

- help successfully address 'wicked problems' by the government setting priorities that require the TSS leaders to work more closely together
- embed the principle of stewardship into the leadership culture for both agencies and the TSS as a whole
- reshape the functions of heads of agency and facilitate their working together towards common goals as well as managing their agencies
- refresh the TSS's approach to developing future leadership capability
- manage succession well by targeted development of future leaders for the TSS.

3.2. Driving whole-of-government priorities

Some of the most difficult problems that modern governments face are those that extend across 2 or more portfolios. These issues require the attention of ministers and their agencies individually, but also require them to work together to coordinate and prioritise the response, rather than tackling them on a 'portfolio by portfolio basis'.

The Interim Report⁷ suggested that the Tasmanian Government could improve outcomes by identifying a small number of whole-of-government priorities. It also recommended that the overall bureaucratic responsibility for delivering on at least some of these priorities should rest with all or some heads of agency who, in addition to their roles and responsibilities within agencies, would have shared accountability for achieving outcomes on specified priorities.

This was the approach Tasmania adopted to help successfully respond to the COVID-19 crisis, as well as the multi-disciplinary response to address family violence in Tasmania through the establishment of the *Safe Homes, Safe Families* 5-year government action plan (2015-2020)⁸. This practice of working together aligns leaders and builds cooperation and collaboration, as well as producing better solutions.

Heads of agency already deal with a range of whole-of-service and whole-of-government issues. At the time of the Interim Report, however, the government did not regularly task the TSS leadership as a group. Recommendation 2 of the Interim Report was that the government task the leadership collectively with addressing a small number of 'premier priorities', built around complex problems that cut across government, requiring a collaborative approach to facilitate successful delivery of required outcomes.

Government always has, and will continue to have, priorities for the TSS. However, there remains an opportunity for government to be more explicit and systematic as to how priorities are identified and tasked to the TSS, as well as the process to measure the success for achieving outcomes. Appropriate governance to underpin this process is critical, as is the ability to monitor and review progress made.

The specific establishment and implementation of premier or whole-of-government priorities, targeted for multi-agency handling, is done in other Australian jurisdictions, as well as in the United Kingdom and New Zealand, using various models and definitions⁹.

Setting whole-of-government or cross-government priorities could, and should, be coupled with consideration by government of whether its state agencies (departments and other agencies) are appropriately organised to best address

⁷ Review of the Tasmanian State Service Interim Report - Chapter 3: Towards a Single State Service.

⁸ *Safe Homes, Safe Families*: Tasmania's Family Violence Action Plan 2015-2020, Department of Communities Tasmania.

⁹ In **New South Wales**, premier priorities are described as 'issues that have been put in the too hard basket, for too long' and include examples such as lifting education standards for children and reducing domestic violence. In **Western Australia**, targets are defined as 'priorities of the community – challenges that are not just the responsibility of one department, one portfolio or even Government alone' and focus on social, economic and environmental challenges. Priorities for the Premier of **Victoria** focus on the areas of health, jobs, education and transport and on 'delivering for every Victorian, in every corner of the state'.

(See NSW Government Premier's Priorities: <http://nsw.gov.au/premier-priorities>; Government of Western Australia, *Our Priorities: Sharing Prosperity*: http://www.wa.gov.au/sites/default/files/2019-02/Our%20Priorities_brochure_0.pdf; Premier of Victoria, *Our priorities*: <http://www.premier.vic.gov.au/our-priorities/>)

them. In some cases they will be, and necessarily, cross department/agency structures will be used. In others, it may be more appropriate to reorganise departments and agencies to reduce the need for multi-department/agency effort. The benefits of implementing organisational change need to be weighed against the costs involved (for example potentially incompatible systems and the time required for the reorganisation) and the importance of the whole-of-government or cross-government priority. In considering the changes, the government would no doubt benefit from advice from the Head of the State Service. The exact structure of state agencies is beyond the Terms of Reference for this Review.

Recommendation 5 (adapted from Interim Report Recommendation 2)

That the government task some or all heads of agency collectively with addressing a small number of whole-of-government or cross-government priorities that require a collaborative approach to facilitate delivery of better outcomes.

This recommendation has been adapted to specifically task heads of agency, instead of TSS leadership more broadly.

Functions and accountabilities of heads of agency

Traditionally, capabilities in public services have been built or organised in state agencies, the most significant of which are government departments. Heads of agency are given the statutory function of ensuring that the agency is operated effectively, efficiently and economically (see Box 5).

Managing agency-specific services and capabilities will very often be the highest priority for a well-functioning state service. For example, the Department of Health must continue to run high-quality public health services, Education must manage efficient and effective schools, and Communities Tasmania must protect children and provide housing for families in need. There is, however, a growing understanding that agencies also need to work together to get the best results for people and places. People's lives are complex and their needs change over time. Communities are different and have different needs. The boundaries between agencies stop things happening. To be effective, agencies and their leaders need more support, encouragement and experience to work outside their traditional bureaucratic boundaries, to collaborate and create partnerships, to help and accept help from others.

There is perhaps no better illustration of this principle than the wellbeing of the child. Built upon the work of the Australian Research Alliance for Children and Youth (ARACY), the Tasmanian Child and Youth Wellbeing Framework articulates 6 domains of wellbeing, all of which need to be supported if the child is going to live well (see Figure 14). Failing in one area can have catastrophic impacts across all

areas of wellbeing. For example, a child without a safe, stable and supporting home environment is at greater risk of poor health, low engagement in education, low participation in sport and social activities, and low self-esteem. Having access to the material things that a child needs (such as nutritious food, adequate clothing or education materials) also impacts broadly on the wellbeing of the child.

The six domains of child and youth wellbeing

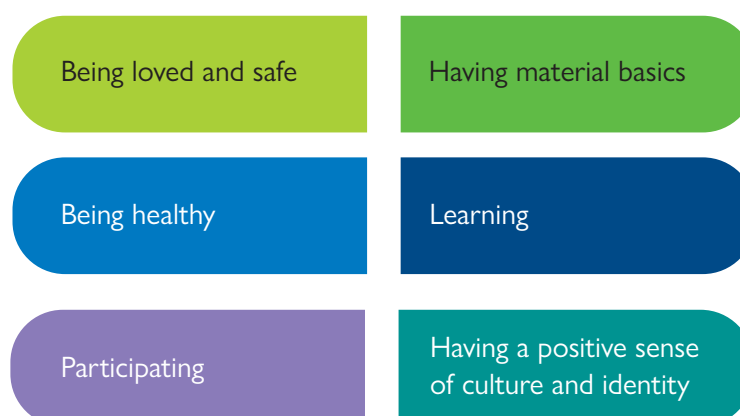


Figure 14: *Tasmanian Child and Youth Wellbeing Framework*¹⁰

No single agency has responsibility for all of the wellbeing domains for children and young people. Every relevant agency is, therefore, critically reliant on others. For example, the Department of Education relies on services delivered by the Department of Health and Communities Tasmania and vice versa. The wellbeing of children of parents in the justice system will also require collaboration with the Department of Justice. The Department of Primary Industries, Parks, Water and Environment contributes to wellbeing through accessible infrastructure for being active. The Department of State Growth supports accessibility of education and other services through the regulation of public transport.

To encourage and support greater collaboration, even with the option of departmental organisation, the Review considers there is a need to reconsider the functions of the head of agency as articulated in the *State Service Act 2000*. The wording of the Act constrains heads of agency functions to the actions of their individual agency. There is no statutory role or formal mandate to work with or across government to enable integration of activities between portfolios and ensure resources are directed most effectively to deliver outcomes for government.

While consultations indicate that agency heads work beyond the boundaries of the agency, sometimes substantially beyond, in a world where collaboration and cooperation are highly necessary, the fact that this is not specifically included in their statutory function is a potential inhibitor to prioritising whole-of-government initiatives and programs.

¹⁰ Extracted from the *Tasmanian Child and Youth Wellbeing Framework*, Tasmanian Government, accessed 21 June 2021 at https://www.strongfamiliesafekids.tas.gov.au/__data/assets/pdf_file/0023/5549/1-Tasmanian-Child-and-Youth-Wellbeing-Framework-Web.pdf.

The role of heads of agency in many other jurisdictions includes responsibilities to work beyond the boundaries for their agency. In the APS, the departmental secretaries must ensure 'delivery of government programs and collaboration to achieve outcomes within the agency Minister's portfolio and, with other Secretaries, across the whole of Government'. In Queensland, all chief executives form the Chief Executive Service, the purpose of which is to promote collaboration between departments with a focus on public service-wide priorities as well department-specific priorities. In South Australia, the Premier may give directions to public sector agencies about implementing specified whole-of-government objectives and the sharing of information and collaboration required for that purpose.

The Review considers that the *State Service Act 2000* should be amended to broaden the mandate of heads of agency to one that includes a focus on working beyond agency boundaries. The exact wording needs to be considered, but could include:

Development of capability and delivery of programs across the State Service and collaboration to achieve outcomes with other heads of agency.

It is important to note that this is still in emphasis only; it is intended to supplement, not replace or diminish, their roles and responsibilities as heads of agency.

Recommendation 6

Amend the *State Service Act 2000* to broaden the legislative function and powers of heads of agency to include development of capability and delivery of programs across the State Service and collaboration to achieve outcomes with other heads of agency.

Box 5: Statutory functions of heads of agency

The functions of a head of agency, as prescribed in the *State Service Act 2000* are:

- (a) to ensure that the agency is operated as effectively, efficiently and economically as is practicable; and
- (b) to determine duties to be performed by employees in that agency; and
- (c) to allocate duties to positions in that agency and to vary such duties; and
- (d) to assign a classification to duties to be performed in that agency and to vary such a classification—
 - (i) in accordance with award requirements; and
 - (ii) in accordance with classification standards and procedures determined by the Employer or, where no such standards or procedures have been determined, with the approval of the Employer; and
- (e) to assign duties to each employee within that agency and to vary those duties; and
- (f) to ensure that the services of employees in that agency are used as effectively and efficiently as is practicable; and
- (g) to ensure a performance management plan is prepared in consultation with an officer or employee employed in that agency in relation to the officer or employee in accordance with systems established by that agency; and
- (ga) to develop and implement effective performance management and associated development for all officers and employees employed in that agency to enable those officers and employees to plan and achieve the standard and requirements identified in the performance management plan relating to the officer or employee; and
- (h) to develop and implement a workplace diversity program in that agency to assist in giving effect to the State Service Principles; and
- (i) to assist an officer or employee employed in that agency to undertake such training, education and development as is identified in the performance management plan relating to the officer or employee to ensure the officer or employee achieves the standard and requirements identified in that plan in the performance of the duties assigned to them and for which they are accountable; and
- (j) to develop and implement an internal grievance resolution system in the agency; and
- (k) such other functions as are imposed on the Head of agency by or under this Act.

Clear lines of responsibility

The Interim Report¹¹ highlighted that for the TSS to function well, reporting and decision-making responsibilities between ministers, ministerial staff, heads of agency and senior executives must be clearly stated. Furthermore, all parties must understand their role and their accountabilities, particularly in the case of statutory and legislative responsibilities. Individuals who make decisions need to have the authority to do so but also be accountable for them.

The Westminster system of government in Australia and Tasmania allows for a clear separation of powers between institutions such as Parliament, Executive Council/ Cabinet and the judiciary. Within this system the TSS, like all public services, is responsible for providing impartial and professional advice to the government and portfolio ministers.

There is value in having roles, responsibilities and accountabilities set out clearly. It is important that every agency advises their minister(s) where statutory and decision-making powers reside, and that agencies maintain a register of where statutory decision-making lies in their particular agency and with minister(s). Advice on roles and responsibilities is important for new governments and ministers, and it should be included in incoming government and new minister briefs, together with details of all of the respective decision-making responsibilities under relevant legislation and regulations. This should be updated as responsibilities change and are added.

Annual performance management process for departmental secretaries

The performance assessment process for heads of agency should also be reshaped to ensure that whole-of-government outcomes feature alongside portfolio-based accountabilities, and that the Premier is more centrally involved in the process.

The Interim Report¹² proposed the inclusion of both the 'One TSS' concept and designated 'premier priorities' in the performance agreement and assessment process for all heads of agency (both departmental secretaries and heads of state authorities) to ensure accountability for achieving key priorities. This recommendation remains. It further considers that the annual performance process be aligned with the broadening of heads of agency legislative functions. This means that the performance agreement for heads of agency should explicitly set out the responsibility of heads of agency to contribute to cross-portfolio programs (including whole-of-government priorities) and whole-of-government capability development as well as that of their own agencies.

The Review's observation in the Interim Report that the assessment of the performance of departmental secretaries should be undertaken by the Secretary of DPAC, in consultation with the relevant portfolio ministers and Premier, also remains. In the TSS currently, the Premier requires all departmental secretaries to have an annual performance agreement in place with their respective minister/s. Agreements are established between the secretary and their relevant minister,

¹¹ Review of the Tasmanian State Service Interim Report - Chapter 5: Leadership and Responsibility.

¹² Review of the Tasmanian State Service Interim Report - Chapter 3: Towards a Single State Service.

with endorsement from the Premier. Assessment is undertaken annually by the relevant minister. The Review heard that the process does not always effectively hold departmental secretaries to account for whole-of-government initiatives.

The Interim Report outlined a revised assessment process that would include the following steps:

- i. Before the start of each financial year, the Premier, in consultation with the relevant ministers, would write to each secretary advising them of the government's key priorities for the portfolio.
- ii. With these priorities in mind, each secretary would work with the Secretary of DPAC and their minister(s) to develop performance agreements before the start of each financial year (or following the appointment of a new secretary for the remainder of the year).
- iii. The agreement would be considered and approved by the Premier.
- iv. At the end of each financial year, the Secretary of DPAC would formally consult with the Premier and relevant ministers to draw up a draft performance assessment for each secretary. This would be discussed with each secretary in draft form and agreed subsequently.
- v. The performance assessment would then be finalised by the Secretary of DPAC, the results advised to the Premier for consideration and then communicated to the individual secretary.

The performance agreement process for the Secretary of DPAC should be undertaken by the Premier and informed by discussions with ministers, as the Premier sees appropriate. It should also be informed by a short, written collective assessment from secretaries that is provided to the Premier and the Secretary of DPAC.

This revised approach to performance assessment of departmental secretaries is consistent with the greater role of the Head of Government in an environment where cross-agency/whole-of-government issues are increasingly important. Victoria and NSW have adopted broadly similar approaches although, at least in the case of Victoria, the Public Service Commissioner participates in the agreement/assessment process. The Commonwealth has had a broadly similar process for decades (including the APS Commissioner) as part of measures to encourage a greater whole-of-government/single service focus in the APS. The remaining Australian jurisdictions have a variety of approaches, albeit with a fairly high degree of formality and expected completion requirements.

Recommendation 7 (Recommendation 4 of the Interim Report)

That the Secretary of the Department of Premier and Cabinet, in full consultation with relevant portfolio ministers and the Premier, develop and undertake departmental secretaries' annual performance agreements and assessments.

Recommendation 8 (Recommendation 5 of the Interim report)

That the Premier undertake the annual performance agreement and assessment of the Secretary of the Department of Premier and Cabinet, informed by discussions with ministers (as the Premier sees appropriate) and consolidated advice from other departmental secretaries.

Recommendation 3 of the Interim Report was that heads of agency performance assessments should include their contribution towards the realisation of 'One TSS' and designated 'premier priorities'. Feedback on the Interim Report was that the words 'contribution towards the realisation of "One TSS"' was not overly clear and could be further refined to ensure that the intent of the Review is clear. The Interim Report recommendation has therefore been amended slightly.

Recommendation 9 (adapted from Recommendation 3 of the Interim Report)

Consider heads of agency contributions to developing the TSS as a genuinely single state service, including the delivery of cross-portfolio outcomes (such as whole-of-government priorities) and whole-of-government capability development, in agency heads' performance assessments.

This recommendation has been broadened to include cross-portfolio outcomes, including whole-of-government priorities and heads of agency contribution to whole-of-government capability development.

Governance for supporting change

To respond to whole-of-government priorities and other multi-agency initiatives, heads of agency and senior officials must be provided with an appropriate whole-of-government authorising environment. This will support clear and purposeful decision-making, support decisions being translated into actions, and the direction of TSS resources in a structured and accountable manner.

Heads of agency interaction

Heads of agency meetings are the most important and formal interagency governance mechanism in the TSS. They are chaired by the Secretary of DPAC, attended by departmental secretaries and the CEO of TasTAFE, and supported by a small DPAC Secretariat. The meeting is not a legislated function nor does it have a defined terms of reference, allowing for an informal and flexible arrangement to discuss issues of importance for government and the TSS.

The Review has heard that heads of agency meetings are most valuable and valued when there is a clear purpose for the meetings and all participants contribute freely, openly and collegially.

The establishment of whole-of-government priorities is an opportunity to focus this leadership group in a more purposeful and structured manner, with members being collectively accountable to the Premier for the delivery of the priorities. The alignment of the role of heads of agency meetings with individual performance agreements should also ensure that this forum adds ongoing value for heads of agency.

To respond to increasing service-wide initiatives and their role in implementing this Review, heads of agency meetings will require a broader agenda that includes:

- the delivery of whole-of-government priorities
- implementation of the capability and improvement review framework (see Section 4.2)
- contribution to the functional leadership program (see Section 4.4)
- digitalisation (see Section 4.5).

In addition to this, meetings will require additional time and increased support if they are to adequately cover off the broadened scope of areas and activities resulting from this Review. To help achieve this, a small amount of additional resourcing should be provided to support the meetings, given the greater importance of this forum and the greatly increased role it has to play.

This Review recommends a number of further reforms that will require clear, collaborative leadership from all parts of the TSS, led by the heads of agency. This includes, but is not necessarily limited to, the implementation of the capability review and improvement framework (see Section 4.2), the functional leadership program (see Section 4.4 and Section 6.5) and digitalisation (see Section 4.5).

Recommendation 10

That the government task heads of agency as a group to drive the capability review and improvement framework, functional leadership and digitalisation and some or all of the cross-government priorities.

Provide a small amount of additional resourcing to the Department of Premier and Cabinet to support the heads of agency work and associated follow-ups.

The form and constitution of heads of agency meetings should be a matter for the Secretary of DPAC and agency heads, and the Review does not seek to give preference to any model. Heads of agency forums elsewhere range from an informal gathering (with no terms of reference) to a statutory forum (as in the Australian

Public Service¹³ and Queensland). Tasmania's current arrangements are very much to the former, with no terms of reference or reporting requirements.

The formalisation of heads of agency meetings was not raised during consultations and so the Review makes no recommendation to this effect. Given the significant broader responsibilities of heads of agency, and as a result, heads of agency meetings proposed here, consideration should be given to some level of formalisation of heads of agency meetings. This could include agreement to terms of reference and responsibilities for reporting to the Premier and Cabinet.

There are both positive and negative aspects to formalising arrangements for heads of agency meetings. A formal arrangement would contribute to a more structured forum and clearer purpose. However, formalising arrangements may lead to unintentional and burdensome administrative and bureaucratic processes.

Heads of agency should be responsible for considering the governance for working together to deliver the government's agenda. The additional resources proposed in Recommendation 10 above are considered necessary because of the volume of activity to be supported, not the structure of the meetings *per se*.

Recommendation 11

That heads of agency advise the government, within 3 months, on the appropriate organisation and structure of heads of agency meetings and the arrangements to support oversight of the delivery of whole-of-government priorities and the broader requirements of the Report.

Deputy secretary interaction

Deputy secretaries have an integral role to play in driving whole-of-government priorities and capabilities and could be tasked by government and/or agency heads to lead the coordination and implementation of actions through the forums such as the Policy and Intergovernmental Deputy Secretary Forum, the Deputy Secretaries Digital Services Committee and additional committees, as appropriate

Like the heads of agency meetings, formal tasking will help encourage collaboration and accountability. Deputy secretaries will require the authorisation to identify and draw on resources, such as funding and TSS staff, develop cross-agency strategies and build partnerships with key players outside the TSS to achieve results. More efficient interagency governance arrangements at the deputy secretary level can also help build a stronger culture of cross-agency collaboration and ensure mechanisms for tasking actions, allocating resources, driving outcomes and ensuring accountability are optimal.

¹³ The Board meets monthly to set the overall direction for the APS, drives collaboration, prioritises collective resource use to achieve cross-boundary solutions and gives priority to the creation and maintenance of a 'one-APS' shared culture. The *Public Service Act 1999* provides a statutory responsibility for the Board to ensure the effective operation and administration of the APS and achievement of whole-of-government outcomes. The establishment of specific Secretaries Board committees have also been developed to support the delivery of priorities and service-wide initiatives, such as the APS Reform Committee.

Taskforces

In support of both agency heads and deputy secretaries, the TSS should consider the greater establishment and use of short-term interagency taskforces or project teams as a means of bringing together the required skills and expertise, systems and resources from across the TSS (and externally) where required to help solve specific problems. Taskforces in the TSS are not commonly initiated across government. However, they could bring multiple benefits for the service, including career development for TSS employees, opportunity to undertake and contribute to highly interesting work, flexibility in resourcing across agencies, meeting surge capacity and enabling a specific authorising environment to respond to government priorities. For this to occur, the TSS needs to create an environment where mobility is easy and actively encouraged (discussed further in Section 5.5).

Box 6: Tasmania statement

In August 2019 the Premier, Deputy Premier, Minister for Health and Wellbeing and the Chair of the Premier's Health and Wellbeing Advisory Council signed the Tasmania Statement which is a commitment by Government to collaborate across government and with communities to address the social and economic factors that influence health and wellbeing. Specifically it committed signatories to:

- Involve Tasmanians in decisions
- Work across government and with communities on shared priorities
- Make decisions that benefit Tasmanians now and in the future.

To date, the Tasmania Statement has not been implemented, however the Premier re-affirmed the statement in August 2020 and the setting and direction of whole of government priorities is a step to enabling facilitation.

The Premier's Health and Wellbeing Advisory Council submission

The Review sees this as an opportunity to encourage greater whole-of-government collaboration and has taken this example into account.

Innovation

The Terms of Reference for the Review require the Reviewer to comment on ‘facilitating public service change and innovation...’, and ‘...promoting innovation...’.

Innovation is defined as: making changes in something, especially by introducing new methods, ideas or products; or an idea translated into practical reality. It invariably involves doing things differently, and that means taking risks.

The popular myth and media focus is that innovation arises from unique ideas, or the first time that an idea is applied. The reality is that the vast majority of innovation arises from applying a product, idea or process developed elsewhere to new (or local) challenges. The benefits usually come from adoption of what already exists, not from looking for something completely new or unique. The issue for the TSS is how to best seek out and apply the best of ideas, processes and systems that are in use or under consideration elsewhere, and where the application makes sense in the Tasmanian context.

Risk aversion is regularly singled out as the arch enemy of innovation in the public service. Indeed reviews, such as this one, often implore public services and public servants to be less risk averse, to take risks, to innovate, only to have a successor review argue the same thing a decade or so later (such as the reviews of the APS in 2010 and 2019¹⁴). Risk aversion is deeply embedded in both governments and public services, and the incentive structures do not usually encourage risk-taking.

The Review has elsewhere indicated that the TSS is a risk-averse organisation, although it may not be any more so than the other Commonwealth, states and territory public services. The TSS is also behind some of the other jurisdictions in developing a number of contemporary capabilities (e.g. digitalisation) and removing impediments to a more modern approach to public service. As a relatively late adopter, the TSS has the opportunity to learn from and draw on ideas, systems and processes used elsewhere. Drawing on things already being used should reduce the degree of risk associated with change, making the risk profile more manageable and change easier to introduce.

As a small jurisdiction, the TSS will often be a borrower of things already done elsewhere. It is too small not to do so. There have been notable successes in this respect, including the recent deployment of the COVID-19 Check-in Tas app. The government’s announcement in the election campaign that it proposes to use the MyGov platform as the foundation of identity management for digital services is another example of the potential value of drawing on others. There is scope to do more and to be more systematic about it. That is the real opportunity from, and benefit of, late adoption. The cost of not borrowing is often not doing it at all.

Some of the things recommended in the Review will help, including the implementation of whole-of-service priorities, functional leadership, the capability review and improvement framework and a clear mandate for Service Tasmania.

¹⁴ Thodey; and T Moran, *Ahead of the Game – Blueprint for the Reform of Australian Government Administration*, 2010.

The government could also consider a requirement for proposals for major new initiatives be accompanied by a scan and assessment of how that is undertaken in the relevant Australian jurisdictions. This should not be regarded as an unreasonable burden, but sensibly and systematically using the advantages of a late adopter to reduce risk and achieve better results.

The Review understands that agencies often examine practice interstate and overseas when developing proposals for new initiatives. That is a good start and should be built on. The Review encourages the government and TSS to formalise this practice as appropriate, but does not consider it necessary to make a recommendation in this area.

In some cases the Review specifically encourages looking at what others have done. The plethora of jurisdictions that have tackled relevant issues suggests a lot can be learned by looking at what has been done elsewhere.

3.3. Stewardship

In its report on reforms to human services, the Productivity Commission reasoned that governments will (or should) always have the role of system stewards. It stated that stewardship relates to the range of functions governments undertake that help to ensure service provision is effective at meeting its objectives¹⁵. The 2009 Independent Review of the Australian Public Service noted that ‘building [Public Service] capability is not to be a distraction from delivering government priorities – it is a means to achieve them’.

Stewardship is an important concept for public services, perhaps more so than other sectors. Public service institutions remain essential, yet are easily degraded and not easily rebuilt. Under the banner of ‘stewardship’, heads of agency and other senior leaders have the collective responsibility to build strong and responsive agencies and departments that help build a state service that has the necessary capabilities and culture to address both current and emerging challenges and opportunities. They must actively cultivate and nurture their individual agencies, as well as the TSS as a whole, to ensure the best use of and allocation of resources to deliver on government priorities, and ultimately lead to better outcomes for the community.

Stewardship at its most basic level refers to the ‘job of taking care of something’¹⁶ and relates not only to financial sustainability and the effective and efficient management of resources, but also less tangible factors such as maintaining the trust placed in the agency or the TSS and building a culture of innovation and integrity in policy advice.¹⁷

¹⁵ Productivity Commission, *Introducing Competition and Informed User Choice in Human Services: Reforms to Human Services*, 2017.

¹⁶ See <https://lexico.com/definition/stewardship>.

¹⁷ Advisory Group on Reform of Australian Government Administration, *Ahead of the Game: Blueprint for the Reform of Australian Government Administration*, p 5.

The need and benefit for greater stewardship in government has been a consistent theme in government reviews similar to this one, at both the state and Commonwealth level. The Independent Review of the Australian Public Service¹⁸ spoke of the statutory obligation of its most senior leadership to take responsibility for the stewardship of the service and recommended stewardship be included as a core principle in the *Public Service Act 1999* to guide the service in serving all Australians. The WA Report¹⁹ makes particular reference to the role of central agencies and their responsibility to take on a greater sector stewardship to support collaboration and look outside for new ideas and provide overarching strategic direction to ensure individual agencies can operate as a cohesive whole.

Here the focus is on the structural changes required to promote and embed stewardship in the TSS as a whole, as well as increase the focus of individual agencies. Aspects of how stewardship can be realised within the TSS are discussed later in this report, such as ensuring the service has a suitable pool of candidates for future leadership roles and the ability to identify critical gaps in skills, technology and resources needed for the future.

Senior leaders in the TSS, in particular heads of agency, have a critical role to play in setting the cultural and behavioural expectations across the TSS. They must not only display and forge a culture of stewardship in the TSS through role modelling, but also be responsible for actively encouraging it in their agencies and across the TSS.

Although heads of agency and senior leaders have the primary carriage for being stewards of the TSS, it is important all employees appreciate that to be a steward of the TSS is a shared responsibility. Everyone should work towards enhancing the reputation, integrity and capability of the service for future generations.

For this to occur, there is a real benefit to having a central reference point that clearly articulates the meaning and significance of what it means to be a steward of the TSS. The Review sees merit in introducing stewardship as a foundation principle in the amended State Service Act. This would help formalise the concept for introduction and promotion in the TSS, and embed it as part of a cultural shift which encourages all employees, especially leaders, to think beyond agency boundaries to collectively achieve what government requires of them.

Recommendation 12

That the government endorse stewardship as a key principle for the TSS by inclusion in the amended *State Service Act 2000*.

The Review also considers stewardship to be an important component of all induction, learning and development initiatives in the TSS to help ensure future leaders of the service understand the concept and think about it as part of their current and future roles. Consultation with the APS acknowledged that, until recent

¹⁸ Thodey, *Our Public Service Our Future: Independent Review of the Australian Public Service* ('Thodey'), p 62.

¹⁹ Rennie, Seares & Dillon, *Working Together: One Public Sector Delivering for WA* ('WA Report'), 2017, p 137.

times, senior executive training was the first time stewardship was introduced and discussed. The Review considers that the concept of stewardship should be introduced in graduate induction activities and is an integral concept to be included and reinforced in other training and professional development activities for all levels.

Refreshing the Senior Executive Leadership Capability Framework

Leadership is not simply a natural skill. Like any other capability, leadership can be learnt and developed over time through a combination of training and experience.

All states and territories and the APS have developed leadership capability frameworks to guide and support the development of leaders. The 2013 *Senior Executive Leadership Capability Framework*²⁰ was developed for this purpose in Tasmania and referred to in the recruitment process for senior executives.

²⁰ http://www.dpac.tas.gov.au/divisions/ssmo/learning_and_development/leadership/project_no_1/senior_executive_leadership_capability

Table 2: Tasmanian SES Leadership Capability Framework

Communicates with influence	<ul style="list-style-type: none"> • Communicates clearly • Listens, understands and adapts to audience • Negotiates persuasively
Cultivates productive working relationships	<ul style="list-style-type: none"> • Nurtures internal and external relationships • Facilitates cooperation and partnerships • Values individual differences and diversity • Guides, mentors and develops people
Shapes strategic thinking	<ul style="list-style-type: none"> • Inspires a sense of purpose and direction • Focuses strategically • Harnesses information and opportunities • Shows judgement, intelligence and common sense
Exemplifies personal drive and integrity	<ul style="list-style-type: none"> • Demonstrates professionalism and probity • Engages with risk and shows personal courage • Commits to action • Displays resilience and adaptability • Demonstrates self-awareness and a commitment to personal development
Achieves results	<ul style="list-style-type: none"> • Builds organisational capability and responsiveness • Harnesses professional expertise • Steers and implements change and deals with uncertainty • Ensures closure and delivers on intended results

Table 3: Comparison of leadership capabilities across states, territories and the APS

Tas		Qld	Vic	NSW	SA	WA	NT	ACT	APS
Achieves Results	Builds organisational capability and responsiveness		Performance	Optimise business outcomes	Achieves Results	Achieves Results	Achieves Results	Achieves Results with integrity	Enabling
	Harnesses professional expertise			Service Delivery				Delivers	
	Ensures closure and delivers on intended results								
	Steers and implements change and deals with uncertainty								
Shapes Strategic Thinking	Inspires a sense of purpose and direction	Inspires others		Inspire direction and purpose	Shapes Strategic Thinking and Change	Shapes and Manages strategy	Shapes strategic thinking	Leadership	Visionary
	Focuses strategically	Leads strategically		Plan and prioritise					Entrepreneuria
	Harnesses information and opportunities	Stimulates ideas and innovation		Think and solve problems					
	Shows judgement, intelligence and common sense	Makes insightful decisions							
Communicates with Influence	Communicates clearly			Communicate effectively	Forges Relationships and Engages Others	Communicates and influences effectively	Communicates with influence	Thinking and innovation	Influential
	Listens, understands and adapts to audience			Influence and negotiate					
	Negotiates persuasively								
Cultivates Productive Working Relationships	Nurtures internal and external relationships	Builds enduring relationships	People	Work collaboratively		Builds Productive Working Relationships	Cultivates productive working relationships	Teamwork	Collaborative
	Facilitates cooperation and partnerships			Value diversity and inclusion					
	Values individual differences and diversity	Fosters healthy and inclusive workplaces							
	Guides, mentors and develops people	Develops and mobilises talent							
Exemplifies personal drive and integrity	Demonstrates professionalism and probity		Values	Act with Integrity	Exemplifies Personal Drive and Professionalism	Exemplifies Personal Integrity and Self-Awareness	Exemplifies personal drive and integrity		
	Engages with risk and shows personal courage			Display resilience and courage					Courage
	Displays resilience and adaptability		Leader Mindsets	Commit to customer service					
	Commits to action			Manage self					Resilience
	Demonstrates self-awareness and a commitment to personal development			Pursues continuous growth					
			Stewardship		Drives Business Excellence				

The Review has compared the leadership capabilities defined across all states and territories to ensure that Tasmania's framework is contemporary. As can be seen in Table 3, the leadership capabilities defined in Tasmania's framework align well. The one exception is that Victoria has included stewardship as one of its 5 leadership capabilities. Similarly Western Australia includes 'Drive Business Excellence'.

The Review considers that there is merit in refreshing the *Senior Executive Leadership Capability Framework* to include an explicit reference to stewardship. Further, Section 5.6 recommends that a broader capability framework be developed for the TSS as a whole. There would be merit in updating the *Senior Executive Leadership Capability Framework* at the same time, ensuring consistency with this broader framework.

Recommendation 13

Update the TSS *Senior Executive Leadership Capability Framework* to include an explicit recognition of stewardship and to align with the broader capability framework proposed for the TSS.

3.4. Developing future leaders for the TSS

Building the capability of any organisation requires a significant and ongoing investment in skills development, but also leadership and management capability, and the TSS is no exception. Although the TSS, through the Tasmanian Training Consortium and the Australia and New Zealand School of Government (ANZSOG), offers a range of technical and professional development courses and programs, it has not focused on leadership development. Only a small number of leadership development courses are offered centrally, and any other development activity is delivered at the departmental level and not by the TSS as a whole.

Effective leadership at the most senior levels of the TSS requires an investment beyond training and skills development. The most senior leaders – heads of agency, deputy secretaries and equivalents – must possess a highly diverse set of skills and capabilities, many of which only come from experience and exposure to the challenges that individuals in these leadership positions face.

Senior leadership roles in the TSS have significant challenges and complexities, and it is important that individuals likely to be considered or assuming these positions in the future are prepared with the experience and knowledge required to succeed. The TSS must focus on providing future leaders with a greater understanding of what it means to not only be a leader, but a steward of the TSS, responsible for leading by example and encouraging a culture that promotes collaboration and innovation.

The TSS has the *Senior Executive Leadership Capability Framework*²¹ and a range of tools for the induction, orientation and performance development of senior executive officers. Any talent management activities must complement existing initiatives. Nevertheless, the TSS lacks a systematic approach to identifying and helping build future senior leaders who are able to inspire and drive change across the service. There is no coordinated program of 'talent identification' or capability development for senior executives. Efforts have a single agency focus and are not complemented by a whole-of-TSS strategy addressing talent management for potential leaders more holistically, beyond agency boundaries.

This is not to suggest that no activity is undertaken. The SSMO coordinates access to a small number of programs delivered by ANZSOG for a limited number of senior executives. The Executive Fellows Program and Towards Strategic Leadership target development of mid-level SES (SES 2 and 3). Both are residential programs focusing on leadership skills development. The TSS also sponsors 1 to 2 participants in the ANZSOG Executive Masters of Public Administration each year, which is a relatively high-cost professional Masters-level course targeted at future leaders in the TSS.

There have been 10 participants in the Executive Fellows Program and 17 participants in the Towards Strategic Leadership since 2010. Six people have completed the Executive Masters of Public Administration since 2010, although it is noted that only one of those is still employed by the TSS. Thirty-three participants over 11 years from a cohort of around 200 SES or equivalent officers is not adequate to support leadership development in the TSS.

The absence of sufficient leadership development in the TSS has been acknowledged and efforts have been made to fill the gap, at least from a formal training perspective. In 2018, the TSS partnered with ANZSOG to develop and run the ANZSOG Senior Executive Service Leadership Development Program, a bespoke leadership program design to build leadership skills across a broad range of senior executives. Three programs were run. The Review understands that the first program was well attended (40 participants). Participation dropped off for the second course and the third started to be filled by participants at levels below the target audience for the course. The contract for the delivery of the program was not extended in 2020, with the way forward to be considered once this Review is completed.

There are other lower level programs focused on emerging leaders, such as the Manager Essentials Program²² and State Service Strategic Management Program (S3MP)²³. However, these programs are primarily aimed at mid-level managers at the Band 6, 7 and 8 level preparing them for more senior roles. They are not focused on SES employees already in positions of senior leadership who have a strong likelihood of occupying secretary and deputy secretary roles in the future.

²¹ http://www.dpac.tas.gov.au/divisions/ssmo/learning_and_development/leadership/project_no_1/senior_executive_leadership_capability

²² http://www.dpac.tas.gov.au/divisions/ssmo/learning_and_development/leadership/manager_essentials_program.

²³ http://www.dpac.tas.gov.au/divisions/ssmo/learning_and_development/general_development.

This section will discuss the benefit of having a centrally managed, whole-of-government approach to identifying and nurturing a set number of potential leaders (around 20-25% of deputy secretaries and senior executives at any given point in time). It is envisaged that, over time, the group of potential future leaders nurtured through tailored programs will grow, as individuals will participate at different times.

This section does not focus on all deputy secretaries and senior executives across the TSS. This group is the responsibility of the individual agency, which needs to ensure there are sufficient learning and development opportunities appropriate for individuals already in senior leadership positions. Further, this section does not focus on middle managers although acknowledges the value of developing this group for future leadership roles. Again, this cohort must be the responsibility of the individual agency, with talent management seen as a continuation of professional development.

Developing senior talent – interjurisdictional scan

Talent management refers to the deliberate and systematic identification, development, engagement, retention and deployment of individuals who are of particular value to an organisation because of their current high performance and high potential²⁴. It differs from pure leadership development because it combines an understanding of the capabilities that future leaders need with structure and transparent processes to identify individuals that are likely to possess the drive and capacity to perform well in the most senior positions. Done well, it helps future leaders better understand increasingly complex public policy challenges by enhancing their skills, ability to undertake innovative problem-solving and navigate challenging relationships inside and outside government.

Many jurisdictions have invested in identifying future leaders and ensuring they have the skills and capabilities to lead. The Victorian²⁵, South Australian²⁶ and NSW²⁷ governments have created leadership academies with a range of programs to identify and develop future leaders. The NSW Government has invested in its Leadership Academy to identify individuals with high performance and high potential and offers programs to ‘...create a pipeline of future leaders who can inspire others and lead with purpose’; Leadership Victoria focuses on all levels of leadership by providing:

...dynamic and integrated experiences enabling participants to build their understanding of concepts through activities and discussion framed by real-world leadership challenges and situations, as well as through reflection, sharing and practice in the workplace.

The South Australian Leadership Academy aims to ‘...strengthen the pipeline of public sector leaders to ensure we have diverse, informed and agile leaders now and in the future’.

²⁴ APSC definition.

²⁵ See Victorian Leadership Academy at <https://www.leadershipvictoria.org/>.

²⁶ See South Australian Leadership Academy at <https://www.publicsector.sa.gov.au/South-Australian-Leadership-Academy>.

²⁷ See NSW Leadership Academy at <https://leadershipacademy.nsw.gov.au/>.

The Review acknowledges that, while the TSS may not have the resources to develop similar institutions, the lack of investment in identifying and developing its future leaders would be a significant gap in its capability development framework. Initiatives elsewhere are summarised below:

- The **Queensland Government** has Talent Now²⁸, an internal talent mobility program that enables government to find and connect with talent quickly, provide access to development opportunities for people by learning through experience and find employees with skills needed, enabling them to share their expertise, collaborate on a project or join a team on secondment.
- The **NSW Government** has the Talent Review Framework²⁹ managed by the NSW Public Service Commission to ensure the consistent identification of talent to maximise the effectiveness of development opportunities for its people. The NSW Leadership Academy has implemented a program of talent management where the terms 'high performing' and 'high achieving' are defined for the purposes of identifying future leaders for development.
- **South Australia** has a variety of programs in place to foster talent. The Next Execs Program³⁰ is aimed at high-potential managers currently leading teams or projects, which is designed to develop leadership capabilities required for higher level or more complex roles in which they will be leading other managers and/or a division. The Executive Excellence Program³¹ is designed to equip senior executives in the public sector with the skills and tools to be able to lead organisational functions while balancing short and long-term strategic perspectives. This program extends beyond traditional leadership skills to build advanced, adaptive and complex thinking skills.
- In the **Northern Territory**, the Strategic Workforce Board, chaired by the Commissioner for Public Employment, oversees activities related to strategic workforce development, which includes options for senior executive talent management and development.
- In the **ACT**, the Workforce Capability & Governance Division of the ACT Public Service is currently developing a whole-of-government approach to SES leadership and talent management.
- Similarly, the **Western Australia** Public Service Commission, which manages strategic leadership and talent for the WA public service, in particular executive leadership services, is currently in the process of finalising a whole-of-government talent management strategy.

²⁸ See 'Talent Now' information at <https://www.forgov.qld.gov.au/about-talent-now>.

²⁹ NSW PSC Talent Review Framework - <https://www.psc.nsw.gov.au/workforce-management/performance-development/talent-review-framework/about-the-framework>.

³⁰ See 'Next Execs Program' information at <https://www.publicsector.sa.gov.au/South-Australian-Leadership-Academy/next-execs-program>.

³¹ See <https://www.publicsector.sa.gov.au/South-Australian-Leadership-Academy/executive-excellence-program>.

- The **Australian** Public Service Commission has developed and implemented a very mature Talent Management System to help identify and develop future leaders.
- The **New Zealand** Public Service Commission includes a Leadership and Talent Team that ‘...works collaboratively across agency boundaries... to shape and grow great leadership... that transforms the Public Service... to deliver better outcomes and services for New Zealanders’. This team has developed a standardised toolkit for agencies³² that contains practical advice on how to support leadership and talent.

Identifying future leaders in the TSS

Heads of agency need to play an active role in providing leadership and direction on how the TSS, as a whole, ensures there is a healthy pool of potential leaders to fulfil senior roles.

A well-defined talent management program would support an increased understanding of the ‘health’ of the pool of people available to contend for future leadership roles. It also gives heads of agency collectively the imprimatur to look beyond the needs of individual agencies, broadening the pool to consider the most appropriately skilled and suitable candidate in the TSS for each position. Where gaps are identified, particularly for critical roles, this information will be invaluable in informing heads of agency whether they need to look outside the TSS.

Talent management activities are overseen by various governance structures, enabling a centrally led approach. Some of these are the Strategic Workforce Council in **Queensland** whose members include chief human resource officials from all public sector agencies; the Leadership Academy Board in **NSW** which is a subsection of the Secretaries Board; and the Strategic Workforce Board in **NT**, chaired by the Commissioner for Public Employment and comprising deputy CEOs.

At the **Australian** Government level, the Secretaries Board of the APS oversees a Secretaries Talent Council established to identify leadership potential in the APS and coordinate future work placements to develop identified individuals. It also oversees a succession planning strategy with a particular focus on Band 3s and very high potential Band 2s, with a view to secretary/large agency head roles. It also scans the environment for possible external successors as part of succession planning.

There is also a Deputy Secretaries Talent Council, which is focused on identifying individuals who are earlier in their SES career (SES Band 1 and 2), and developing those with longer-term potential for senior roles (Band 3 and above).

For talent management in the TSS, the Review considers the most effective governance arrangement is likely to be the establishment of a small group of heads of agency representing heads of agencies as a whole. This would be supported by SSMO and designated to develop and oversee a talent management program for individuals with high potential for promotion to secretary-level and for SES with high potential for promotion to deputy secretary-level.

³² See <https://www.publicservice.govt.nz/resources/talent-management-toolkit/>.

The Review does not intend to be specific about the particular talent management activities for deputy secretaries and SES. However, it encourages a combination of tailored initiatives ranging from formal training and professional development, access to mentors inside and outside the TSS, permanent moves and short-term placements such as taskforces, through to external secondments in different sectors such as those mentioned in Section 4.6.

The Australian Government has already done significant work in this area that could be used as a building block to how the TSS might identify talent. The 3 components considered when identifying talent could include past experience, current leadership capability and potential for the future³³.

The following figures articulate these components more clearly.

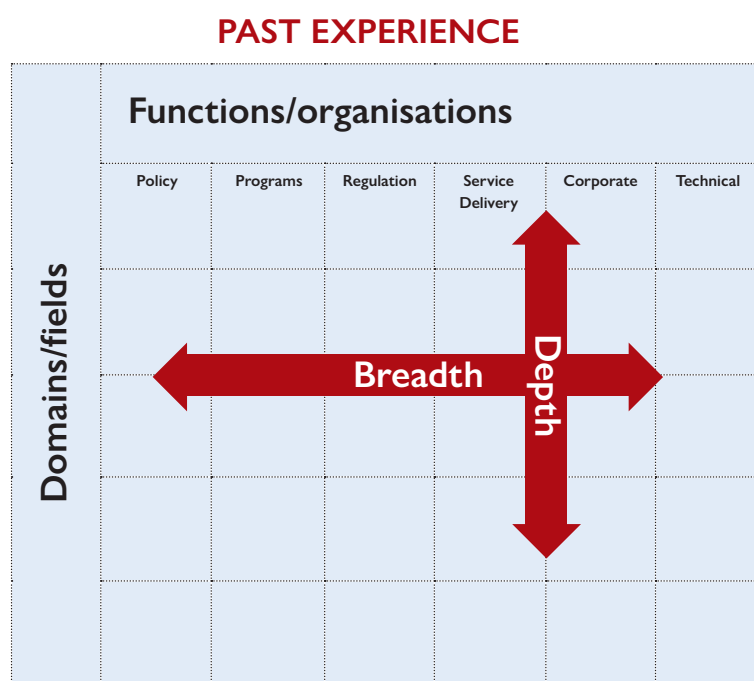


Figure 15: Past experience matrix (source: APSC)

³³ Australian Public Service Commission, see <https://www.apsc.gov.au/initiatives-and-programs/aps-mobility-framework/guidance-hr-practitioners/talent-management-aps>.

CURRENT LEADERSHIP



Leadership capabilities for senior roles

Figure 16: Leadership capabilities for senior roles (source: APSC)

FUTURE POTENTIAL

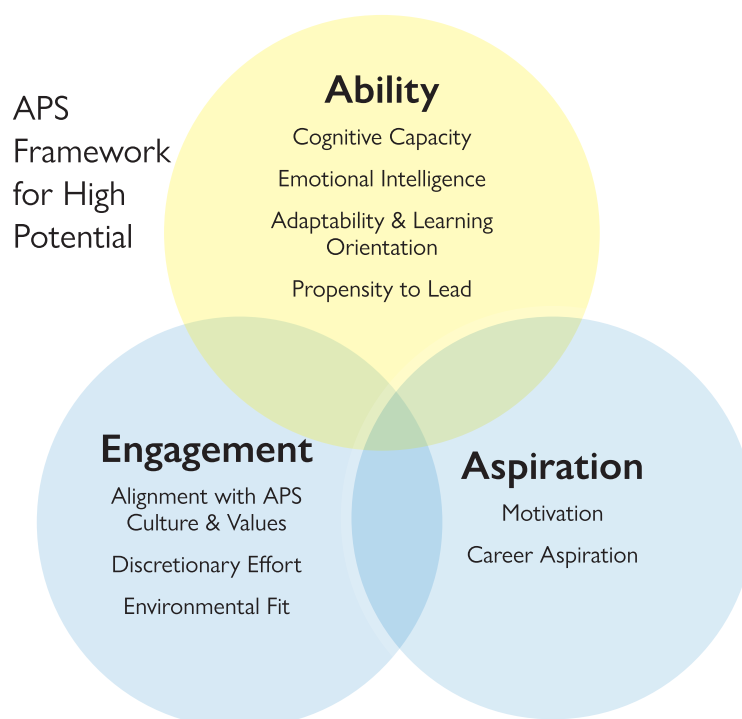


Figure 17: APS Framework for High Potential (source: APSC)

The approach chosen by the TSS should complement the existing *Senior Executive Leadership Capability Framework*³⁴ to ensure the proposed assessment criteria are consistent with already established principles and leadership ideals outlined in the framework.

Supporting talent in the TSS

The TSS needs a coordinated whole-of-service investment in leadership development. This should include a formal program of training through programs such as those offered by ANZSOG as discussed previously. ANZSOG should be a good fit for the TSS executive development needs with both jurisdictional specific and cross-jurisdictional courses (the latter being potentially helpful for building networks across Australia). ANZSOG also has a great learning base to draw on for public servants that is as good as any in Australia. Finally, it is now focusing on the problems faced by the smaller jurisdictions, including both financial problems and content issues, and that should help the TSS development needs even further. Whatever the outcome, the point remains that the TSS needs to invest more heavily in this area.

While formal learning is important, supporting talent and providing opportunities for future leaders to grow and develop must be more than sending prospective leaders on certified training courses.

Senior executives require a tailored approach to development to identify and address specific skills gaps required to undertake more complex and challenging positions in the future and ensure they are ready the next time an opportunity comes up. This includes reinforcing a culture that encourages individuals to move around the TSS to obtain the skills and experience required to become future leaders. This should be viewed as an opportunity for the TSS, not a loss for a particular agency that may be disadvantaged due to the movement of a high performer.

The Review is aware of the SES Mobility Framework³⁵ but considers it has mixed results in practically encouraging and enabling the sharing of SES resources. There is benefit for the TSS in reviewing this framework and more actively encouraging SES to undertake a variety of roles in diverse environments. This will help 'round out' their experience and develop new skills, networks and perspective. For example, an individual with a strong policy background may gain insight and exposure to a service delivery environment and vice versa.

³⁴ See http://www.dpac.tas.gov.au/divisions/ssmo/learning_and_development/leadership/project_no_1/senior_executive_leadership_capability.

³⁵ See http://www.dpac.tas.gov.au/divisions/ssmo/learning_and_development/leadership/project_no_1/senior_executive_leadership_capability

Recommendation 14 (Interim Report Recommendation 7)

That the government establish and fund a talent development and management program to identify and develop future leaders of the TSS and future senior executives. The State Service Management Office should manage the program.

Drawing talent and ideas from outside the TSS

Nurturing and building leadership within the TSS is one way of building talent. However, the TSS should also look to identify and attract both potential leaders and new ideas from elsewhere. Many countries endeavour to do this, in part, by using their 'diasporas'. Nations, companies, organisations of all sizes stay in varying degrees of contact with diasporas and/or alumni (in academia or private sector terms). They do so for a variety of reasons, including to draw on their ideas and to increase the likelihood of them 'returning home' one day. Australia is no exception to this rule, and nor should Tasmania be.

Despite living elsewhere, former Tasmanians often maintain an attachment and desire to continue to contribute to Tasmania and, if presented with the right employment opportunity, have the family and familiarity to encourage them to return home. Even if it doesn't involve returning to Tasmania, they may be more willing to be in regular contact on professional issues compared to non-Tasmanians.

The Review is not proposing that the TSS take the formal approach that other institutions do to maintain contact with the diaspora working in public services elsewhere, at least not in the first instance. Instead it means acknowledging that existing networks are a potentially valuable source that should be tapped into in a more systematic way. There are a range of online tools for maintaining broad professional networks. The TSS should consider establishing an online network and inviting the Tasmanian 'public sector' diaspora to stay connected with the TSS. The resultant network of people and ideas will help the TSS to plug into what is happening more effectively in the public sector across Australia.

Recommendation 15

That the TSS establish a network of former Tasmanians who are currently filling public sector leadership roles elsewhere in Australia and draw on them for informal ideas and advice.



PART 4 – **CAPABILITY**

Part 4. Capability

What should we strive for?

The State Service works together in key areas to get the best out of its collective resources. It collaborates to build the best capabilities possible and shares resources purposefully to meet the priority needs of government and the community.

The sharing of resources delivers efficiencies that are reinvested into more mature infrastructure and better services. Together with a nimble employment framework, this helps make the service more agile.

The State Service is modernising its services through digitalisation, capturing efficiencies that are reinvested in improved services. The ease of dealing with government is enhanced through the ability to access an increased range of integrated services online. Face-to-face options are still available and support is provided for individuals who have barriers to working online or have limited access to technology.

Capability across government is regularly reviewed to ensure that it is fit for meeting future challenges. Systems and processes are integrated, supporting services to work together for common clients or to meet common objectives. Programs and projects are constantly improving through a regular review of the outcomes that they are achieving.

The culture and systems of the Tasmanian State Service encourage and support the development of partnerships with external stakeholders where there are common objectives and goals. The knowledge shared, together with the trust and familiarity built through partnerships, provides a strong and resilient foundation for working towards shared objectives and responding to emergencies or major disruptions to the State's communities, economy and environment.

Where are we now?

With the exception of performance audits conducted by the Auditor-General, there is no systematic approach to reviewing the capabilities of state agencies or the delivery programs across the Tasmanian State Service. There is no regular program of advice to government on capability within the service and whether agencies are well placed to meet current and emerging challenges for the State. Capability is generally considered within individual agencies, making cross-portfolio capability development difficult.

There is limited capability to share data, constraining the service's ability to understand the complex relationship between services and outcomes of individuals, families and communities.

With a few exceptions (e.g. family violence), capability sharing across the State is largely opportunistic and being driven by the availability of new integrating technologies as opposed to a deliberate strategy to align and integrate services. Small pockets of limited capability still feature predominantly within government departments (particularly the smaller agencies) with only limited efforts towards the development of more mature, stronger capabilities through shared capabilities.

There is some progress towards the digitalisation of services, but the pace of change is slow, meaning that Tasmania is falling behind other jurisdictions.

There is an opportunity to enhance the systematic approach to developing 'ideas' partnerships with others, including the sharing of knowledge and shared planning to meet common challenges across sectors and levels of government.

What do we need to do?

The Review makes a number of recommendations to:

- develop a whole-of-service capability review and improvement framework
- enhance the State's data sharing and analysis capability
- prepare the business case for a shared service for transactional corporate services
- introduce a functional leadership model for capability across the TSS
- build momentum in the digitalisation of the TSS
- continue to build intellectual partnerships with others.

4.1. Capability context

According to the Australia and New Zealand School of Government (ANZSOG), the role of public services is to deliver *public value*. To do that, put simply, the TSS needs authority to deliver services (internal and external), and the plans and capability to deliver them.

Part 5 discusses reforms that are required to strengthen the capability of people employed in the State Service. This section focuses on capability more broadly across the State Service. It considers how the TSS can better understand its existing capability and systematically build capability in priority areas or areas of need.

This section also looks at opportunities to improve capabilities across the service through sharing of resources or expertise.

It considers digitalisation as a major driver of capability development nationally and internationally and how it is being managed in the TSS.

Finally, this section looks at how the TSS is working with others outside the service to augment internal capability, or ensure that capabilities are aligned to meet common objectives.

4.2. TSS capability review and improvement framework

The Interim Report noted that the public service is accountable for performance and continuous improvement through a range of processes. It argued, however, that there was no systematic way of reviewing programs or groups of programs in priority areas, particularly whole-of-government priority areas, and that the government should establish a Review and Evaluation Function, managed by the Department of Premier and Cabinet and the Department of Treasury and Finance to improve the allocation of resources, including TSS staff. The Interim Report also noted that further consideration would be given to agency capability reviews.

The Review has considered these issues further, examining activities undertaken in other jurisdictions and consulting directly with the Australian Public Service Commission and Western Australia Public Service Commission.

The Review remains of the view that the absence of a systematic, outcomes-focused capability review and improvement framework is a key gap for the TSS and the government. Building on the recommendations of the Interim Report, the Review considers that this framework should incorporate 2 core elements (see Figure 18):

1. An initial 3-yearly program of **agency capability reviews** to assess agency capability in light of known challenges
2. A **review and evaluation capability** to work with agencies to:
 - a. build a culture of continuous improvement and evaluation across government

- b. lead the evaluation of significant whole-of-government programs for government.

The review and evaluation program needs to be built on a strong foundation of linking and analysing data from across government (see 4.3).

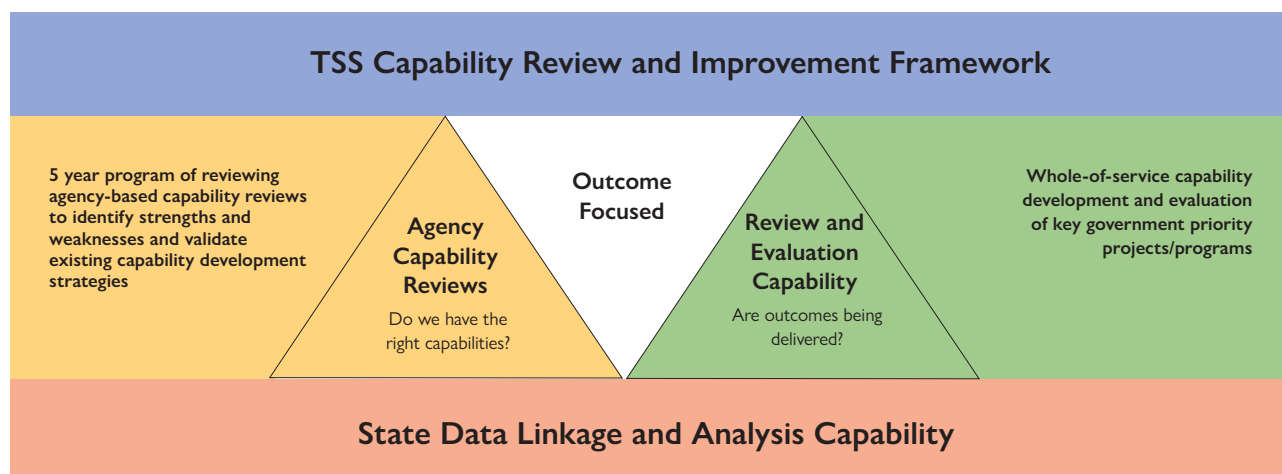


Figure 18: TSS capability review and improvement framework

Agency capability reviews

If the TSS is to respond effectively to the sets of challenges presented in this report, address portfolio-specific complexities (both the day-to-day and medium to long-term challenges) and respond effectively to existing and new government priorities in an environment of constrained resources, then there needs to be a systematic way of identifying strengths and critical gaps in the capabilities of its agencies.

The Interim Report briefly highlighted capability reviews as a potential mechanism to ensure the structures and systems used within agencies were able to deliver on government priorities. This view was based, in part, on the observation that other public service reviews undertaken in Australia (such as the Independent Review of the APS³⁶, Ahead of the Game – Blueprint for the Reform of Australian Government Administration³⁷, and the Western Australia Service Priority Review³⁸) all strongly agreed the benefits of a regular cycle of agency capability reviews. These reviews help deliver ongoing improvement for the public sector and help agencies identify areas that require greater development and investment. The views outlined in the Interim Report were also based on the observation that there is no systematic process for assessing and assuring the capability of Tasmanian Government agencies. Capability reviews fill this gap.

³⁶ See <http://www.apsreview.gov.au/>

³⁷ See *Ahead of the Game: Blueprint for the Reform of Australian Government Administration*.

³⁸ *Western Australia Service Priority Review*.

Approaches to capability reviews

Capability reviews are a common tool of the modern Westminster government system.

In 2005, the United Kingdom civil service was the first to initiate a formal process to assess organisational capability at a systemic level and they have since been progressively adopted in New Zealand, Canada and the APS. Appendix G provides an overview of the approach to capability reviews internationally and in Australia.

At the state and territory level, most jurisdictions have examined the merits of implementing capability reviews, although the actualisation of such plans vary.

In Western Australia, the WA Public Service Commission has been working on establishing a proposed agency capability review framework following a recommendation in the Service Priority Review. It is understood the Victorian Public Service Commission undertook a capability review of their Department of Health and Human Services in 2015 and Ambulance Victoria in 2017; however, it appears these were one-off initiatives to address specific capability concerns. The South Australian Government has also made use of targeted capability reviews. In 2017 a strategic independent capability review of TAFE South Australia was undertaken.³⁹ However, despite the SA Commissioner for Public Sector Employment recommending specific capability reviews be developed⁴⁰ it has not yet occurred.

A program of capability reviews is an opportunity to help embed stewardship in the TSS, by looking forward and identifying what changes and actions can be undertaken that will ensure an agency is better prepared for the future. Agencies and the TSS more broadly will be better positioned to deliver government priorities and make changes to help ensure there is access to adequate levels of expertise, technology and systems to meet challenges. They are also an effective way for agencies to learn from each other, showcasing where agencies are performing well and sharing new and innovative ways of working. Finally, and most importantly, capability reviews provide assurance to the government of the day that its departments and agencies are up to the tasks they have set or might want to set in the future. If not, there is the assurance that identified deficiencies will be addressed by the agency head concerned and advised to government. There is no other process that does this as well.

Capability reviews should be forward focused. As defined by the Australian Public Service Commission (APSC), capability reviews are:

independent, forward-looking and assess the agency's ability to meet future objectives and challenges; they consider how an organisation aligns processes, systems and the expertise of its people to deliver on objectives⁴¹.

³⁹ South Australia Department of Education media release, 'A fresh start for TAFE SA transformation plan', accessed 21 June 2021 at <https://www.education.sa.gov.au/departments/strategies-and-plans/fresh-start-tafe-sa-transformation-plan>

⁴⁰ South Australian Office of the Commissioner for Public Sector Employment, https://www.publicsector.sa.gov.au/__data/assets/pdf_file/0005/298499/OCPSE-Strategic-Directions-2020-22-Final-V2.pdf

They must provide agencies with an impartial assessment of capability, focusing on leadership, strategy and delivery and an opportunity to validate existing capability development strategies⁴².

They should be relatively short in duration and tightly focused on the major operations of the agency.

The Review is aware that some jurisdictions have developed a model whereby agencies conduct internal capability reviews. For example, the Queensland Public Service Commission developed a Capability Blueprint⁴³ in 2017 designed to assist agencies to self-assess and analyse capabilities, despite conducting a targeted external capability review of Queensland Biosecurity⁴⁴ in 2015. Similarly, despite the Northern Territory Government conducting an external review⁴⁵ of the NT Department of Treasury and Finance in 2017, the NT Government in its Human Capital Plan⁴⁶ states agencies are responsible for conducting internal capability reviews. The Reviewer doubts that the internal approach will be successful, and certainly not initially.

In the case of the TSS, capability reviews should be led externally by at least one independent reviewer from outside the public service. They should have a framework in place to articulate key areas of priority focus to ensure review consistency across agencies and with the results published.

A capability review is not an audit and is not intended to record or measure compliance to a particular framework or process requirement⁴⁷. Further, the introduction of agency capability reviews in the TSS should not be viewed as a means for obtaining additional resourcing, but rather a structured opportunity to see how existing resources, systems and expertise might be adjusted to enhance organisational capability.

Finally, methodologies and models used elsewhere should not be adopted blindly. The TSS should learn from their successes and failures and design a program that best suits local scale and need.

Possible models for the TSS

This Review does not seek to be fully prescriptive about how the TSS might develop and undertake capability reviews or the key areas of focus. It has, however, considered alternative models for the purposes of suggesting key features for a capability review program. It draws on what has been used successfully in other jurisdictions.

First and foremost, the concept of capability reviews, their undertaking and the handling of the findings must be supported by the government and leaders across the service, especially heads of agency, to ensure acceptance and support from the

⁴¹ APSC, <https://www.apsc.gov.au/initiatives-and-programs/workforce-information/research-analysis-and-publications/capability-review-program>.

⁴² Ibid.

⁴³ Queensland Public Service Commission, 'Capability Blueprint fact sheet', <https://www.forgov.qld.gov.au/file/34696/download?token=qQvFAMhl>

⁴⁴ See <https://www.parliament.qld.gov.au/documents/tableOffice/TabledPapers/2016/5516T435.pdf>

⁴⁵ See <https://haveyoursay.nt.gov.au/ntf-capability>

⁴⁶ Accessed 21 June 2021 https://ocpe.nt.gov.au/_data/assets/pdf_file/0011/248546/Human_Capital_Plan.pdf

⁴⁷ Western Australia Service Priority Review.

outset. The objectives and processes of capability reviews must support the head of agency's efforts to build and sustain capability. A review should guide internal resource allocation towards the mix of capabilities required by an agency to meet future challenges.

Capability reviews should be conducted with a reasonable degree of regularity, but not too frequently. The first cycle of capability reviews across agencies should be 3 years (around 3 major agencies per year) and then somewhere between 3 to 5 years (to be determined after the first cycle). This timeframe provides sufficient time between reviews for agencies to actively implement recommendations or any related activities. Further, it ensures that reviews are not closely aligned with the election cycles. A new capability review could also be conducted when a new head of agency begins in the role if they request it and one has not been recently conducted. This will allow for greater insight and guidance into the immediate priorities for a head of agency.

The scope of the capability review program should include all TSS agencies, including the 10 agencies (9 departments and the Tasmanian Audit Office) and 8 state authorities. However, the Tasmanian Audit Office would not be compelled to participate in the program due to the independent nature of the Auditor-General.

The approach to the small authorities may differ in scale to the capability reviews to be conducted for the 9 departments and larger authorities. There is merit in developing a simplified framework for smaller entities such as Brand Tasmania, the Public Trustee, the Integrity Commission, Tourism Tasmania and the Port Arthur Historic Site Management Authority that allows for a short, sharp and succinct review with a 'light touch'. This simplified version will still require the support of DPAC, and the Head of the State Service would still be required to access the results. The assessment process, however, will only require one independent reviewer. All capability reviews should report to the head of the agency being reviewed.

A capability review should be led by at least one independent reviewer from outside the TSS (they may have once worked in the TSS but not for a reasonable amount of time) who has in-depth experience across a range of public service environments, possibly private sector experience, and an interest in public policy. The potential independent reviewer should be agreed to by both the Head of the State Service and the head of the agency to be assessed. There are some circumstances where having more than one independent reviewer would be prudent, such as for very large agencies where the scope of work in the portfolio is comparatively diverse.

To assist independent reviewers, it is proposed a small team of 3 or so people, suitably equipped with the capability framework expertise, be established and act as a central repository to oversee the review, manage information and drive the

overall process and timelines in the TSS more broadly. This team should sit in the Department of Premier and Cabinet and be able to second people during reviews to provide additional support. It should work closely with the SSMO (or be located within this team). The team's first task would be to develop an overall capability review framework to support the conduct of reviews across the TSS.

It is essential that agencies contribute to their review. Each review should be supported by an individual or a small team situated in the agency under review, to serve as subject matter experts and provide information, departmental contacts and other key materials that would prove difficult for someone external to access. While the capability review could be funded by the agency under review, experience suggests that agencies are more receptive to capability review if they do not have to pay for them. The review team and independent reviewers should be centrally funded.

And finally, there is benefit to having a deputy secretary or senior executive from within the TSS but outside the agency working as a co-reviewer. This role will assist the independent reviewer to understand how the TSS operates and provide an opportunity for agencies to learn from each other.

Capability review findings and recommendations

The final report of the capability review should include conclusions that are developed in a way that is useful to the agency. The findings must be designed to help the agency navigate the future and undertake any required actions to enhance the way it currently operates. Findings should not be aimed at individuals, roles or past actions.

The report should contain a small number of recommendations that focus on critical areas that need to be addressed, as well as broad actions that are needed for the current and ongoing capability of the agency.

The completed report should be provided to the head of agency, with a copy forwarded to the Head of the State Service. The report should then go from the head of agency to the relevant minister for information, along with proposed responses to the Review's recommendations. Implementation of the findings should be led by the head of agency. Advice to government on the Review should be through the minister.

A summary of the results of each review should be included in the agency's annual report, together with any advice on actions being taken to respond to the findings. At the end of the first cycle of reviews, the Head of the State Service will advise the government on whether a new cycle should be undertaken and the lessons learned as to overall TSS capability.

Over the first year of the review program, an external assessor should work alongside the 3 capability review teams to provide an assessment to the Head of the State Service of the initial review process, the activities, the proposed implementation and any suggestions for change. This would help ensure the process is working the best it can as early as possible.

Recommendation 16

Develop an agency capability review and improvement framework for government and undertake an initial 3-year cycle of agency capability reviews based on that framework. Develop a simplified version for small agencies.

Fund a small unit in the Department of Premier and Cabinet to develop the framework and help manage the reviews and their outcomes.

The above outline is only intended to provide a basis for considering the introduction of agency capability reviews. Specific details relating to the development, mechanics and implementation should be advised to the government by the Head of the State Service and developed in consultation with heads of agency.

Review and evaluation

As discussed in the Interim Report, review and evaluation (R&E) is approached inconsistently in the TSS when it is currently done, and not linked to a defined system, process or network. Agencies undertake R&E activities in a variety of ways with varying degrees of capacity and priority across the service. Some have a dedicated R&E unit or officer, some have small evaluation pockets dispersed throughout the agency, while others rely on business units to undertake this function individually in respect of their role. In all too many cases it is not done at all.

In the online survey conducted for the Review, 75% of respondents felt there should be more emphasis on R&E in the TSS. There is a need to develop and promote a systematic approach to R&E to help ensure programs are tracking in the right direction. It will help confirm that TSS and budget resources are used and allocated well, in particular that scarce TSS staff and staff capability are focused on programs that generate the best outcomes for Tasmanians and deliver the highest return for government expenditure. A consistent, whole-of-government approach to R&E will also increase accountability in the TSS, which will ultimately translate to greater community trust in government as a whole and contribute towards building a culture that values continuous improvement, evidence-based decision-making and funding priorities to ensure more efficient and effective programs.

To achieve this, the Tasmanian Government will need to endorse a greater use of R&E – for both individual agency programs and programs that require integration across several agencies for delivery. For the latter, there is value in not only looking at the outcomes of the program, but identifying whether the mechanics that underpin it, such as the systems and processes used, are integrated and managed efficiently.

In order to achieve this, there needs to be a considered and regular program of R&E across the TSS, starting with the establishment of a dedicated Review and Evaluation Unit responsible for overseeing R&E activities and developing whole-of-government R&E principles, guidelines and tools to ensure a systematic and streamlined approach.

Establishment of a Review and Evaluation Unit

The work of the Review and Evaluation Unit should be managed by the Department of Premier and Cabinet and the Department of Treasury and Finance. The capability would most suitably sit in the Department of Premier and Cabinet, but should work closely with the Department of Treasury and Finance to provide appropriate input from a financial and budgetary perspective. Oversight would be by a Review and Evaluation Steering Committee, chaired by the Secretary of DPAC, with the Secretary of the Treasury and Finance and an additional secretary from a significant spending agency to provide a different perspective. It could also include one or two outside members with expertise in the area. It is important to note that what the Review is suggesting in relation to the Review and Evaluation Unit is different to the role and function of the Tasmanian Audit Office⁴⁸.

The unit would have 3 key functions. Firstly, it would **provide centralised, overarching guidance and support to the government and the TSS on R&E**, working closely with agencies to improve the R&E foundations and ensure a consistent approach is undertaken. In particular, it would work with agencies to improve the foundations across government in setting the performance measures and regular measuring of performance.

The development of a whole-of-government framework, containing key principles, guidelines and a toolkit would form the basis to these activities. Agencies would be required to use the framework to undertake their own evaluations, with the unit acting as facilitators and guidance resource (see below).

⁴⁸ The Tasmanian Audit Office is an independent entity focused primarily on accountability to Parliament. The R&E Unit is about providing information and advice to the Premier and the Cabinet on the delivery of key priorities and for building broader capability across government for effective research and evaluation.

Box 7: Jurisdictional approaches to review

A centralised unit to oversee review activities across government is a common structure in other jurisdictions.

- The **Queensland** Government Statistician's Office in Treasury provides large-scale evaluation of government services, projects and programs and administers the whole-of-government evaluation guidelines to ensure consistency across the state service.
- In **Western Australia**, the Department of Treasury houses a Data Analytics and Service Redesign unit responsible for supporting evaluation across the service.
- **New South Wales** has the Centre for Program Evaluation based in the NSW Treasury to conduct evaluation of large-scale and significant government programs and build capability across the sector.
- The **Northern Territory** Department of Treasury and Finance houses a Program Evaluation Unit responsible for coordinating program evaluation and building capability.
- The **Victorian** Department of Premier and Cabinet has a centralised Review and Evaluation Unit that drives evaluation across government and supports areas in the state service to undertake review activities.

Secondly, the unit would have responsibility for designing, with relevant agencies, the specific approach to **ongoing evaluation of major initiatives** being considered by government. The approach to ongoing evaluation would need to be agreed and funded at the start of the program.

Thirdly, the unit would be responsible for **reviewing a select number of existing programs or groups of programs, annually** (around 6 to 8 to start) in priority areas of government that are deemed to be either high risk, high value or both. A focus on outcomes would form the core of this work, but where groups of programs are included, it would also include a review of the mechanics of the program: the systems and capabilities (including integration) across government that contribute to the delivery of those outcomes. This is already done in NSW, Queensland, and the Northern Territory by program evaluation units responsible for conducting evaluations of large and/or significant government programs as well as building capability across the sector.

The Head of the State Service and Secretary of the Department of Treasury and Finance, in consultation with heads of agency, would collectively be responsible for providing advice for consideration by the government on the proposed annual program of review.

Staff within this unit would have the skills, experience and expertise to conduct and advise on R&E activities, but would not be expected to be subject matter experts on the programs they are assessing. In this instance, the unit would need to rely on

the expertise of agency officers seconded temporarily into the unit, or work closely with designated officers working in the program/relevant area under review.

A final report outlining the findings from R&E activities would be prepared by the unit. It would not be overly prescriptive, but clearly outline the indicators of relative success of the program and provide advice on what needs to change if the program is to be more successful in achieving outcomes.

The report would be presented to the Head of the State Service, Secretary of the Department of Treasury and Finance, and relevant agency heads, for consideration by the Premier and relevant ministers.

Recommendation 17 (adapted from Interim Report Recommendation 8)

Establish a small review and evaluation unit with additional resourcing in the Department of Premier and Cabinet, managed by the Department of Premier and Cabinet and the Department of Treasury and Finance and overseen by a cross-portfolio steering committee of heads of agency, to annually review a small number of programs or groups of programs considered high risk or critical.

This recommendation has been slightly modified from the Interim Report to reflect the broader cross-government governance of the review and evaluation program and unit.

Establishment of a whole-of-government review and evaluation framework

The development of a review and evaluation framework for the TSS would help provide a clear line of sight between planning, measuring and monitoring performance and outcomes. It would help to ensure agencies evaluate programs in a consistent manner, using the same language, structures and methodology. Once endorsed by government, agencies would be expected to evaluate programs in line with the framework and use the available guidance, principles and tools to inform program, policy and funding decisions.

The majority of Australian states and territories have in place whole-of-government review and evaluation guidelines, and the TSS should review whether components of these could be used in Tasmania, taking into consideration the size, expertise and resourcing available. The Northern Territory Government has a Program Evaluation Framework⁴⁹, the Queensland Government has Program Evaluation Guidelines⁵⁰, and New South Wales has Program Evaluation Guidelines⁵¹ (see Box 8). South Australia has the Guidelines for the Evaluation of Public Sector Initiatives⁵², Western Australia has a Program Evaluation Guide⁵³ and the ACT uses the Evaluation Policy Guidelines⁵⁴. Despite having a centralised review and evaluation unit, the Victorian Government does not have a whole-of-government approach, and departments

⁴⁹ See https://treasury.nt.gov.au/__data/assets/pdf_file/0008/913787/Final-Program-Evaluation-Framework.pdf

⁵⁰ <https://www.treasury.qld.gov.au/resource/queensland-government-program-evaluation-guidelines/>

⁵¹ See NSW Government Program Evaluation Guidelines <https://www.treasury.nsw.gov.au/finance-resource/guidelines-program-evaluation>

⁵² https://www.treasury.sa.gov.au/__data/assets/pdf_file/0018/36315/ti17-guidelines-part-a.pdf

⁵³ <https://www.wa.gov.au/sites/default/files/2021-01/evaluation-guide.pdf>

⁵⁴ http://www.cmd.act.gov.au/__data/assets/pdf_file/0004/175432/ACT-Evaluation-Policy-Guidelines.pdf

have instead structured their review and evaluation functions in ways that best meet their departmental needs due to the diversity of portfolios.

A suite of tools, or toolkit, should be developed to complement the guidelines. These should be designed and presented in a way that allows them to be applicable and useful for different types of programs, including the single agency programs and cross-agency programs mentioned previously.

Best practice principles can provide a useful basis for people wishing to plan and conduct review and evaluation activities. For example, the Northern Territory Government Program Evaluation Framework⁵⁵ is underpinned by 10 best practice evaluation principles:

- Build evaluation into program design.
- Base the evaluation on sound methodology.
- Allocate resources and time to evaluate.
- Use the right mix of expertise and independence.
- Ensure robust governance and oversight.
- Be ethical in design and conduct.
- Be informed and guided by relevant stakeholders.
- Consider and use evaluation data meaningfully.
- Be transparent and open to scrutiny.
- Promote equity and inclusivity.

The process to develop such principles should involve appropriate consultation with agencies and possibly beyond government to ensure they are relevant and easily understood. The principles would then be considered by the government.

Box 8: NSW Government Program Evaluation Guidelines

In January 2016, the NSW Government Program Evaluation Guidelines were launched that set out: key principles of good evaluation practice; different types of evaluation and how they might be used; how findings generated by evaluation can be used for learning and better decision-making; and a strategic approach to evaluation that prioritises evaluation. The Guidelines are supported by an Evaluation Toolkit which covers 7 steps to managing a program evaluation project and an overview of what is required at each step. The steps are:

1. Develop program logic and review needs.
2. Develop the evaluation brief.
3. Commission the evaluation.
4. Manage development of the evaluation design.
5. Manage development of the evaluation workplan.
6. Manage implementation of the work plan, including production of reports.
7. Disseminate the report and support use of the evaluation.

Recommendation 18

That the Review and Evaluation Unit (see Recommendation 17) develop a whole-of-government review and evaluation framework for government consideration.

⁵⁵ https://treasury.nt.gov.au/__data/assets/pdf_file/0008/913787/Final-Program-Evaluation-Framework.pdf

4.3. Data sharing

According to the Australian Productivity Commission:

Effective use of data is integral to the efficient functioning of a modern economy. Improved data access and use can enable development of innovative products and services that transform everyday life, drive efficiency and safety, create productivity gains and allow better decision making.⁵⁶

Nationally and internationally, data linkage and sharing are being used as the foundation for increased effectiveness and efficiency of existing programs and services, and for driving innovation.

In 2015, the Organisation for Economic Co-operation and Development (OECD) identified data linkage across institutions as key for monitoring and increasing the efficiency and quality of health care systems in advanced economies⁵⁷. In 2016, a data linkage expert advisory group for the Western Australian Government argued that sharing and linking data would add significant value (including reduced cost) in areas such as child safety, emergency management, improving mental health programs, reducing crime and recidivism, and targeting health programs such as vaccinations.

The Australian Government has introduced the Data Availability and Transparency Bill in response to the 2015 Productivity Commission Report into Data Availability and Use and has invested \$65 million over 4 years to support the implementation of the recommendations of the report. This is in addition to significant investments in data linkage and sharing across the Department of Social Services, the Australian Institute of Health and Welfare and the Australian Bureau of Statistics.

Other governments are also investing in data sharing and linking capabilities. All states and territories, with the exception of Tasmania and the Northern Territory⁵⁸, have dedicated data analytics centres and whole-of-government data warehouse facilities. All other states have, or are developing, dedicated data-sharing policies and legislation.

The Review has heard that the use of data in Tasmania is patchy and, in terms of capability, is falling well behind other jurisdictions. While there are examples of the effective use of data (such as in the Department of Education), data sharing is typically limited in scope and one-off. Tasmania lags behind all other jurisdictions in developing data-sharing capability and intention to develop a legislative foundation for data sharing or data linkage.

The Premier's Social and Economic Recovery Advisory Committee (PESRAC) Interim Report⁵⁹ observed that:

Data is patchy and fragmented, and not available in a timely way to ensure pre-emptive action can be taken across a range of COVID-19 impacted areas. The development of an overarching data set for monitoring the longer-term

⁵⁶ Productivity Commission, *Data Availability and Use*, March 2017

⁵⁷ <https://www.oecd-ilibrary.org/sites/90ebc73d-en/index.html?itemId=/content/component/90ebc73d-en>

⁵⁸ However, the Northern Territory has partnered with the Government of South Australia and others to fund SA-NT DataLink.

⁵⁹ Premier's Economic and Social Recovery Interim Report, Department of Treasury and Finance (2020), p 60.

impacts of COVID-19 on people's housing, mental health, family violence, drug and alcohol and a range of other critical social services and policy responses will be essential to inform an integrated evidence-led recovery.

The PESRAC Final Report⁶⁰ further emphasised the critical nature of being able to source and analyse data to support jobs networks within the state. PESRAC recommended the development of a shared data capability for the State for the purposes of COVID recovery. While this Review recognises the value of improved data availability and sharing for the purposes identified by PESRAC, that issue is beyond its scope.

The Review heard that low data capability has significant consequences for both government and the Tasmanian community. The TSS is likely to be further hampered in its ability to provide contemporary advice to government, continuously improve service efficiency and effectiveness and innovate without the ability to share, link and analyse data. The TSS will also continue to face challenges in providing integrated services to common clients and avoid harmful and expensive duplication without access to policies, systems and processes to share information securely, and with the trust and confidence of the Tasmanian community.

As a small jurisdiction, Tasmania will face challenges in the level of investment required to build and maintain contemporary infrastructure and capabilities to share, link and analyse data. As well as scale-related issues, sustained investment in these 'foundational' capabilities can be challenging when competing with more direct government service delivery challenges (such as housing and elective surgery).

To increase the chance that the TSS can build and sustain robust capabilities in this area, it is recommended that the State look to partner with others that have, or are seeking to build, these capabilities for their own purposes. For example, the Northern Territory has taken this approach in joining SA NT DataLink, a collaboration between South Australia and Northern Territory partners to support population-based data linkage research for policy and service development.

Other opportunities also exist. It is understood there have been preliminary discussions with other states by the Department of Premier and Cabinet to explore options for leveraging existing data infrastructure and expertise to underpin a local capability. The Review has also heard that the University of Tasmania is interested in exploring opportunities to partner with the State to build on, and share, existing capabilities for linking and analysing data. This opportunity is discussed further in Section 4.6.

A data-sharing capability complements and provides a very important foundation for many other initiatives considered in this Review, for example:

- implementation of whole-of-government priorities (see Section 3.2 above)
- review and evaluation (see Section 4.2 above)

⁶⁰ Premier's Economic and Social Recovery Final Report, Department of Treasury and Finance (2021), p 39.

- supporting partnerships with others (e.g. UTAS and community services) (see Section 4.6)
- modernisation of Service Tasmania (see Section 6.3).

The governance of the data-sharing capability will be important to ensure it is focused on the key priorities for government and is well connected to all government agencies. An option would be to build this capability alongside the review and evaluation capabilities in the Department of Premier and Cabinet (see Recommendation 18). Alternatively, this capability could be developed alongside existing capabilities in the Department of Education.

Wherever it is built, the agency responsible for this capability should be empowered and accountable as a functional leader, delivering services to, or building capability across all agencies.

Recommendation 19

That the government develop and fund a stronger whole-of-government capability for sharing, linking and analysing data and assign a functional leader to deliver services to, or build capability across, all agencies.

4.4. Shared services and functional leadership

The TSS is small – the third smallest state service by total FTE and the smallest by FTE per population. Despite its size, the TSS must deliver the full suite of core services provided by larger jurisdictions and most of the non-core services as well. It requires access to substantially similar systems and processes, skills and knowledge across a very broad range of services.

The consequence is that the depth of capability across many areas of the TSS is substantially less than in larger jurisdictions. This includes many of the core strategic and corporate capabilities that the public sector relies on to provide the foundations for effective and efficient public services. For example, policy and data analysts, project management capabilities, business analysts and change managers are all in short supply across the TSS. Agency-based ICT, finance and human resource capabilities struggle to maintain contemporary systems and contemporary policies and procedures. Integration (or even standardisation) is often a non-core issue for agencies and is not prioritised, meaning legacy systems exist in isolation.

Smaller scale can translate into higher costs (but not always). Perhaps more importantly, small scale is often a barrier to specialisation or investing in improvement and innovation. There are fewer people dedicated to maintaining and improving capabilities and increased single person dependencies. Individuals need to become ‘experts’ across a broader range of subjects, meaning that they have less opportunity to build specialist skills. Leaders become more focused on operational

responsibilities and have less time to focus on strategic capability development. Any spare capacity (funding or time) can also be too small to meaningfully redirect to system design and development opportunities.

The Review has heard that setting the right direction is not the issue. The solutions for many of the service's issues are well known and broadly agreed. The problem is that the service lacks the ability to marshal the resources required to drive change. Often this also relates to funding, with change relying on additional external funding (rather than reprioritising internal resources). Often this relates to the availability of people with the skills and capacity to drive and implement the change.

As a general principle, consolidation of capability across the TSS has the potential to generate scale and give people the things they need to do their job better. It will create larger teams, where specialisation is more feasible. It will build resilience, reducing single person dependencies or capability that is currently vulnerable to rapid changes (such as resignations or retirements, or changes in technology). It allows for increased organisational structure, potentially freeing (or focusing) capacity for ongoing system design and continuous improvement. It creates opportunities to find efficiencies that can translate into resources of sufficient quantum to be reinvested into innovation or for broadening capabilities.

Building shared services is, however, not without risk. The shared services sector nationally is fraught with failure, full or partial. As noted in the Interim Report⁶¹, shared services in both Western Australia⁶² and Queensland⁶³ have failed to deliver on their early promises and have been rolled back. They have been shown in many instances to cost more than originally thought, take longer to implement and struggle to sustain high rates of customer satisfaction.

There are also, however, a number of success stories across Australia. South Australia has created Shared Services SA (which despite a rocky start is now delivering value); Northern Territory has consolidated services into the Department of Corporate and Digital Development; and ACT consolidated services into the Chief Minister, Treasury and Economic Development Directorate.

Jurisdictions are persevering because of the very limited opportunities to improve services without additional budget funding other than through shared services. This is all the more likely in the case of small jurisdictions. New technologies are now available that support the sharing and integration of services. They are expected to provide bigger benefits and an even greater imperative for working towards shared services. Collaboration software (such as Microsoft Teams) allows people to interact remotely, lessening the importance of where services are located. The increased digitalisation of services also supports the ability to service a broad client network from a central hub.

⁶¹ TSSR Interim Report, 2020, p 61.

⁶² WA Working Together Report, p 42; see also Government of Western Australia Media Statements, Shared Services another step towards closure: <https://www.mediastatements.wa.gov.au/Pages/Barnett/2013/12/Shared-Services-another-step-towards-closure.aspx>.

⁶³ The Hon Richard Chesterman AO RFD QC, Queensland Health Payroll System Commission of Inquiry Report, 2013: http://www.healthpayrollinquiry.qld.gov.au/_data/assets/pdf_file/0014/207203/Queensland-Health-Payroll-System-Commission-of-Inquiry-Report-31-July-2013.pdf

Success or otherwise, TSS is well behind other jurisdictions in terms of exploring and developing models for sharing capability.

There are examples of sharing capabilities in the TSS. Land Information Service Tasmania provides spatial information services to other agencies (informally). Some agencies provide shared services to other agencies (e.g. Department of Education to TasTAFE, Department of Health to Communities Tasmania, Department of State Growth to Tourism Tasmania and the Macquarie Point Development Corporation) and some functions have been centralised (e.g. leasing in the Department of Treasury and Finance, and contract legal advice through Crown Law). There is, however, no guiding policy or imperative for the continued pursuit of opportunities to share capability or services, so progress is patchy, at best.

With eyes wide open to the need to manage risks, the Review is of the view that a critical foundation stone for the future success of the TSS is its ability to scope and deliver on a meaningful, purposeful and productive shared services agenda.

Potential benefits of shared services

There are a broad range of potential benefits from shared services that can be usefully categorised into 'cost' and 'value' (see Figure 19).

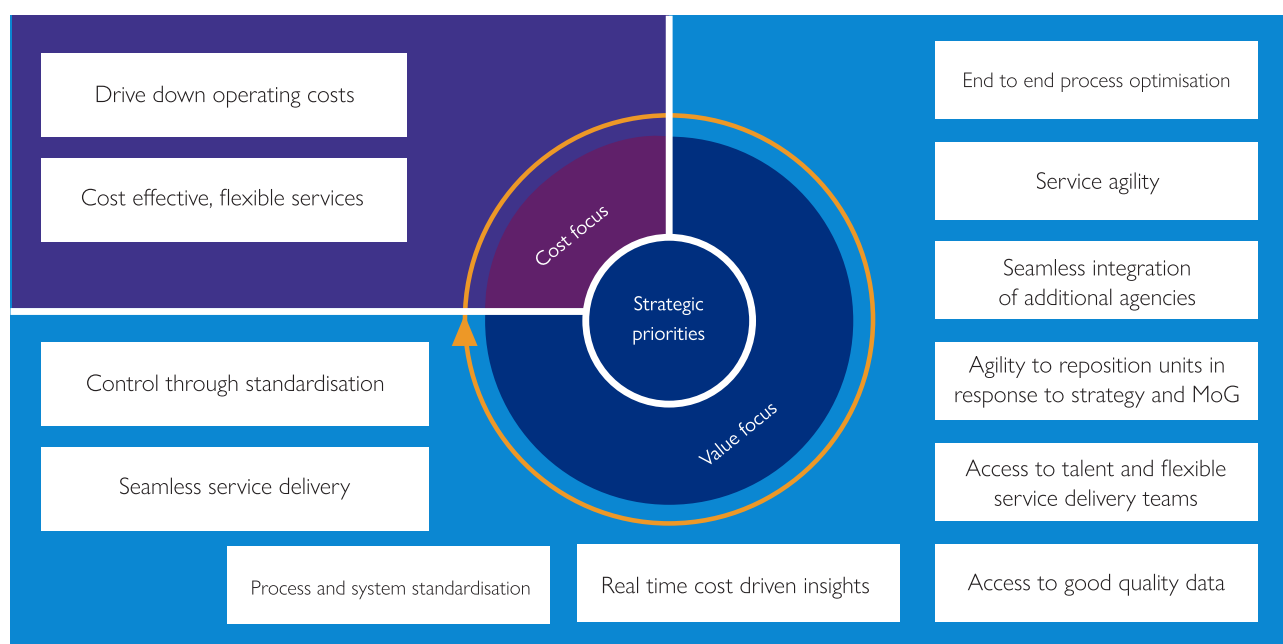


Figure 19: Potential benefits of shared services

Opportunities for cost savings – the cost focus

Shared services have traditionally been pursued for efficiency and budget saving reasons. There is evidence that they can be secured, although it is important to moderate any expectation of significant savings in the short term. They are often not realised in the early years and, if achieved, should be at least partially reinvested into building better services and capability.

While the opportunity for generating efficiencies through shared services should not be entirely discounted (particularly in the medium to long term), cost savings are not the reason for the Review's interest in shared services. Rather, increased sharing of services in the TSS has the potential to improve capability and assist the service to deliver better outcomes with current resources. A recent Global Shared Services Survey Report found that across both the private and public sectors, participants increasingly reported shared service centres delivering greater productivity increases (5% or higher) year on year. The survey also found that the landscape of shared services is increasingly expanding to include adoption of more complex, knowledge-based shared services alongside transactional ones⁶⁴. Shared service operations that previously did not achieve cost savings and stated benefits now stand to make significant gains in the context of rapid technological advancements⁶⁵.

One important aspect to note in relation to the benefits of shared services is they are often not well documented, meaning that the benefits become hard to identify and shared services programs are difficult to evaluate. Reported savings are often only measured by a reduction in FTE, which is a simple, but useful proxy when shared services are created internally. However, more sophisticated analyses are required to fully capture baseline costs (including for example corporate overheads) in the distributed service model, so that a robust cost-benefit analysis and understanding of shared services are possible.

Opportunities for improved services – the value focus

Shared services help people do their jobs better. From consultations across government, it is clear that the value of shared services, beyond cost savings, should have a higher prominence, albeit that both dimensions can overlap. For example, benefits such as 'better access to good quality data' can in turn act to drive down aspects such as operating cost and improve cost effectiveness.

There are value-add benefits from consolidating agency back-office functions through shared services, ranging from consolidating procurement bargaining power through to more seamless customer service integration between agencies to citizens and staff.

Risk can also be addressed through shared services, with otherwise outdated or unattainable equipment and assets made affordable by the drive for standardisation across otherwise siloed departments. Likewise, key resource risks can be minimised through the creation of centres of excellence.

⁶⁴ Deloitte, Global Shared Services, Survey Report, 2017: <https://www2.deloitte.com/au/en/pages/operations/articles/shared-services-survey-results-2017.html>

⁶⁵ Deloitte, Global Shared Services, Survey Report, 2017: <https://www2.deloitte.com/au/en/pages/operations/articles/shared-services-survey-results-2017.html>

Other jurisdictions, nations and multi-national private sector organisations are heading down the shared services route to reap both cost and value benefits.

Though the TSS is small in comparison, there is still the prospect for such benefits to be accrued, providing careful consideration is given to the critical success factor lessons learnt from elsewhere, and the risks to be managed (see Appendix F).

The way forward

The TSS needs a clear vision, purpose and strategy for developing and implementing shared services and cannot proceed without these. The initiative needs to be agreed and driven centrally, with the sponsorship of the Premier and Treasurer, and support from all ministers. It must be owned collectively by heads of agency. The primary focus should not be about cost saving but of increasing customer focus, service quality and employees' ability to do their jobs.

Having regard to the nature of the TSS, the potential benefits and the risks associated with shared services, the Review considers that the shared service strategy for the TSS should be focused on the following areas.

Consolidation and sharing of transactional services

As noted previously, there are a range of transactional services that have a high degree of commonality across agencies. These services are most frequently targeted for consolidation into shared services as they represent the least risk option in terms of complexity.

Box 9 provides 2 case studies from South Australia and the Northern Territory that are relevant to the consideration of shared services in Tasmania. They also represent 2 points on a spectrum of transactional services that could be consolidated into a shared service.

Shared Services South Australia (SSSA) is relatively limited in the scope of services that it provides to agencies, focusing largely on transactional services such as accounts payable and receivable, accounting and other financial services, and human resource and finance system-based processes.

The Northern Territory's Department of Corporate and Digital Development (DCDD), however, has a much broader focus, incorporating leasing and fleet services, data and digital services and ICT.

Both models appear to be delivering significant benefits for their services and governments. SSSA is now delivering on expected efficiencies and is supporting innovation. The scope of service of DCDD is continuing to grow, suggesting that the government is comfortable with the cost and quality of services that are being provided.

As a first step, the Review considers there is merit in a detailed examination of the costs and benefits of creating a shared service for transactional services in Tasmania. This could include services such as accounts payable and receivable, accounting and other financial services, and human resource and finance system-based processes.

While there appears to be merit in a service with a least a similar scope to SSSA, the final model should be based on a detailed examination of this cost-benefit analysis. The Review considers that the Department of Treasury and Finance is best placed to progress this analysis.

To stress, the cost-benefit analysis should not focus on efficiencies alone. It should consider opportunities for improved value, such as capability resilience, improvement and innovation in the delivery of those services. It should consider whether increased scale will provide the tools and environment within which better outcomes can be delivered for the service, government and, ultimately, the community.

Recommendation 20

That the government fund the Department of Treasury and Finance to review the potential scope, costs and benefits of consolidating transactional services in government into a shared service.

Box 9: Case studies in shared transactional services

Shared Services South Australia and the consolidation of corporate functions into the Department of Corporate and Digital Development in the Northern Territory provide 2 very relevant case studies for considering the way forward for shared services in Tasmania.

Shared Services South Australia (SSSA)

SSSA provides accounts payable, accounts receivable, payroll, financial accounting and other financial services (e.g. GST and FBT, reconciliations) for SA government departments and agencies. It is also responsible for managing and supporting most of the sector's finance and human resources systems and processes.

Financially SSSA was slow to realise initial forecast benefits. A 2010 Auditor-General Report found that the saving achieved and anticipated in the future were well below the savings budgeted at the creation of SSSA. More recently, SSSA has shown a more favourable financial trend, with the 2019-20 net program cost decreasing from \$84 million in 2018-19 to \$74 million. The program reached 4 of the 5 KPIs for the 2019-20 period, with complaints actioned within 10 business days being the only indicator to fall below target (92% actual compared with 100% target).

In 2019-20, SSSA employed 640.7 FTE (around 0.8%) of the SA State Service.

The Department of Corporate and Digital Development (DCDD), Northern Territory

DCDD, formerly the Department of Corporate and Information Services, provides essential corporate functions for government with the intention to enable agencies to focus on their core businesses. The services provided are financial transactions, human resources, contracts, property leasing, fleet services, enterprise projects, ICT, and data centre services. DCDD also manages 2 government business divisions – NT Fleet and Data Centre Services.

In 2019-20 DCDD's service offering was extended to include end-to-end support spanning both operations and strategy. The service offering by DCDD was also extended from corporate services to include digital services.

Effective 1 July 2019, the NT Government announced a Corporate Services Reform program as part of its budget repair initiative. This initiative required the centralisation of most agency corporate support services into DCDD. This saw the department expand by approximately 500 FTE (82%) to 1169 FTE, centralising IT staff and functions from the other departments.

In 2019-20, DCDD employed 1169 FTE or 5.4% of the NT State Service.

Implementing functional leadership in the TSS

As noted previously, shared services can be high risk and need to be built on a strong foundation across the following 7 key success factors (which are described in detail at Appendix F):

- Clear understanding of the benefits of co-design
- Leadership sponsorship
- Identify commonalities between agencies
- Change management and model design
- Effective governance and service management
- Establish baseline performance standards and costs
- Clear roles and accountabilities.

Given that the TSS has limited experience in the delivery of shared services and the results elsewhere have been a little mixed, a program of consolidation beyond the scope of transactional services may be too high a risk for the State at this stage.

This does not mean, however, that the TSS should not pursue strategies for greater integration of services, either through the development of common standards or the orderly progressing towards shared capability. There is a strong consensus across stakeholders that Tasmania is falling behind the pack in terms of digitalisation and integration of services. There is also broad concern about the limitations of small pockets of capability across the TSS.

The Review doubts the value of continuing with the previous approach of trying to drive reform through voluntary engagement across departments. The existing barriers to change will continue to significantly hamper reform efforts and the pace of change will continue to be slow.

Functional leadership is an alternative, relatively low-risk, flexible strategy for building capability across the TSS that is consistent, integrated where appropriate and standards based.

New Zealand defines functional leadership as:

...leadership, on a cross-agency or cross-system basis, of an aspect of business activity. It is aimed at securing economies or efficiencies across departments, improving services or service delivery, developing expertise and capability across departments and ensuring business continuity.

New Zealand also broadly defined the responsibility of functional leaders, which are:

- driving efficiencies (though economies of scale, leveraging buying power in whole-of-government contracts, setting common standards and approaches, and reducing duplication)

- developing expertise and capability (centres of expertise, coordinated professional development, deploying capability to where and when it is most needed)
- improving services and service delivery (through sharing and coordinating activities and facilities, and joined-up service delivery).

Box 10 provides a brief summary of functional leadership in New Zealand.

Functional leadership increases accountability by focusing the responsibility for the development and delivery of common plans and capabilities in one agency. It differs from more centrally driven reform programs, as it allows authority and accountability to be placed in an operational agency that already has a high stake in the quality of the service. It is highly flexible, allowing a standards-based approach to reform. It could lead to a shared service, or it could lead to simple standards that must be met independently by agencies. This flexibility (provided that it is coupled with accountability) reduces the risk for the State. This is considered to be of considerable importance for the TSS.

There should be clear governance, led by heads of agency, that not only identifies candidates for functional leaders, but holds functional leaders to account for the delivery of platform strategies and, if appropriate, the quality of services provided.

Heads of agency should be responsible for endorsing the standards to be set across the TSS for functions and for any required service-level agreement or development plan presented to government for approval. Heads of agency may delegate some of the detail of this function to other groups, but should remain accountable for the maturity and implementation of functional leadership in the TSS.

The functional leadership model could have a ministerial champion (possibly the Treasurer) to incentivise delivery of the framework and to sponsor ongoing development and maintenance of the framework.

Functional leadership should be underpinned by clearly expressed service-level agreements and regularly reviewed in terms of both capability and the quality of service provided across the service (see Section 4.2).

Recommendation 21

That the government implement and fund a functional leadership model to develop capability across the TSS.

That heads of agency lead the development of a functional leadership program for key whole-of-government capabilities, including clear governance for identifying capabilities for functional leadership, for empowering functional leaders and for holding them to account.

Box 10: Functional leadership in New Zealand

Following the Better Public Services Advisory Group Report, the New Zealand Government embarked on a number of reforms, including the creation of functional leadership roles. The New Zealand public sector has wholeheartedly embraced and evolved the concept with changes made at a legislative level to enable appointments to functional leadership roles to be made by the New Zealand State Services Commissioner. More recently, New Zealand has introduced new legislation which establishes a new System Leader role in accordance with its *Public Service Act 2020*, which builds on the more informal, functional leader role.

The System Leader is a chief executive who is responsible to a minister for achieving agreed outcomes for that system role (e.g. data, property or communications), and with Cabinet's agreement can set standards that other chief executives must follow. This is a key difference from the non-legislative functional leader role. While some functional leaders work to a minister, and have sought Cabinet agreement to a specific set of standards, most work through influence with their chief executive colleagues, and by promulgating best-practice guidance, rather than determining mandatory standards.

New Zealand has appointed functional leaders to 12 key areas: digital transformation, data and information; property; procurement; workplace health and safety; information security; protective security; legal risk and legal services; human resources; policy; strategic financial management; and communication.

Delivery of a platform-based functional leadership strategy

The most consistent feedback throughout the consultation was frustration in both the quality of, and incompatibility of, core business systems across the TSS. There were many examples of inefficiencies that arise from the inability to move resources easily, to share, extract and use data, and to work collaboratively across government to deliver services.

System incompatibilities may often seem small, but they can have a significant impact on administrative and operational arrangements. For example, there is no integration of human resource, information management systems or ICT systems across departments. This adds to the cost of machinery of government changes. The creation of Communities Tasmania, for example, led to the agency hosting 3 different versions of the same information management system. Significant incompatibilities between versions prevented the integration of information management across the agency.

The lack of integration creates inefficiencies in the movement of people across agencies, including work required to align 2 separate instances for the employee across 2 HR systems, the need to completely replace/duplicate IT equipment and email accounts.

It limits collaboration, with no readily accessible shared document repository or collaboration space across agencies. The difficulties associated with sharing data also create significant frustrations and inefficiencies in terms of managing common clients across different services.

Funding plays a role in the limited integration of core business systems across government, but it is not the only reason. The Review has heard that a very significant driver of incompatibility is the absence of whole-of-government standards or plan for the ongoing development of these systems.

There is a high degree of consistency across agencies in many core business systems. All agencies operate Windows-based desktop environments, every agency uses TechnologyOne (for finance) and the majority of agencies use EMPOWER (for human resources) with the exception of the Department of Treasury and Finance, which uses CHRIS21. Most agencies use HPCM for information management with varying degrees of maturity and utilisation. The problem, however, is that every agency is following a different strategy in terms of system improvement, which means there is a range of versions of each platform being used across government, and systems are implemented in different ways. Small differences create incompatibilities. Incompatibilities create barriers to integration and collaboration.

There are no common products in key areas. For example, there is no common system used to deliver customer experience or customer relationship management platforms in the TSS. Agencies use Squiz Matrix, Microsoft SharePoint, Microsoft Dynamics CRM and WordPress among others.

There is some progress. The Department of Health is currently developing a Human Resource Information System (HRIS) that will be expanded to support all government agencies. Agencies are also progressively moving to a uniform, cloud-based version of TechnologyOne.

Clear leadership and collaborative governance across agencies is critical to building a common vision, and for ensuring that the individual efforts of agencies contribute to a stronger whole-of-government capability. Some jurisdictions (notably Northern Territory) have addressed this issue through consolidation of platform management responsibilities into a single agency. This could be a reasonable long-term vision from the TSS. There are, however, significant risks associated with dislocating the management of core business systems from agencies. The Review is not confident that the TSS has the current capacity to manage these risks well.

Although shared services are the ultimate destination for many capabilities, it can't be the first step. Under the proposed functional leadership model, a single agency would take responsibility for the creation of a plan for the development of a whole-of-government integrated platform across core business systems (platform development plan). This may involve the earlier adoption of a shared service delivery model (such as common desktop and device/hardware management), but could also involve interim steps, such as facilitating group contracting, or setting the functional specifications for the individual deployment of systems (and version control) by agencies. Importantly, the functional leader has the responsibility, as far as is reasonably practicable, to build consensus across agencies. They also have the authority as the single source of advice to government.

Platform development plans should be grounded in the development of clear whole-of-government standards for both functionality and integration, a clear statement of the benefits that can be realised for greater consistency across government, and an analysis of options and costs for meeting those standards (system and cost).

Platform development plans need to be agreed by Cabinet and championed by all heads of agency. Compliance with the plans must be mandated (with capacity to manage exceptions) and clearly linked to funding decisions regarding system improvements. Compliance with platform development plans should feature in agency performance arrangements.

Platforms that should be included in the functional leadership model (and potential leaders) are shown in Figure 20 and include:

- Human Resource Information System (Department of Health)
- Financial Management and Procurement Systems (Department of Treasury and Finance)
- Enterprise Content Management (tbc)
- Service Management (tbc)
- Customer Experience and Relationship Platform (Department of Premier and Cabinet – Service Tasmania)
- Identity Management (Department of Premier and Cabinet – Digital Strategy and Services)
- Digital Workplace (desktops, hardware and collaboration technologies) (Department of Education)
- Enterprise Content Management (tbc)
- Data Sharing and Linkage (tbc)
- Spatial Information (DPIPWE)
- Cybersecurity (Department of Premier and Cabinet – Digital Strategy and Services)
- Compute and Storage (tbc).

Progress towards the implementation of platform development plans will help reduce the costs and risks associated with the implementation of a shared service for transactional services (as discussed above). It may also influence the future scope of shared services as differences in the design of business systems across government decrease.

The platform-based functional leadership strategy is also a core foundation of the proposed strategy for the digitalisation of services across the TSS (see below).

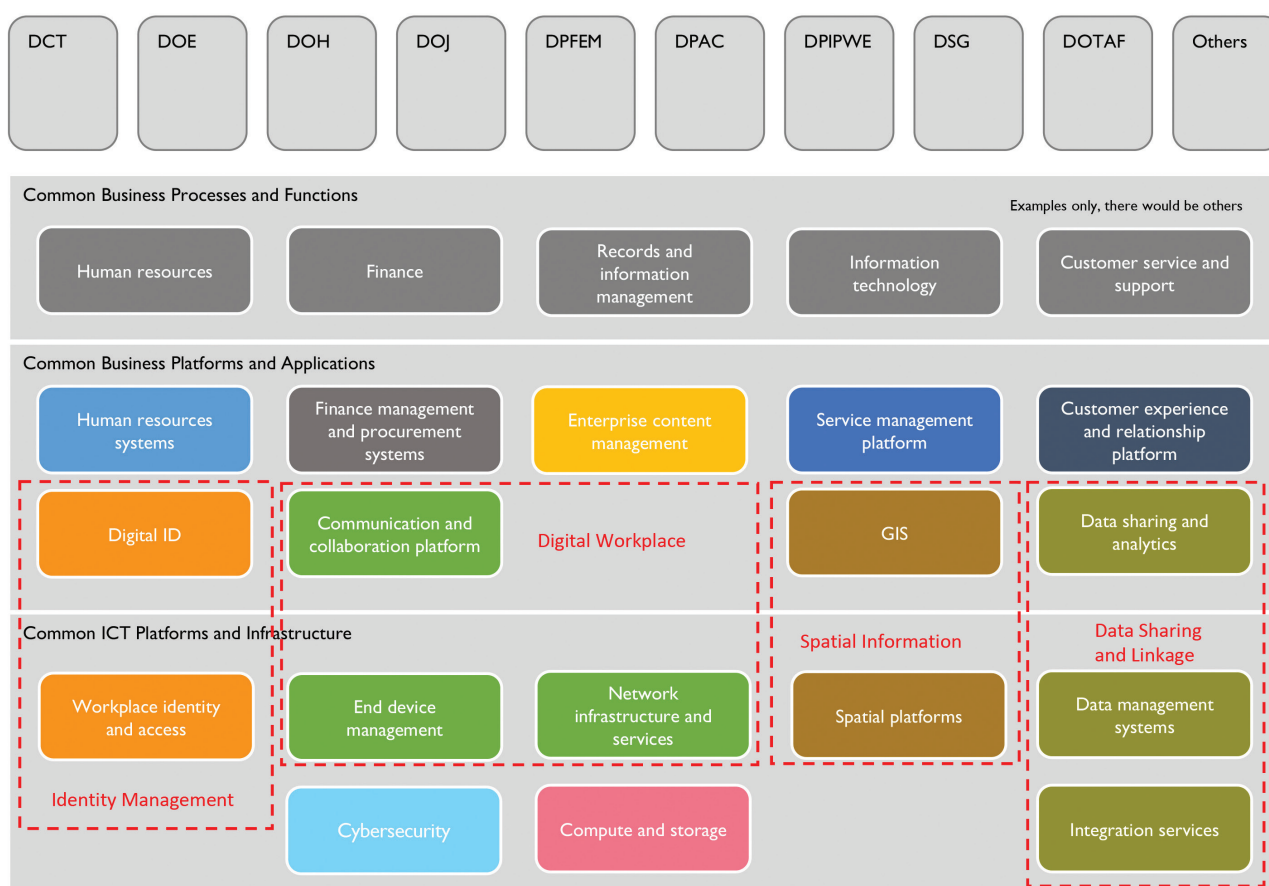


Figure 20: Potential architecture of platform-based functional leadership

Recommendation 22

That the government, through the heads of agency, develop a platform-based functional leadership model for the ongoing development and integration of consistent core business systems across all agencies.

Development and delivery of a whole-of-government functional leadership strategy

Functional leadership should not be limited to core business systems. The Interim Report highlights that there are current examples of functional leadership in the TSS – leasing through the Department of Treasury and Finance and (while not a formal responsibility) geospatial mapping and information services through the Department of Primary Industries, Parks, Water and the Environment.

The Review considers there to be significant benefit in broadening the scope of functional leadership across the TSS and formalising it through government agreement and formal direction. This strategy has been successfully implemented nationally (Australian Government and Western Australia) and internationally (New Zealand and the United Kingdom).

Functional leadership responsibilities should be identified through a criteria-based review of existing capabilities across government. These criteria should be agreed (and collectively owned) as part of the development of the Strategy. The Review notes that the following criteria were used by New Zealand for this purpose, and could be modified and adopted by the TSS:

- **Significance:** They are major areas of expenditure and management attention for agencies.
- **Risk:** The level of cross-government investment makes them a focus of concern for government.
- **Opportunity:** Experience in overseas jurisdictions and the private sector suggest these areas offer potential effectiveness and efficiency gains.
- **Maturity:** There was established expertise and/or programs of work in the areas that constituted a track record and showed potential for further gains.
- **Enabling:** Better coordination in the area can contribute to government priorities.

The Review suggests that consideration should be given to extending functional leadership beyond 'major areas of expenditure' to also include specialist functions that are difficult to duplicate across government. For example, the Review has heard that the investigation of breaches of the Code of Conduct is either outsourced to professional investigators (at reasonable expense) or often suffers from the inexperience of the investigator (discussed further in Part 5). This will create the capacity to build mature investigative skills and drive improvements in terms of quality and timeliness.

The State should start small, identifying a small number of capabilities that are already largely consolidated and led by a single agency. Box 11 provides some capabilities across government that may be candidates for early adoption under a functional leadership model.

Recommendation 23

That the government agree on a set of capabilities to form the first stage of implementation of a functional leadership model for capability development.

Box 11: Potential areas for functional leadership in the TSS

- Leasing – existing
- Geospatial Information and Mapping
- Cybersecurity
- Residential Development and Tenancy
- Outsource Service System Management (also see Section 6.5)
- Code of Conduct Investigations (see Section 5.2)
- Grant Management
- Capital Works (under a defined value)
- Major Capital Works (Project Management)
- Library Services
- Web Services
- Professional Development (see Section 5.6)
- Workforce Planning (see Section 5.3)
- Procurement
- Office Accommodation and Design (including Office Hubs – see Section 5.11)

4.5. Digitalisation

We live in a rapidly changing world in which technology touches on every part of our everyday lives, including the way we work, communicate and interact with family and friends, travel, shop and learn. Advances in technology have brought new possibilities, created new expectations and generated new problems.

Digitalisation is a core strategy being adopted nationally and internationally to help secure efficiencies in the delivery of government services and to improve the ‘customer experience’ of working in and with government. Digital means much more than new technologies and improving IT services. It has come to mean doing things differently, using new mindsets, skills and data. New technologies have led to the development of new ways of working.

Government services have traditionally been designed around the needs of the government and government agencies to deliver efficient services. To an extent, the practicalities of traditional models of service delivery have meant that customers had to adapt their routines to accommodate the service delivery needs of government. Customers could only engage during business hours and, most often,

in person. Forms had to be filled in manually and there was very limited sharing of customer details across different services. Queuing was a great Australian pastime.

Digital service delivery has opened opportunities to turn around the relationship between service providers and customers. Customers can engage when and where they like with online payment platforms and modern messaging tools. Options have been developed for secure online identity checking, lessening the need for people to travel into shopfronts during business hours. Services have offered opportunities to 'tell your story once', sharing information between services where it is appropriate to do so.

Every state and territory has some form of digitalisation or IT strategy and is investing in digitalisation-related initiatives. The Australian Government's *Digital Transformation Strategy 2018-2025*⁶⁶ states that, in 2025:

Your services will go beyond being simply available online to being organised around your needs and life events... we will provide personalised services that remove the need to deal with different departments and layers of government. We will deliver a seamless experience based around your needs.

COVID-19 has accelerated the rate of digitalisation across the country. Infrastructure Australia reported that 9 out of 10 Australian firms adopted new technology during the pandemic, including collaboration tools and cybersecurity⁶⁷. In NSW between March and May 2020⁶⁸, 80,000 non-admitted hospital services were provided via videoconferencing. Revenue from online education is estimated to increase substantially from this year onwards⁶⁹.

Digitalisation in the TSS

Intermedium assesses jurisdictions on an annual basis against the following 6 enablers: ICT strategy, ICT policy, ICT governance, whole-of-government service delivery agency, procurement policy, cross-jurisdictional collaboration. The 2021 Digital Government Readiness Indicator Report assessment rated Tasmania second lowest of all Australian jurisdictions and observed that, although Tasmania had improved its score (from 5.5 to 7.1) over the last 2 years with the release of *Our Digital Future*, digital service delivery remains comparatively basic, with some still not fully online⁷⁰.

In late 2020, the Tasmanian Auditor-General published a report on information and communications technology strategy, critical systems and investment. The Report concluded that, despite the implementation of a digital governance and decision-making framework, there is insufficient guidance to support whole-of-government ICT planning and prioritisation. Opportunities to develop shared ICT services, products or develop a whole-of-government ICT vision to improve the efficiency and effectiveness of ICT delivery have not been fully realised.

⁶⁶ <https://www.dta.gov.au/digital-transformation-strategy/digital-transformation-strategy-2018-2025> (last accessed 26 June 2021)

⁶⁷ Sutherland, Chessman, Zhao, Sara, Shetty, Smith, Went, Dyson & Levesque, 'Impact of COVID-19 on healthcare activity in NSW, Australia', *Public Health Research and Practice* 30(4), Sax Institute, December 2020.

⁶⁸ Sutherland et al, 2020, *Impact of COVID-19 on healthcare activity in NSW, Australia*, Public Health Research and Practice, Sax Institute.

⁶⁹ Infrastructure Australia, *Infrastructure beyond COVID-19*, 2020.

⁷⁰ Digital Government Readiness Indicator Report, Intermedium, 20201, available at <https://app.intermedium.com.au/digital-government-readiness-indicator> (last accessed 13 June 2021).

The Audit report further found that government's experience of the COVID-19 pandemic and its impact on Tasmanians have reinforced the need for government to be outcomes focused through digital services – to understand user needs and design and deliver accessible 'anytime, anywhere' services to protect Tasmanians and strengthen our economic recovery.

Our Digital Future, Tasmania's strategy for digital transformation, sets the direction for improving the use of digital technology across government, the community and the Tasmanian economy. The Review heard that *Our Digital Future* is a sound plan but more needs to be done to support the implementation of the identified actions. Funding is required, but just as importantly and like many other areas of the Review, governance, accountability and a genuine commitment across government to collaborate in driving the TSS towards a common vision are critical.

Our Digital Future provides direction in 3 areas: digital community, digital economy and digital government (see Table 4). The digital community and economy elements of the strategy are important for ensuring that all Tasmanians benefit from digitalisation trends (see Box 12 regarding digital exclusion). The digital government component, however, is most relevant to this Review.

The digital government component of the strategy identifies 8 major actions:

- Develop new frameworks for information management and data analytics.
- Develop a whole-of-government technology roadmap.
- Adopt a cloud-first policy approach across government agencies.
- Implement a cybersecurity program that prioritises critical asset protection across government.
- Develop digital culture and capability across government agencies.
- Streamline government processes for the procurement of technology services.
- Reduce government red tape through the adoption of digital solutions.
- Develop an agile, iterative and risk-managed approach to the management and delivery of digital projects and services.

Implementing the recommendations of this Review will directly benefit, and significantly increase, the momentum in implementing these 8 major actions, as follows:

- *Information management and data analytics:* Recommendation 19 of the Report is that government develop a stronger whole-of-government capability for sharing, linking and analysing data and assign a functional leader to deliver services to, or build capability across, all agencies.

- *Whole-of-government technology roadmap*: the platform-based functional leadership model recommended in Section 4.4 will provide a very sound foundation for both the development and implementation of a technology roadmap for the entire State Service.
- *Cloud-first policy*: agreement to platform strategies as part of the platform-based functional leadership model will provide the government with the opportunity to ensure that the TSS is implementing a cloud-first policy for its core business systems.
- *Cybersecurity*: Section 4.4 suggests that cybersecurity be included in the platform-based functional leadership model to formalise and strengthen existing cybersecurity capabilities across the TSS.
- *Digital culture and capability*: the combination of platform-based functional leadership, a strengthened CIO and the renewed mandate for Service Tasmania in terms of digital service delivery (see Section 4.5) will significantly enhance the digital culture and capability across the TSS.
- *Procurement*: a key feature of the proposed platform-based functional leadership is the ability to streamline processes for the procurement of technology, including increasing scale, for the benefit of the TSS and the State Government.
- *Reduce red tape*: the digitalisation of manual processes (see below) is entirely focused on reducing red tape and making it easier for the community to work with government.
- *Agile, iterative and risk-managed approach*: the approach to digitalisation and digital service delivery recommended in this Report provides the flexibility for advancing in a collaborative and iterative way, learning from other jurisdictions and implementing solutions that are shown to work elsewhere. The functional leadership model promotes a standards-based strategy, with clearly defined benefits and opportunities for investment by government.

Table 4: Our Digital Future

	Digital Government	Digital Community	Digital Economy
Direction	The community is best served by a progressive government that puts the needs and expectations of citizens first, transforming the way it works and delivers services.	Equal opportunity to interact with digital services and information in easy to use, convenient and readily available ways.	Bolster the economy by the competitive advantage, productivity growth and prosperity enabled by knowledge-driven digital transformation.
Principles	Simplicity Security Strategy	Accessibility Ability Affordability	Capability Creativity Connectivity
Major actions	Eight major actions identified including developing a whole-of-government technology roadmap, adopting a Cloud ⁹ first policy, prioritising critical asset protection from a cyber security perspective, and developing digital culture and capability across government departments.	Six major actions including supporting digitally disadvantaged groups, strengthening lifelong digital skills learning and increasing 'smart city' technology.	Six major actions including empowering local business, promoting digital education and supporting technology start-ups and capabilities.

Source: *Our Digital Future (March 2020)*

Implementation of the relevant recommendations of this Review will, however, need to be supported by the development and maintenance of a highly collaborative environment, where the agreed destination is clearly defined and reviewed regularly, where roles and responsibilities are clear, and where incremental investment across government in system improvements is informed by, and consistent with, a whole-of-government strategy.

Box 12: Digital inclusion and exclusion

Digital inclusion is about bridging the digital divide. It is based on the premise that all Australians should be able to make full use of digital technologies: to access education and services; manage their health and wellbeing; organise their finances; and connect with friends, family, and the world beyond. The goal of digital inclusion is to enable everyone to access and use digital technologies effectively. It goes beyond simply owning a computer or having access to a smartphone. Social and economic participation lies at the heart of digital inclusion: using online and mobile technologies to improve skills, enhance quality of life, educate, and promote wellbeing, civic engagement and sustainable development across the whole of society.

The Australian Digital Inclusion Index (ADII) (Telstra, 2020, *Measuring Australia's Digital Divide: The Australian Digital Inclusion Index 2020*) provides a comprehensive picture of Australia's online participation by measuring 3 key dimensions of digital inclusion: access, affordability, and digital ability. In 2020 the ADII continues to show that the digital divide follows clear economic, social and geographic lines, demonstrating that Australians with low levels of income, education, employment and those living in some regional areas are increasingly digitally disadvantaged. Tasmania's overall ADII score in 2020 is 59.6. This is 3.4 points below the national average (63.0) and positions Tasmania as the least digitally included jurisdiction in Australia.

If you are on a low income, are not in work, are older and did not complete secondary school, you are more likely to experience digital exclusion than people who are employed, on higher incomes, tertiary educated, and younger. There are significant gaps, and in some cases increasing gaps, between these population groups in Tasmania. People who live outside Hobart are also more likely to be digitally excluded.

It can be hard to look for work or fill out government forms when you can't afford to connect the internet at home, or your only access is through prepaid plans on your mobile phone. It is difficult to study and keep in touch with friends when you live in a rural area and your internet speeds are slow and intermittent. It is not easy to learn about the digital world when you are afraid of the technology, you have a disability or you have low functional literacy.

Of particular note is that the Review has heard from stakeholders that low digital access and literacy should not be a reason why a digitalisation agenda should be avoided. Instead Tasmania's strategy should be implemented in an inclusive, accessible and user-friendly way. The Review is aware that some initiatives are already underway to bridge the digital divide, such as the Digital Ready for Daily Life program being delivered by Libraries Tasmania and the Department of State Growth's Digital Future Unit. Additional programs and support for digital inclusion will be important if Tasmania is to secure the full benefits of the digital revolution, and secure them relatively soon.

Renewed digitalisation governance

A key feature of the proposed platform-based functional leadership strategy is to establish clear accountabilities for the delivery of integrated platforms across government and to provide a mechanism for de-conflicting differing views across government on the way forward. These accountabilities will strengthen the motivation of agencies to actively engage in refreshed whole-of-government governance for digitalisation.

The Tasmanian Government's digital services governance framework comprises 3 whole-of-government bodies:

- **The Digital Services Board** is chaired by the Secretary of the Department of Premier and Cabinet and comprises heads of agency and the chief executive of TasTAFE. The Board's role is to consider, champion and support investment in the implementation of digital strategies, policies and initiatives with whole-of-government benefits.
- **The Deputy Secretaries Digital Services Committee** is chaired by the Deputy Secretary of the Department of Premier and Cabinet and comprises relevant deputy secretaries or the equivalent senior executive of agencies and TasTAFE. The Committee's role is to support, execute delegated responsibilities and provide collective agency advice and recommendations to the Board in relation to digital strategies, policies, performance and investment.
- **The Digital Services Advisory Group** is chaired by the Tasmanian Government's Chief Information Officer (CIO), Department of Premier and Cabinet, and comprises the CIOs of agencies and TasTAFE. The Group's role is to support and provide collective advice and recommendations to the Committee in relation to digital strategies, policies, performance and investment.

In his report on the information and communications technology strategy, critical systems and investment in 2020, the Auditor-General found that some aspects of the governance framework were working well, including the development of policies regarding cybersecurity, the cloud and the release of *Our Digital Future*⁷¹. It was noted that there were, however, areas where the governance framework had yet to make significant progress, including effective service sharing, cost savings and whole-of-service productivity gains.

The Review considers that the implementation of platform-based functional leadership will enliven the digital services governance framework in the TSS, as agencies will come to the table with 'skin in the game'. Agencies will be empowered to contribute to the development and implementation of standards and policies that will be systematically adopted across the TSS. There will be clearer imperatives for agencies to actively engage in the development of platform development plans

⁷¹ Tas Audit Office Report No.4, October 2020

given the mandatory nature of their implementation once agreed by government. The role of agencies and the role of the Chief Information Officer should be more clearly defined (see below for the role of the Chief Information Officer).

Section 3.2 reflects on the role of heads of agency meetings in driving many of the key reforms recommended in this report. These changed governance arrangements would address digitalisation and functional leadership among other matters. The Auditor-General observed that the Digital Services Board's:

terms of reference and the lack of a whole-of-government ICT vision limit the effectiveness of the governance framework in providing prioritised operational development and strategic function goals⁷².

The Review believes that while the Digital Services Board fulfils an important role in the digital services governance framework of TSS, it is essentially the heads of agency meeting and should be recognised as such. Identifying this group separately as the Digital Services Board suggests that their role in supporting digitalisation is somehow discrete from their broader responsibilities for stewardship across the service. It is not.

The Review notes the response to the Auditor-General's report from the Secretary of the Department of Premier and Cabinet and Chair of the Digital Services Board that any review of its Terms of Reference should include an:

end to end review and include the entire ICT governance framework including the Terms of Reference for both the Deputy Secretaries Digital Services Committee and the role of the Digital Services Advisory Group.

It was further acknowledged that a biennial review is already part of the Terms of Reference of each of these groups.

The Review supports the biennial review of the digital services governance framework of the TSS. The Review further suggests that the TSS considers replacing the Digital Services Board with heads of agency meetings and incorporates the recommended platform-based functional leadership model into the Terms of Reference.

Recommendation 24

That the TSS incorporate platform-based functional leadership into the digital services governance framework and replace the Digital Services Board with heads of agency meetings.

Role of the Chief Information Officer

Many large-scale organisations in the public and private sector have Chief Information Officers (CIOs) or Chief Digital Officers (CDOs). Across the public sector in Australia, CIOs (or their equivalent) are generally employed in central departments (like Premier and Cabinet) to ensure that a whole-of-government approach is taken to policy setting and planning in relation to:

⁷² Tas Audit Office Report No.4, October 2020, p 18.

- ICT
- information systems and system integration
- enterprise architecture
- digital identity
- data and information standards and management
- cybersecurity
- citizen-centred service delivery.

In addition to CIOs in central agencies, many line agencies also engage CIOs to lead their IT, digital, information management and technology activities.

Many CIOs or CDOs lead the adoption of digital transformation initiatives in government agencies and across the public sector. For these positions in central agencies, the role needs to be appropriately classified to ensure they are sufficiently senior to be able to engage with, and influence, their counterparts in line agencies.

In the TSS, the CIO leads the Digital Services and Strategy (DSS) Division within the Department of Premier and Cabinet, which focuses on 3 key areas: strategy, policy and cybersecurity; management of key whole-of-government projects; and service delivery. Services delivered by DSS include mobile and fixed phones, a number of corporate applications, the government directory, Networking Tasmania, and email and calendaring.

The platform-based functional leadership model should not undermine the important role of DSS in facilitating, coordinating and motivating the development of policies and plans across the State Service. DSS will, for the foreseeable future, need to play a key leadership role in developing and implementing the model and will also need to take on a functional leadership role in some areas (e.g. cybersecurity).

The role of DSS is, however, likely to change over the medium to long term and the business unit's capabilities will need to adapt over time to support this new role. It is too early to say exactly what this new role will be, but it is likely to be more in the form of leadership and support for the ongoing implementation of functional leadership plans, as opposed to direct service delivery. The ongoing role of DSS in this context should be clearly articulated in the functional leadership plans.

Similarly, the role of the CIO will continue to play a critical leadership role in the digital services governance framework of the TSS. In fact the Review considers that the position should play a sector role in the work of both the Deputy Secretaries Digital Services Committee and the Digital Services Advisory Group. The CIO is currently the chair of the Digital Services Advisory Group, but is only invited as an observer to the Deputy Secretaries Digital Services Committee. Under the terms of reference for the Digital Services Committee, observers may not take part in decisions made by the Committee.

Given the important leadership role of the CIO, it is considered appropriate that this position can contribute to the decisions being made by the Deputy Secretaries Digital Services Committee, providing a whole-of-service perspective that is not inhibited by the individual perspectives of any government agency. There is no other member of this Committee that can play this role.

The CIO should also continue to chair the Digital Services Advisory Group, providing a valuable link between these 2 committees.

Recommendation 25

Amend the terms of reference of the Deputy Secretaries Digital Services Committee to include the Chief Information Officer as a member.

Maintaining momentum for digitalisation of manual processes

Progressing the digitalisation agenda for the TSS will require significant change in many areas (e.g. identity and customer relationship management, cybersecurity) and this will take both time and resources.

The Review has heard, however, that there are relatively small actions that can be taken now to improve the digitalisation of existing manual business processes.

For example, there are many government services, across agencies, that require in-person, paper-based applications. In these circumstances, the customer is required to present at a Service Tasmania service centre, lodge a handwritten form, the staff member then sights and processes that form, sometimes entering data into a system, then sends that paper form (via batched physical mail bundles) to the originating agency (and this occurs on a daily basis across 27 service centres). The originating agency then receives the forms, and often does further data entry into the system as well as store the form (usually electronically) for record-keeping purposes.

There are a number of publications that can only be bought from a Service Tasmania service centre. For example, the *Tasmanian Road Rules Handbook* is available to download on the web, but if you wish to buy a hard copy, that is not possible online.

Payment for many services in the Tasmanian Health Service can only be made in person, with credit card transactions being made by writing your number manually on a paper-based form that must be hand-delivered to the hospital. The Public Health Hotline for COVID-19 currently records details manually on paper forms, with details re-entered into a database once delivered to Public Health Services (although activity is underway to digitalise these forms).

There are undoubtedly many reasons why parts of the TSS have not taken advantage of digital opportunities. Perhaps the most impactful is the ongoing pressure of meeting the growing demand for services and the difficulties of prioritising resources for business improvement, including digitalisation.

It is also understood that there is a risk aversion associated with aspects of technology and digitalisation projects in the TSS. While a degree of caution can be healthy, there is a sense that the service has reached a point where the risk of inaction poses a greater threat to the provision of contemporary services than of making steady and small steps and following the lead of other jurisdictions.

The TSS should develop a clear and shared vision for the reduction of ‘manual only’⁷³ processes, leading to their elimination over an achievable, but reasonable, period. There may be some exceptions, but they should be few in number and clearly justified. Moving transactions online and creating digital forms to avoid double entry of data should be standard across all areas of the State Service. The technology required to achieve this is very mature, proven and readily available. The benefits for the customer and for reducing the cost of administration are clear and undisputed.

The Review accepts that proof of identity is a current barrier to working online. It is expected that this will become less of an issue over time, as the Australian Government and other jurisdictions are making significant advances in the area of secure online identity management. Attending in person to prove identity may, however, remain a feature in many processes at least for the next few years. Beyond identity, there are few reasons for not digitalising services and processes.

The Review acknowledges that there has been progress in moving services online in many areas. There have been recent advancements in terms of online birth certificate applications, renewing driver’s licences using BPay, and online payments for recreational game licences. The challenge for the TSS is motivating the ‘late adopters’ to adopt digital solutions to capture the benefits for the service and avoid perceptions that the service is falling behind.

The Review also recommends that a small, shared team is created for a fixed period to drive the digitalisation of some existing business processes across government. The team should be employed centrally but embedded temporarily into agencies to find solutions to, and implement business improvement process that allow, manual processes to be digitalised. This team should move around government, focusing on priority needs as identified collectively by government agencies. Some central funding may be necessary to create the capability that agencies can draw upon. Internal resources, however, should be used to fund the specific implementation of business improvement activities.

This shared resource should not be drawn into the broader digitalisation agenda outlined above. Rather, the team should be focused on the quick wins – the small, inexpensive changes that can be made to improve business processes in the short term.

The Department of State Growth has adopted a similar strategy in its efforts to identify opportunities for, and implement, business improvement across its agency. During the recovery stage of COVID-19, State Growth needed to rapidly develop

⁷³ The term ‘manual only’ is used to stress that manual options may still be required for individuals that can’t access digital services (see Box 12 – Digital Exclusion and Inclusion).

and implement a travel voucher system. The principal approach for Tasmanians to register interest and receive vouchers was online, and vouchers were ultimately issued for an initial and second round. State Growth has also invested considerable effort to adopt a workflow approach, linked with the department's established use of its Content Manager system, which is being progressively rolled out across the department as business units realise the potential benefits of improved visibility and progress tracking. State Growth has also linked a number of externally facing application forms into existing systems, which enable the seamless issuing of approval permits to applicants. This approach of capitalising on multiple small opportunities as they arise may well be suitable for other agencies, to maximise opportunities for the increased digitalisation of business processes.

Recommendation 26

That the TSS progressively eliminate 'manual only' business processes, and that the government fund a small, centrally funded resource to drive the digitalisation of existing business processes.

4.6. Working with others

The TSS, like all other jurisdictions, draws on outside skills and resources to deliver on its objectives. The small scale of the TSS means that its ability to do so is more important than for many of the larger jurisdictions. For Tasmania, this will only grow over time if resources become more constrained and the need for additional capability and advice becomes more important in an increasingly complex world.

There are many ways that the service establishes a relationship with others. For example, the TSS supports a broad range of services through the provision of grants to non-government organisations. It has also created shared capabilities with external organisations (for example the Peter Underwood Centre), and it has many strategic contractual relationships with the private sector.

The Interim Report of the Review recommended that the TSS broaden its range of partnerships and look to establish relationships with others that are focused on the exchange of knowledge and ideas. Ideas travel with people. Learning comes through contacts. Building relationships supports the sharing of those ideas and can lead to better outcomes where it leads to increased alignment of effort towards common goals. This is what the Review means when it uses the term 'partnership'.

There are many examples of 'partnerships' of different form across the TSS. They include issue and task-specific partnerships where the State is the funder and the 'partner' the delivery agent. They also include broader coalitions of effort where the TSS and other parties agree to work towards a common goal or purpose.

Throughout the consultation period, the Review has heard many positive examples of enduring partnerships between the TSS and other sectors that are achieving significant outcomes. Some notable examples include the Community Services Partnership Agreement⁷⁴, T21 Visitor Economy Strategy⁷⁵, the Tasmanian Institute of Agriculture⁷⁶ and the Menzies Institute for Medical Research⁷⁷.

The Review has also heard, however, that the relationship with potential partners is at times challenging or even fractious. Some external stakeholders have expressed frustration that the relationship is often based on personality, impeded by limited understanding and trust, challenged by competing priorities and lacking direction in terms of targeted outcomes (for government or external parties). Frustrations are similarly evident on the TSS side.

This section will look at practical measures that the TSS can take to increase the benefits available from working well with others. This includes both creating a 'new' type of partnership which will both deliver direct benefits to the TSS and its partner and, in time, improve other partnership style arrangements that they are party to.

What do we mean by partnership?

According to the OECD Successful Partnerships – A Guide⁷⁸, a partnership is an agreement to do something together that will benefit all involved, bringing about results that could not be achieved by a single partner operating alone, and reducing duplication of effort. The guide highlights:

- the importance of a shared vision, objective and ownership of goals between partners
- the need to make best use of the strengths of partners
- the benefit of having a formal commitment between partners articulating rights, duties, roles and responsibilities
- the value of partners having equal rights, responsibility and accountability, and the need to identify at the outset if this is not the case.

Drawing on the OECD criteria for success, the Review has considered a new form of partnership for the TSS including a 'mutual meeting of minds and purpose' – one that complements the intellectual efforts of parties and allows collective resources to be channelled towards a common goal, for the benefit of both. This sort of partnership produces better outcomes by working together, exchanging ideas, aligning effort, increasing shared understanding and collaboration to identify a shared opportunity. It is about the TSS learning and drawing from others, and others learning from the TSS.

⁷⁴ Community Services Partnership Agreement, http://www.dpac.tas.gov.au/__data/assets/pdf_file/0008/219095/Partnership_Agreement_between_DHHS,_DPAC_and_the_Community_Sector_Tasmania.pdf

⁷⁵ <https://www.t21.net.au/>

⁷⁶ <https://www.utas.edu.au/tia>

⁷⁷ <https://www.menzies.utas.edu.au/>

⁷⁸ *Successful Partnerships – A Guide*, p 7, <https://www.oecd.org/cfe/leed/36279186.pdf>

The partnerships discussed in this section specifically refer to an arrangement between the TSS and other bodies (not the Tasmanian Government, although its support would be critical). Further, as highlighted in the United Workers Union Submission⁷⁹, it is not seen as an opportunity to outsource responsibility.

There is no single solution to developing successful, enduring partnerships of this kind. Each is different, even though they are seeking similar outcomes. This report identifies practical steps to improve the way that the TSS partners with others for the benefit of both. In the online survey conducted as part of the Review, 29% of respondents believe the TSS actively builds mutually beneficial relationships and purposeful partnerships outside of government, and 82% do not agree that the TSS makes good use of the resources and expertise available to it outside of government.

This report focuses on the relationship between the TSS and 5 discrete sectors or organisations that represent 'high points' of the Tasmanian economy: the University of Tasmania (representing academia), industry, the community service sector, government (including Commonwealth and local government) and government business enterprises. These are not the only areas where there is value for increased partnering in the State Service. Rather, they illustrate some of the opportunities that are currently available to the TSS.

University of Tasmania

As noted in the Interim Report, the TSS and University of Tasmania (UTAS) have a long history of working together, with successful partnerships spanning learning and professional training, research and various forms of civic engagement across decades. Looking forward, it is critical that both organisations continue to build on the existing relationship to grow a highly productive partnership that truly aligns the strategic intent of both towards key priorities and common goals for the benefit of Tasmania.

As the 2 largest and broadest pools of professional expertise in the state, the TSS and UTAS share a clear interest in, and mutual focus on, Tasmania. The Interim Report highlighted that the current mission of UTAS is to become 'a place where we do things for Tasmania and from Tasmania'. *The University of Tasmania Strategic Plan 2019-24* recognises that achieving this mission requires UTAS '... to work in deep and sustained partnership, both internally and with many other organisations and people across the State and around the world who are committed to that better future'.

The Department of Premier and Cabinet and UTAS have since progressed with the development of a new partnership agreement. While it has not been finalised, the Review supports the direction of the renewed 'collaboration agreement' in that it seeks to set out the principles underpinning the future relationship between the parties and 'creates space' for the TSS and UTAS to identify key strategic opportunities through schedules to the agreement.

⁷⁹ Unite Workers Union Submission to the Review of the Tasmanian State Service.

The Review considers it important that the State and UTAS take the next step to identify, agree and progress work in areas where the strategic objectives of both parties align. The Review has discussed these opportunities with key stakeholders, including UTAS, and considered where this partnership could support the reform directions outlined in this report. From this, the Review considers there to be potential value in the following areas:

Data analysis and linkage

The Interim Report noted that opportunities exist to make better use of administrative data in the TSS for both decision-making and for designing policies and programs. These opportunities are discussed in greater detail earlier in this part (see Section 4.3), and the recommendation is made that the State Government builds a shared whole-of-government capability for sharing, linking and analysing data.

Linking and analysing administrative data from across government is not straightforward, and will require the engagement of technical specialists and an investment in mature capabilities. The State has not been able to achieve this in any meaningful way to date due to both the fragmentation of the capability across the service and difficulties in prioritising resources for the function.

A potential way to help overcome the challenges of the past is to look to partner with others, including UTAS.

UTAS has a data linkage capability. It is located in the Menzies Institute for Medical Research and is a node of the nationally funded Population Health Research Network. UTAS is also motivated both to support ongoing improvements for Tasmanians and to focus on research that can help deliver a prosperous and sustainable future for Tasmania.

The Review recommends that, under the governance of the new partnership agreement, the TSS and UTAS actively explore opportunities to build shared capability for the linking and analysis of administrative data for the benefit of both parties. This could include bringing together proposed whole-of-government capability as recommended in this report with University-funded resources under shared governance to focus on analysis, advice and research. The State would benefit from increased capability to evaluate existing programs, identify new opportunities and contribute to policy problems it has to deal with, especially multi-dimensional ones. The University would benefit from increased social research opportunities, capability and prestige.

Sharing and linking administrative data has its challenges. Partnering with UTAS for this purpose introduces additional challenges in areas such as governance, funding and 'social licence'. These challenges, however, are not insurmountable and are being addressed in other jurisdictions. The TSS and UTAS can draw on that experience.

Workforce planning, faculty design and surge

Section 5.3 discusses the need for increased workforce planning across all agencies and at the whole-of-service level. This should include stronger relationships with institutions such as UTAS and TAFE to help ensure a greater understanding of the priority areas in the State Service and fine-tune pathways for recruitment into these areas to boost capability.

The landscape of skills required to support both the TSS and industry in Tasmania is changing and will continue to do so. For example, changes in the State's industry makeup will require a different mix of skills in government (e.g. hydrogen and low-emission technologies), changing technologies will drive new ways of working (digitalisation) and changes in demographic trends will create ongoing challenges for the TSS (e.g. increased population growth).

The Review makes a number of recommendations on workforce planning at both the agency and whole-of-service level.

There is merit in the TSS working with UTAS on workforce planning, particularly at the whole-of-service level. The TSS will be able to draw on the expertise, broader understanding and technical skills UTAS has to offer, while the University will be helped to have insights to fine-tune their course offerings to areas of most need in the TSS, both in terms of numbers and content. As a result, the TSS will benefit from a more diverse mix of people completing university.

A more collaborative approach could also help alleviate the persistent shortage of skilled workers in several areas.

Surge capacity

UTAS already provides assistance in areas where the TSS needs scientific research and services, like fisheries and agriculture, biosecurity and emergency response, and most recently to Public Health Services. During the height of the COVID-19 outbreak, UTAS seconded 34 staff to Public Health Services, including epidemiologists, to support the TSS' capability of 1.8 FTE in this area. This assistance was an important contribution to the government's successful response, assisting in the area of contact tracing, both undertaking the work and skilling up additional tracing staff. As noted in the Interim Report, there is opportunity for the above model to be replicated more widely and used to establish a pool of people able to deploy across the TSS to meet specialist needs. To do this, UTAS will require a better understanding of the surge capacity needs of the TSS to help ensure its faculties are appropriately structured with surge capacity in mind. The Interim Report recommended that 'the Department of Premier and Cabinet develop an overarching Partnership Agreement with the University of Tasmania focused on areas of mutual benefit and with the broad objectives of improving outcomes for Tasmanians' (Recommendation 6).

This is underway and the recommendation, accordingly, remains in place. The Review also recommends the opportunities discussed above are considered further under the auspices of the partnership agreement.

Recommendation 27 (adapted from Interim Report Recommendation 6)

That the Department of Premier and Cabinet develop an overarching ‘ideas’ partnership agreement with the University of Tasmania focused on areas of mutual benefit and with the broad objectives of improving outcomes for Tasmanians.

That under the auspices of the new partnership, the TSS and UTAS explore opportunities, including to:

- **build a shared capability to link and analyse administrative data**
- **work together on whole-of-service workforce planning**
- **consider the TSS’s potential ‘surge’ capacity needs and the UTAS faculty structure required.**

Business and industry

A thriving and growing private sector is a key to ongoing improvements in the wellbeing and prosperity of Tasmanians. A critical role of the TSS is to engage with, support and regulate the private sector to maximise growth for the benefit of the Tasmanian community.

There are many different relationships that exist between government and business and industry. In some instances the TSS acts as the service provider with business as the ‘client’; in others the TSS is the client paying industry to deliver a government service. Further, some areas of government and business co-design programs and co-deliver support, while others act as regulators or are responsible for contractual negotiation and procurement. Therefore, it is important not to generalise due to the sheer scope and diversity that exists within both entities.

COVID-19 highlighted the ability of the TSS and business and industry to work together effectively. An emphasis on rules, barriers and processes were put aside to achieve common objectives quickly across the State.

The Review has heard, however, that the relationship built around the response to COVID-19 is not always typical; both sectors sometimes struggle to appreciate and support the context and setting within which each other is operating. The TSS is sometimes perceived as being unaware of the competing pressures, timeframes and requirements of business. Conversely, business can at times lack understanding of the role of the TSS, the environment in which it operates and the broader benefits to the State of the service’s regulatory actions.

There are examples where formal arrangements exist between the TSS and business and industry based on priorities and economic imperative, such as the Tasmanian Polar Network⁸⁰, Maritime Network and the Tasmanian Visitor Economy Strategy⁸¹.

Both sectors have stated the relationship between them works best when personal relationships are strong, with high levels of trust, understanding and collaboration. Both entities must be better at tapping into the expertise and knowledge of the other sector and there must be greater willingness to share information. In this context, the Review considers there to be value in increasing the formality with how the TSS and business and industry work together to increase understanding and responsiveness to the needs of industry through shared knowledge and experience. Secondments between the 2 sectors have the ability to, over time, build a broader culture of understanding and collaboration and therefore achieve better outcomes.

The Review has discussed the possibility of coordinating a small number of secondments between industry and the TSS with the Tasmanian Chamber of Commerce and Industry and the Department of State Growth leading the process. There was in-principle support, including a willingness to help coordinate the program.

The secondments would be short term (up to 6 months) and should target areas where industry and the TSS would benefit from increased understanding and the sharing of knowledge. Some of these may be in the Department of State Growth but they should be spread across the TSS more broadly.

Each party would need to cover their own costs associated with the placement.

Further work would be required on the details of the program, including arrangements for managing conflicts. The Department of State Growth should work with the Chamber on this design work.

The program of secondments should be coordinated with other secondments discussed in this section. The SSMO could play a role in coordinating this broader program across government.

⁸⁰ <https://tasmanianpolarnetwork.com.au/> – a group of businesses and scientific organisations based in Tasmania that all have a common focus on serving commercial and scientific activity in the Antarctic, sub Antarctic and Southern Ocean. The TPN is supported by the TSS through Antarctic Tasmania in the Department of State Growth.

⁸¹ <https://www.t21.net.au/>

Recommendation 28

That the Tasmanian Chamber of Commerce and Industry and the Department of State Growth work together on the design and delivery of a program of short-term secondments of TSS employees into industry and vice versa.

Community services

In Tasmania, the community services industry is a significant contributor to economic output and employment in Tasmania. It has a lead role in delivering essential services across multiple sectors, including health, aged care, disability support, mental health services, housing and child safety. The TSS relies on the many community sector organisations, both small and large, that support Tasmanians in vulnerable circumstances.

The community sector faces significant challenges in meeting the needs of the Tasmanian community over the coming decades. For example, Tasmania has an ageing population with increasing levels (and complexity) of disability. It is estimated that the sector will need to employ 4,000 additional people to meet projected community need to 2024 alone⁸². This means the community sector will need an estimated 1,600 workers each year (about 30 workers each and every week) for at least the next 2 years⁸³.

The community sector is also managing services in a rapidly changing environment. New funding models (e.g. the National Disability Insurance Scheme) have significantly changed the way that community services interact with each other, with private sector operators, the TSS and with government. Models of care are also changing rapidly. These changes present significant and ongoing challenges for the community sector.

There are significant opportunities to develop a more collaborative policy environment between the TSS and community sector. This would include inviting the sector to play a larger role in informing policy and program activities in the TSS, and allowing the TSS to better understand and engage in directions being set internally by the community sector.

Consistent with the discussion relating to business and industry above, the Review considers there to be value in improving the way in which the TSS and the community sector work together. A secondment arrangement between the TSS and community sector would be one way of building stronger networks at the working level, to facilitate the exchange of ideas and expertise and to help identify where efficiencies can be made or opportunities to work together in new and improved ways.

Communities Tasmania is well placed to coordinate the secondment program with the assistance of the Tasmanian Council of Social Service (TasCOSS). The Review has discussed the proposal with both organisations and there is agreement in

⁸² 6291.0.55.003 Labour Force, Australia, Detailed, Quarterly.

⁸³ Department of Education, Skills and Employment Occupation Projections – 5 years to May 2024.

principle. Like the secondments with business, further work would be required to design the program. SSMO support is also required to coordinate secondments across government.

In addition, the Review considers there is merit in extending the State Government's graduate program to include the placement of graduates into the community sector. The SSMO currently coordinates a whole-of-government graduate program. The Review recommends that SSMO work with agencies that have significant relationships with the community service sector (notably Communities Tasmania, Department of Health, Department of Education, Department of Premier and Cabinet) to include, in their rotations, a 3 to 6 month placement for a graduate into TasCOSS or a community organisation.

Recommendation 29

That the Department of Communities Tasmania work with TasCOSS to design and deliver a program of short-term secondments of TSS employees into the community sector and vice versa.

Given the significant role of community services in supporting the wellbeing of Tasmanians, the relationship between the TSS and the community sector should extend beyond exchanging ideas and increasing familiarity through secondments. In its submission to the Review, the Tasmanian Council on Social Service (TasCOSS) argues that:

partnering with government, industry and decision-makers is essential to ensuring our industry can support its growth and achieve its vision for all Tasmanians to be able to live a good life in connected and resilient communities, supported by high quality and agile community services. This includes ensuring our industry is providing enough workers, with appropriate skills, to fill the thousands of job opportunities in Tasmania's fastest growing industry and help ensure the industry is prepared for its future.

The Review is aware that TasCOSS is currently developing a Tasmanian community services industry plan (industry plan) in collaboration with the State Government (through Communities Tasmania and the Department of Premier and Cabinet) and the University of Tasmania. It is understood that the intention of the industry plan is to identify and address common challenges to deliver better outcomes for Tasmanians through partnerships with the Tasmanian Government and other organisations, such as education and training providers. Key issues being discussed in the finalisation of this plan include building a sustainable workforce, supporting the ongoing recovery from COVID-19 and exploring new, effective and sustainable funding models.

The role of government in finalising and supporting this plan is beyond the scope of this Review. What is relevant to the Review, however, is how the TSS continues to

work with the sector to exchange ideas, to share expertise and to discuss strategies to overcome common issues, including those outlined in the industry plan.

There are a number of reference groups that have been established across government for exactly this purpose. Communities Tasmania has, for example, established a reference group of key stakeholders that come together to discuss the issues and challenges associated with the implementation of *Tasmania's Affordable Housing Strategy and Action Plan 2019-2023*.

The important feature of these fora is that they are not established as groups with accountabilities for the delivery of actions or programs. They are purely for advice and information exchange, and to ensure that the expertise in the TSS is supported by external expertise and experience.

COVID-19 demonstrated the very significant value of bringing expertise together to exchange ideas and explore options. Short-term reference groups were formed in areas such as food security and labour supply for the agricultural sectors. The Review heard that these fora were very successful in supporting the State Government's response and for sharing knowledge and ideas across multiple sectors.

In the spirit of learning from COVID-19, and to support the ongoing exchange of knowledge and ideas between the TSS and the community sector, the Review sees merit in streamlining the interface between the TSS and sector and recommends that an audit of relevant reference groups across government is regularly conducted to ensure they are highly focused, that there are no critical gaps, and that they provide adequate opportunity for the TSS, the community sector and other external stakeholders to share knowledge and expertise around improving the lives of Tasmanians.

The audit should be based on the outcomes framework developed by Communities Tasmania and TasCOSS (see Section 6.5). The regular 'refresh' should also be coordinated collaboratively by Communities Tasmania and TasCOSS.

Recommendation 30

Extend the existing graduate program for relevant agencies to include a placement in TasCOSS or another community sector organisation.

Recommendation 31

That the TSS review the current reference groups between government and the community sector to ensure they support the community sector population outcomes framework (see Recommendation 73) and establish an annual forum of government, relevant community sector organisations and peak bodies to refresh the coverage and membership of these reference groups.

Australian and other state governments

There are many examples of the TSS and Australian Public Service (APS) working well together (Security and Emergency Management for example). However, there is always more to be gained by strengthening collaboration to improve the alignment of program, policy and regulatory design for maximum benefit for the Tasmanian community.

Similar to the other sectors highlighted in this section, a secondment program between the TSS and APS would see substantial benefits for both governments, by creating opportunities to work more closely in areas of mutual regulatory interest or where there is an overlapping problem that requires a collective effort from both governments, for example, biosecurity and child and youth services.

The objective of the secondment would be to work towards building increased shared understanding of challenges and improved ability to work together on common objectives. Secondments would improve the transfer of knowledge and information between both governments and allow for a greater understanding of complex operational and policy issues.

A secondment arrangement would focus on the placement of a Commonwealth employee into a strategic work area of the TSS in the first instance. Each secondment would be established around a clear problem, function or project where there is a shared interest for both the Australian and State Government (such as an identified whole-of-government priority, for example).

In order to facilitate the involvement of the most suitable APS officer, the TSS should be open to the prospect of a partial virtual secondment to minimise the barriers for participation and connection.

Once established, the TSS should also consider opportunities for secondments into other state and territory public services for the purposes of broadening the perspectives and experience of State Service employees and building greater understanding of how other states and territories are addressing challenges faced by the service. The Review has not discussed this proposal with any other states and has not considered the costs or practical challenges associated with interstate secondments.

The State Service Management Office is best placed to coordinate this secondment program, given its intergovernmental policy responsibilities. The Department of Premier and Cabinet should work with the Australian Public Service Commission to develop the program. The Review has discussed the program with the Australian Public Service Commissioner who supports the program in principle.

Recommendation 32

That the Department of Premier and Cabinet work with the Australian Public Service Commission to design and deliver a program of short-term secondments between the Commonwealth and State.

Local government

The local government sector plays a significant role in the Tasmanian economy, employing around 3,500 FTE, with total operating revenues of about \$900 million annually, and assets worth about \$11.5 billion.

The sector supports local communities through the delivery and coordination of key services, working with and supporting local business. The sector is often the conduit between the TSS and local communities, making a shared strategic focus between local government, the TSS and government crucial for the efficient delivery of outcomes.

As noted in the Local Government Association of Tasmania (LGAT) submission⁸⁴ (see Box 13), there are many similarities between the roles undertaken in local government and the TSS, such as administration, public health, finance, emergency management, engineering and construction. There are also areas in both tiers of government that would benefit from closer collaboration, such as the provision and delivery of contemporary services for Tasmanians.

Box 13: LGAT submission to the Review

Similar to the TSS, local government also faces the challenges of providing contemporary services and the need to transform its digital systems, processes and provide services that residents/customers expect. There is much that the sector and TSS could learn from each other and together, with opportunities for each to leverage investments in backend infrastructure. For example, extending the goal of a single Tasmanian Government Contact Centre (the 'one number for government'), to cover local and state government. This would help to address challenges that are faced within the community. For example, starting a new business where information and permissions may be required at both levels of government.

The Review is aware that the local government sector, through LGAT, has been undertaking continuous improvement and self-reform, which was referenced in the Final Report of the Premier's Economic and Social Recovery Advisory Council in discussing opportunities for an improved government sector. The recommendation specifically noted that the 'Tasmanian Parliament should sponsor a process to drive structural reform of Tasmania's local government sector'.

⁸⁴ Local Government Association of Tasmania Submission.

The Review does not intend to make a specific recommendation on this subject but believes the relationship between the TSS and local government should be considered as part of this process, with a specific focus on areas of overlap, such as the exploration of increased intergovernmental shared services and collaboration in addressing challenges relating to the provision of contemporary services and the need for digital transformation.

Box 14: LGAT submission to the Review

There is currently a partnership with the Department of Health (DoH) on the Local Government Association of Tasmania Health and Wellbeing Project. This project is building the capacity of councils to improve the health and wellbeing of Tasmanians, supported by evidence and data from the Tasmanian Government. Local government worked closely with the DoH to co-design the project to make the most of the TSS's resources and local government's capabilities and local presence. The co-design of programs and projects helps to support the achievement of the shared objectives of state and local government, as both local and state-level knowledge is used. This approach is critical for Tasmania to address the challenges of today and tomorrow.

Government business enterprises

The focus of this Review is on the TSS and agencies that operate under the *State Service Act 2000*. The Terms of Reference explicitly exclude consideration of matters relating to employees of state-owned companies (SOCs) or government business enterprises (GBEs).

The GBE and SOC sector is relatively significant in Tasmania compared with most other states, playing, and expected to play, a major role in Tasmania's future. There are 6 GBEs and 8 SOC, the largest being Hydro Tasmania, Sustainable Timber Tasmania and Aurora Energy.

GBEs and SOC are managed under a corporate governance framework that comprises a range of legislation (e.g. *Government Business Enterprises Act 1995*), corporate governance principles, Treasurer's instructions and a series of guidelines. In keeping with arrangements elsewhere in Australia, NZ and the UK, the management arrangements with government are formal and arm's length. Their objectives are largely commercial.

In a small jurisdiction and an environment where the TSS seeks to draw on expertise from elsewhere, whether there is an opportunity to draw further on the capabilities of the GBEs is an interesting one. The Review is not suggesting a change to existing arrangements with the GBEs and is very mindful of potential conflicts of interest. However, the possibility of learning from the GBEs, sharing systems, personnel exchanges, surge capacity and so on, is worth considering. For example, there have been secondments between GBEs and the TSS. This is an area in which more might be done.

The Review does not intend to make a recommendation on this subject. However, it notes that the possibility remains of the TSS drawing on some of the capabilities of the GBEs, for the benefit of both and along lines consistent with the other sectors discussed in this section.

Coordination of secondments

The various partnerships outlined in the Review would benefit from overall coordination by the SSMO as regards participation (talent management) and consistency (where necessary) and any advice needed by heads of agency. A small amount of funding should be provided to assist the agencies establishing the secondment arrangements and to support SSMO's coordinating role.

Recommendation 33

That the State Service Management Office play an overall coordination and advice role in the secondment agreements proposed and developed.
A small amount of funding should also be provided to support the initiative.



PART 5 – **WORKFORCE**

Part 5. Workforce

What should we strive for?

The TSS attracts, retains and develops the best people to work in the State Service.

Capability is built across the service, with a focus on professional communities and shared learning and development. Recruitment is through a mix of processes designed to best meet the needs of the service as a whole and each agency. Targeted recruitment to vacancies is still used where required, but increasingly individuals are recruited through individual and/or group recruitment processes that target priority capabilities and encourage diversity.

The service is more diverse, better representing the community that it serves both in terms of demography and geography. Employment is flexible (wherever possible) with more positions being supported from a network of office hubs throughout the State, enhancing business outcomes, lifestyle choices and regional economies.

All state servants are inspired, empowered and supported to achieve great results. Roles and responsibilities are clear, but the workforce is more agile, rapidly adapting to the changing priorities of the government and the Tasmanian community.

People take on roles that are well suited to their capabilities, are supported to identify areas for development and have access to training where required. Separations are able to be used judiciously to make sure that the right people are in the right jobs at the right time.

Where are we now?

The employment framework is too heavily focused on process and procedure with many operational decisions made too close to the centre. A shift towards a more flexible, less prescriptive employment framework would improve the efficiency and effectiveness of the processes for recruiting, supporting and, if required, separating state service employees.

Workforce planning is patchy, with very limited whole-of-service planning. This limits the ability of the service to focus on whole-of-service capability building in priority areas or taking actions to address ongoing workforce issues such as ageing and diversity.

Recruitment activity is too heavily biased towards filling specific and narrowly defined vacancies, as opposed to building capability. This reduces the efficiency of recruitment processes and limits the capacity of the service to build communities of professional practice. It also promotes competition between and within agencies for scarce resources and limits the range of tools available for driving diversification of the workforce.

There is room for improved coordination and delivery of professional development through an increased focus on a common understanding of capability. Talent management – or the management of succession in key leadership roles across the service – is a gap.

Like other State public services, employment in the State Service is concentrated in the capital city. COVID-19 has fuelled increased adoption and acceptance of tools for flexible working which could be used to drive greater regionalisation of the service.

What do we need to do?

The Review makes a number of recommendations to:

- delegate all operational employment decisions to heads of agency and increase accountability for decision-making
- rewrite employment directions to be standards-based directions with supporting guides and policies
- undertake workforce planning across all agencies and at a whole-of-service level
- develop a whole-of-service capability framework for the TSS and use it as the foundation for increased capability development and more effective performance management
- increase the efficiency of recruitment through the increased use of group recruitment
- develop and promote communities of professional practice across the TSS
- promote increased mobility in the TSS
- promote and manage flexible working arrangements, including increasing consistency and facilitating regional employment.

5.1. Workforce context

Tasmanians rely on the skills and knowledge of members of the TSS and their motivation to deliver for Tasmania, the Tasmanian Government and the Tasmanian public. That is an essential underpinning of the lives of all Tasmanians today, and for the foreseeable future. The challenges the TSS faces in providing that underpinning are already very substantial and will only grow over time. Unless the changes proposed in this report to address these challenges are adopted, the ability of the TSS to meet those challenges will steadily decline. This is particularly evident in the workforce areas of the Review.

In 2019-20, the Tasmanian Government spent about \$3.5 billion, 52% of its total budget, on salaries and associated benefits for its employees. All but 2 government departments spent more than half of its total budget on employees⁸⁵. The Department of Education has the biggest share, with employee-related expenses making up 75% of its budget. This emphasises that the TSS is, first and foremost, about its employees and helping them to deliver for Tasmanians.

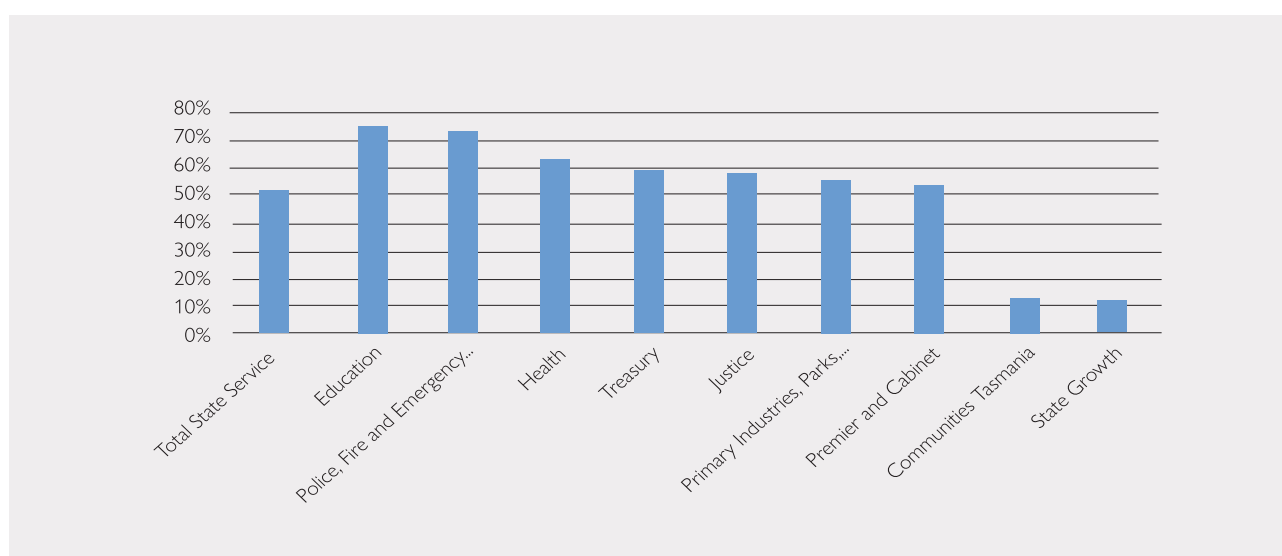


Figure 21: Proportion of total budget spent on employee-related expenses

For the TSS to continue to successfully deliver its outputs, the Tasmanian Government will need not just to continue, but to expand, its investment in its staff, systems and processes over time. It will need to take advantage of technologies and more contemporary working arrangements that support a more flexible and productive workforce. It will also need to free the TSS from some of the process shackles that bind it. This is critical to equipping the TSS to meet the challenges Tasmania faces.

⁸⁵ Communities Tasmania has a very low proportion of its budget directed towards staff due to the significant level of services delivered through externally funded organisations, and the Department of State Growth's budget includes significant capital funding for infrastructure development.

The Interim Report pointed to the role of workforce planning across the State Service, including whole-of-service workforce planning to address key issues such as ageing and skills shortages in priority areas. It also highlighted the importance of diversity and of creating a facilitative employment framework that supports recruitment of the right people, better and more consistent performance management, and enhanced mobility and easier separation where appropriate. The Review also noted the broadly held concerns regarding the prescriptive nature of the employment framework and the complexities that appear to have arisen from the proliferation of agency-specific 'local rules'.

The Interim Report did not provide a view on the 'health' of the employment framework or way forward. The Review has since undertaken a more detailed study of the employment framework, including a series of engagements across agencies and a comparative scan of key aspects of public service employment frameworks across other states and territories and the Australian Government.

5.2. Governing the State Service

The *State Service Act 2000* and the associated regulations are the foundation of the employment framework for and the governance of the State Service. The TSS comprises heads of agency, holders of prescribed offices, senior executives and employees.

The Act prescribes the functions of:

- The **Employer** – the minister administering the Act, currently the Premier.
- The **Head of the State Service** – performs the functions and powers of the Employer (other than the power to issue employment directions which vests in the minister). The Head of the State Service is also the Secretary of the Department of Premier and Cabinet.
- **Heads of Agencies** – whose functions are spelt out in section 34 of the Act. They are to ensure government agencies⁸⁶ operate effectively and efficiently, oversee employment-related functions within the agency, support workplace diversity and ongoing professional development (also see Recommendation 4 for proposed changes to their functions). They must also support the State Service Principles. Many of the powers of the Employer (and Head of the State Service) are delegated to agency heads.

In addition to the statutory roles, the Tasmanian Government has created the **State Service Management Office (SSMO)** to support and undertake functions under the delegation of the Head of the State Service in areas such as employment policy and programs, workplace relations, diversity and inclusion, and workforce planning and development. The role of SSMO is also to support the Employer with their whole-of-service work health and safety and wellbeing responsibilities.

⁸⁶ Government agencies are identified in Schedule 1 of the Act and include 10 government departments (9 traditional identifiable departments plus the Tasmanian Audit Office) and 8 state authorities.

Other important elements of the governance of the State Service provided by the State Service Act are:

- **State Service Principles** – outlined in Section 7 of the Act. The principles define the standards which a head of agency must uphold, promote and comply with. The principles constitute a framework within which the TSS works and includes characteristics of the service such as being accountable, impartial, ethical and professional, that employment is based on merit, and that workplaces are inclusive and respectful. Section 9(13) of the Act requires officers and employees to behave at all times in a way that upholds the principles. Section 2.3 discusses recommended changes to the State Service Principles.
- **Code of Conduct** – provided by Section 9 of the Act and sets the standard for ethics and behaviour in the TSS.
- **Employment Directions** – issued by the Employer and relate to the administration of the TSS and employment matters relevant to the Act. Unlike other Employer functions, the ability to issue employment directions cannot be exercised by the Head of the State Service.
- **Practices, Procedures and Standards** – determined by the Employer and relate to the management of, and employment in, the TSS. This Employer function is performed by the Head of the State Service.

These components of the governance of the TSS (with the exception of the Code of Conduct⁸⁷) are discussed below.

The Employer and Head of the State Service

The Employer of the employees of the State Service is the minister for the time being administering the State Service Act. Under the current Administrative Arrangements this is the Premier⁸⁸.

In practice, the functions of the Employer, except the issuing of employment directions, are undertaken by the Head of the State Service. The Act provides that the Head of the State Service is to perform and exercise the functions and powers of the Employer and anything done by the Head of the State Service is taken to have been done by the Employer.

The Employer's functions are specified in section 15 of the Act and include taking steps to uphold, promote and ensure adherence to the State Service Principles, determine practices, procedures and standards across the service, evaluate systems and procedures for compliance with the Code of Conduct and develop recruitment, performance management and professional development standards and programs.

The role of the Head of the State Service and broad functions of the Employer were established in early 2013.

⁸⁷ Code of Conduct is discussed further in 6.9.

⁸⁸ Under part 6 of the State Service Act, the Premier also appoints officers (heads of agency, senior executives and equivalent specialists) and prescribed officeholders. These appointments are made by the Premier in his role of Premier and not as Minister administering the State Service Act.

The *State Service Amendment Act 2012* (which passed in 2013) abolished the independent State Service Commissioner and transferred the authority to the Employer, with automatic delegated authority to the Head of the State Service (apart from issuing employment directions)⁸⁹. According to the Second Reading Speech, some of the key reasons for the changes were to⁹⁰:

- align the Employer's functions into a single office with the appropriate roles and responsibilities vested in the Head of the State Service. This makes explicit the importance of *stewardship* of the TSS and makes explicit the requirement of the Head of the State Service to uphold, promote and implement arrangements for effective service delivery and State Service workforce management
- strengthen the role of *workforce planning*, management and evaluation by the requirement for annual reporting by the Head of the State Service to the Parliament.

The ideas are central to this Review but there has been limited progress in embedding these changes into the TSS. The importance of stewardship was discussed in Section 3.3. Workforce planning is discussed further in Section 5.3.

The amendment Act also transferred the power to review State Service actions and employment selections to the Tasmanian Industrial Commission.

The specified intent of the changes made to the *State Service Act 2000* in 2013 largely related to the need to balance empowerment and accountability. In closing, the Second Reading Speech provided that the changes to the Act:

...will make sure that we have a robust governance structure in place to continue to support in the most efficient and effective way, our skilled and valued State Service employees, and that we, the government through the Employer, is accountable to you, the Parliament.

This is, in the Review's opinion, one of the most important features of the governance of the TSS – providing the ability to manage the workforce, balanced with clear accountability to Parliament for the service's performance.

Tasmania is materially different to the Commonwealth and most other states in not having an independent state service or public service commissioner. In other jurisdictions, this role has been recently reinforced or reinvigorated. The Commonwealth and New South Wales have done so in the last decade, the Commonwealth in response to the *Ahead of the Game* report and the Thodey Review and NSW as part of the introduction of its new *Government Sector Employment Act 2013*. The absence of a statutory public service commissioner, sitting independent of heads of agency, is unique to Tasmania.

⁸⁹ The Employer still plays a major role in employment-related issues, even though most of the powers are delegated to the Head of the State Service.

⁹⁰ Other state reasons included giving the Tasmanian Industrial Commission responsibility for employee review, providing the Auditor-General with responsibilities to examine the performance of the State Service, and strengthen the ability of the employer to refer matters to the Auditor-General. These are less relevant to the Review.

Arguments were made to the Review to reinstate the role of the independent State Service Commissioner. However, on balance, the Reviewer decided not to recommend reinstatement for the following reasons: some of the governance changes recommended here will reduce the expressed concerns inherent in the combined role; the small size of the TSS reduces the benefit from 2 separate roles; and in no respect did this issue appear as important as others that need to be addressed.

The option should, however, be kept under consideration. This is a similar position to that taken in 2013 when the strengthening of the independent role was considered but not taken up by the government. Should the government decide, at some future point, to reconsider an independent role, then there would be an advantage in considering a part-time commissioner, and specifying experience in both the private sector and a public service other than Tasmania's as items for consideration.

The Review has also heard that significant improvements need to be made to the employment framework of the TSS and, throughout this section, makes recommendations that facilitate efficient and effective decision-making in the employment framework while maintaining appropriate levels of accountability. The recommendations also seek to bring the employment framework into line with more contemporary employment frameworks in other states and territories and the Australian Government, as identified through the Review's research.

As a guiding principle, the role of the Employer/Head of the State Service should be strategic, focused on system design and acceptable or minimum standards that should be applied in decision-making. They should not get involved in routine operational employment decisions (particularly detailed operational decisions) unless, for example, those decisions are high risk, could have an adverse impact on other agencies, or require actions that could be perceived as being inconsistent with the State Service Principles or damage the integrity of the employment framework.

The current arrangements are not consistent with this principle, as a large number of operational decisions are escalated to the Head of the State Service or the Director of the SSMO on behalf of the Head of the State Service. This issue is discussed further below.

In terms of setting appropriate accountabilities, there is limited capability in existing HR systems to routinely and consistently report on workforce-related data. This limits the ability of the Head of the State Service to monitor the efficacy of the employment framework and to hold heads of agency to account for decision-making that is consistent with agreed policies and principles. It also increases the risk of delegating decision-making and helps drive an overly centralist approach to decision-making.

Section 4.4 discusses the importance of assigning functional leadership to agencies for some of the State Service's core business systems.

The government has agreed to the funding required for the Department of Health to develop a new Human Resource Information System (HRIS), and other agencies are planning to build on this foundation, effectively creating a single integrated HRIS for the State. This is critical to support the strategic role of the Head of the State Service, and even more important under a more decentralised system of decision-making.

It is important that the design of this system includes the business requirements in this context and that SSMO is taking a leading role in ensuring this is the case.

Recommendation 34

That the Department of Health continue to develop the Human Resource Information System (HRIS) to provide the foundation for a whole-of-government system, with clear whole-of-government business requirements for accurate and timely reporting to heads of agency, the Head of the State Service, the Employer and Parliament.

Heads of agency

Heads of agency are responsible and accountable for the efficient operation of their agency and for employment-related functions within their agency. To support this, heads of agency should be empowered to make the decisions required to recruit, develop, move and separate employees. That is not to say they should be unconstrained in their decision-making. Rather, they should be accountable on an ongoing basis for making decisions within a framework of principles and policies established under the Act or by the Employer. The results should also be taken into account in the annual performance assessment and, where appropriate, included in the annual report of the agency.

There are notable examples in the current arrangements of where heads of agency must escalate matters for central decision-making (Employer, Head of the State Service or Director SSMO), including for example:

- establishing a fixed-term or casual employment register (Practices, Procedures and Standards 1, clause 6)
- implementing an agency-specific recruitment process (Practices, Procedures and Standards 2, clause 5)
- creating a fixed-term position beyond 3 years (Employment Direction 1 clause 9.3)
- seconding individuals into and out of the TSS (Employment Direction 1, clause 19)
- approving agencies to undertake checks of pre-employment in relation to applicants for any position or category of positions (Employment Direction 7, clause 6.3)

- approving a market allowance essential for a specific group and/or individual undertaking specialist duties (Employment Direction 20, clause 5.2)
- determining that duties are to be senior executive or equivalent specialist in nature and making a decision on SES classification level (Employment Direction 17, clause 2)
- approving a head of agency to assign a classification to duties at General Band 9, 10 or Professional Band 6 (Employment Direction 18, clause 5.1)
- approving an agency to specify essential employment requirements other than those specified under an award, industrial agreement, legislation or employment direction (Employment Direction 1, clause 16.1).

Many of these do not seem to merit the required escalation (or the resulting approval). The Review has heard there are varying levels of frustration with the extent of centralised decision-making, either by the Head of the State Service or as delegated to the Director and Deputy Director of the SSMO. It is the view of agencies that overly risk-averse settings create significant inefficiencies in human resource management and mean that the authority of heads of agency to make decisions is inconsistent with their accountabilities to deliver outcomes within their agencies. The Review considers this observation to be sound.

In some instances centralising decisions is a deliberate and not unreasonable policy to manage risks (e.g. approval of market allowances). In other instances, however, it appears that decision-making authority is centralised to ensure consistency or as a way to implement policy that is out of proportion with the apparent risk involved. This muddies and confuses accountabilities so that, in the end, there is no accountability at all, or it is much diminished. It increases the time and effort that it takes to make all decisions for the sake of preventing a small number of poor decisions. It also moves the decision further away from the people likely to have the clearest view of the context within which the decision is being made. It frustrates middle managers who bear much of the work involved. Finally, it cuts across heads of agency specific responsibilities and accountabilities.

The office of head of agency is an accountable position. With the right reporting arrangements, this accountability can and should extend to the quality of employment decisions. The Review considers that, as a default position, employment decisions are delegated to heads of agency, with central decision-making retained only where it can be justified in terms of risk.

Increased responsibility for decision-making by heads of agency will need to be coupled with improved accountability for those decisions. The process associated with delegating decision-making to heads of agency where appropriate should, therefore, include appropriate 'after-the-fact' reporting to the Head of the State Service and, where appropriate, in agency annual reports.

Once functions and powers are delegated to heads of agency, the role of the Head of the State Service and SSMO will be able to become more strategic, for example, to define standards and expectations, to provide ongoing strategic support for heads of agency, and to review and evaluate how agencies are meeting their obligations under whole-of-service policies and directions.

Recommendation 35

That operational employment-related decisions be delegated to heads of agency unless centralised decision-making can be justified in terms of high risk to the government or the service. That the Head of the State Service provide advice to the Employer on decisions that should be made centrally and the risks that this approach is seeking to manage.

That the Head of the State Service develop and implement a reporting framework to ensure that heads of agency are accountable for complying with directions and policies established by the Employer.

State Service Management Office and agency engagement

The role of SSMO is critical to the implementation of the recommendations of this review and the ongoing 'health' of the service. SSMO provides the bridge between the Head of the State Service and heads of agency. SSMO provides advice on employment matters, assists with building capabilities in agencies and supports the whole-of-service responsibilities of the Head of the State Service. Finally, it provides the central human resources that all large organisations must have.

The Interim Report noted that SSMO was perceived as too heavily involved in operational issues and as a 'gatekeeper' for too many operational employment decisions, which gives rise to a persistent tension – on the one hand, agencies claim frustration at always having to check with, and often, seek agreement to decisions from SSMO and/or being regularly 'second guessed' and, on the other, they often appear reluctant to act without SSMO's endorsement and 'cover'.

The second phase of the Review has reinforced the view expressed in the Interim Report that a key role of SSMO is to provide strategic advice to the government, the Head of the State Service and heads of agency. The Interim Report suggested that the Department of Premier and Cabinet separately conduct an independent review of SSMO's capabilities to determine its structure, ability and resourcing needs to meet its existing roles and the new ones proposed by this Review (Interim Report Chapter 6). The Department of Premier and Cabinet has commissioned this review and the Independent Reviewer has had the opportunity to have input into this process.

The final outcomes from the review of SSMO were not available at the time that this Report was completed, which makes it difficult to express a definitive view on whether the proposed way forward for SSMO suitably supports the recommendations of this Final Report.

Early advice, however, is that the review will recommend that SSMO increase its strategic focus and drive a collaborative way of working across the service. This includes taking a lead role in developing and implementing whole-of-service workforce management strategies. It will also reduce its involvement in operational decisions, which will be delegated to heads of agency.

Additional resourcing will be required to support the increased emphasis of SSMO on strategic workforce management and planning. It is understood that the review of SSMO suggests that these additional resources be made available through reallocating responsibility for the more operational activities of SSMO (such as managing PageUp and procuring training providers). Regardless of how it is achieved, the Review notes that SSMO would not be able to deliver on the expectations of this Report without significantly recalibrating its current resourcing or additional resourcing.

The review of SSMO's role and capability should be completed and implemented as a priority given its key role in implementing the recommendations of this Report.

Recommendation 36

Complete and implement a review of the capability and role of the State Service Management Office as a priority.

Employment directions, practices, procedures and standards

Section 17(1) of the *State Service Act 2000* authorises the Employer to issue employment directions which '...relate to the administration of the State Service and employment matters relevant to this Act'. There are currently 24 employment directions and 6 ministerial directions⁹¹.

Section 15(b) of the Act also provides that a function of the Employer, undertaken by the Head of the State Service, is to determine practices, procedures and standards in relation to management of, and employment in, the State Service.

Virtually everyone consulted throughout the Review suggested that the employment directions were overly prescriptive and, in many instances, covered issues that would be best dealt with through much more flexible instruments, if they needed addressing at all. This view was reinforced by a detailed examination of interstate and Commonwealth public sector employment frameworks commissioned by the Review Secretariat that found that Tasmania has a highly prescriptive employment framework, with an overabundance of process and reviews that focus too heavily on procedure, rather than the merit of decisions. The Review found, for example, that the requirements for the management of misconduct, serious misconduct, and performance management were perhaps the most prescriptive processes across all Australian jurisdictions. The management of terminations was also heavily burdened by processes and too heavily reliant on procedural actions from heads of agency.

⁹¹ Ministerial directions are statutory instruments made under the *State Service Act 2000* prior to amendments in 2013. Ministerial directions are being phased out over time, with entitlements being transferred into awards or industrial agreements.

The Review confirmed that reform of the employment framework in Tasmania is required to bring Tasmania up to the standard being used across the country.

The Review has considered the employment directions in detail and consulted with relevant professionals across the TSS and beyond. The scan of state and Commonwealth employment frameworks has also been used to assess their suitability.

Appendix B provides detailed advice on the recommended way forward for employment directions. In summary, it is proposed that most employment directions are revoked over time and transferred into practice guides or other instruments maintained by the Head of the State Service. These documents should primarily provide guidance, rather than prescriptively bind heads of agency.

As is currently the intent, relevant entitlements under ministerial directions should be transitioned into industrial agreements or awards.

The remaining employment directions should be redrafted to focus on standards for compliance with minimal prescribed procedures. Any residual prescriptive processes should be identified as suitable, but non-mandated, options that comply with the standards and other requirements of the *State Service Act 2000*.

Table 5: Employment directions and ministerial directions to be revoked and, if necessary, transitioned into policies, guides or other instruments

No.	Title	No.	Title
2	State Service Principles	20	Application of Market Allowance
9	Changes of Employment Status – Teachers	23	Work Health & Wellbeing
11	Statement of Duties	28	Family Violence
12	Internet and Email Use	MD 1	Administration – administrative procedures, entitlements, transport, certain employees
13	Pay Advice Details	MD 2	Work arrangements and leave – leave provisions, personal/ carers leave, State Service holidays
14	Teaching – leave, salaries, scholarships	MD 5	Tasmanian Fire Fighting Industry Employees Award 1995 – part-time employment
15	Emergency Service Volunteers, TFS, Ambulance and SES	MD 6	Nurses (Tasmanian Public Sector) Award 1992 – part-time employment, salary calculations, jury service, leave
16	Indemnity and Legal Assistance	MD 7	Transport – calculation of salary, increments, leave, transport
18	Band 9 & 10s	MD 21	Travel and Relocation Assistance with respect to Appointment, Promotion or Assignment of Duties for Officers and Employees

The remaining employment directions should be reviewed, with a mind to them being rewritten and consolidated into themes that align with contemporary employment practices and the operating requirements of the TSS. These themes could include:

- Employment in the State Service (incorporating EDs 1, 1A, 4 and 7)
- Code of Conduct (incorporating ED5)
- Ability To Perform Duties (incorporating EDs 6 and 29)
- Managing the Senior Executive Service (incorporating EDs 17 and 17A)
- Performance Management (incorporating ED26)
- Possibly, Workplace Health and Safety (incorporating ED27).

Specific issues are discussed in later sections. In general, however, the following approach is recommended for redrafting these employment directions.

Employment in the State Service

An omnibus employment-related employment direction could include all the relevant provisions of employment directions 1, 1A, 4 and 7. Prescriptive elements of the employment direction should be removed (e.g. details to be included in advertisements) and as far as possible placed in practice guides where useful. The remaining elements of the employment directions should focus on minimum standards and the principles of natural justice and procedural fairness where appropriate.

For example, the current employment direction provides a range of very prescriptive requirements for the use of subsequent selections. This could be replaced with principles-based guidance that a person deemed suitable for appointment to a salary level within the TSS may be subsequently appointed to that level provided the appointment is within a given period, perhaps 12 months (this is also discussed in the section regarding recruitment).

Advertising fixed-term positions permanently after 24 months includes a further example of the level of prescription that could be removed. It is unnecessary, for example, to prescribe that decisions on these applications ‘...must be fully documented and made in a timely manner’ or that applicants must be notified of decisions ‘...within 14 days of the date of the advice of the decision’. Agencies should be generally accountable for the quality and timeliness of decisions.

As discussed previously, decisions that need to be made by virtue of this employment direction should be delegated to heads of agency (unless specifically excluded).

Code of Conduct and ability to perform duties

This employment direction could cover the processes for reviewing breaches of the Code of Conduct and the ability to perform duties. As with the employment-related directive, this employment direction should minimise prescription.

The approach to managing Code of Conduct related investigations is discussed further in Section 5.9. It is relevant to note that the provisions of ED5, however, should be amended to allow for short, simplified responses to minor breaches of the Code of Conduct.

In terms of inability to perform duties and abandonment of employment, the Review heard that there should be a delineation between investigations and processes associated with abandonment or where an employee ceases to hold an essential requirement for a position (e.g. professional accreditation), compared to inability due to physical or mental health. The latter requires a process that is highly sensitive to the physical or mental health needs of the employee, and agencies should have adequate flexibility to adapt their approach. The former, however, is largely an investigation into available facts so that an informed decision can be made. It may be preferable to differentiate Code of Conduct related investigations from the current processes surrounding an employee's ability to perform duties.

For example, the Department of Education should not need to conduct an investigation into the ability of an employee to continue to perform their duties in a school after they had been incarcerated and had lost their working with vulnerable people certification. In these circumstances, the Department of Education should be required to confirm that the facts are true, including offering the employee an opportunity to respond to the alleged facts, and then act to terminate the employment if appropriate (i.e. 'not harsh').

Managing the Senior Executive Service

Employment Directions 17 and 17A should be rewritten using the approach outlined above, i.e. with a focus on standards for compliance with minimal prescribed procedures, with any residual non-mandated processes included in another suitable instrument.

The Review has previously discussed the delegation of employment decisions to heads of agency. If this includes the appointment of Senior Executive Service officers, then some of the requirements of this employment direction become unnecessary. A significant majority of the remaining elements of this employment direction could also be transferred into a guide on the management of SES officer positions.

Only the minimum standards should remain within the employment direction. For example, 'Appointment, Consecutive Appointment, Mobility and Strategic Staffing Management' is almost 3 pages of text. This text could be consolidated to a small number of mandatory standards such as:

- 'A head of agency is able to appoint a person and offer a consecutive appointment to a senior executive office Level 1 or 2 or to an equivalent specialist office.'

or

- ‘An officer offered less salary, allowances and benefits than the previous Instrument of Appointment or a term of less than 60% of the previous term is entitled to severance benefit in accordance with this employment direction.’

It need not include the detailed process for SES mobility, or the process for notifying the Premier or Cabinet. These are policy decisions of government that should be included in the appropriate guide.

Performance management

Section 5.8 discusses changes proposed to performance management in the TSS, including proposed amendments to the State Service Act. ED26 should be rewritten to reflect those changes, noting that most of the detail should be moved to a good practice guide for agencies.

Workplace health and safety

The Head of the State Service and each head of agency has a range of duties and obligations under the *Work, Health and Safety Act 2012*. It may be necessary and appropriate to retain ED27 in some form to support the Head of the State Service and heads of agency to discharge those duties and meet their obligations. This requires further consideration beyond the scope of this Review.

Recommendation 37

That the Employer progressively revoke all superfluous employment directions with necessary material translated into TSS practice guides or other suitable instruments.

That the SSMO, in consultation with state government agencies, rewrite remaining employment directions as standards-based directions, with increased flexibility for agency decision-making and process design.

5.3. Workforce planning

Public services in Australia and globally will face ongoing change over the coming decades in a range of highly significant ways⁹². For example, ongoing digitalisation, both internal to government and in terms of the ‘customer experience’, is driving changes in the way that public services work, and the skills that they need. COVID-19 has radically increased the rate of change in terms of flexible working arrangements and employee mobility. These come on top of the TSS’s existing challenges, which, as noted in the Interim Report, include demographics, skills shortages and diversity.

Managing this change and meeting these challenges will require a deliberate, forward-looking strategy for attracting, recruiting, developing and retaining the workforce. The TSS needs to understand its current workforce and its future needs

⁹² See for example, *Government Trends 2021: Global transformative trends in the public sector*, Deloitte, 2021.

as a whole. It also needs to understand potential changes in the community and the job market to make sure it is planning for and building the right capabilities. This includes workforce planning, both robust and consistent workforce planning at the operational level for individual agencies, and strategic workforce planning at the whole-of-service level. As noted in the Interim Report, this is done by some agencies, but not by the TSS as a whole (see Section 6.1 of the Interim Report). SSMO has a responsibility for gathering and publishing regular workforce data. This should provide the foundation for whole-of-service workforce planning.

Building a robust evidence base

Accurate and relevant data about the workforce is essential for effective workforce planning. In SSMO's workforce planning model, it is essential for the initial workforce analysis, for forecasting future needs, and for monitoring and evaluating the results.

The Review has identified that reporting of consistent data is inhibited by the limited ability to routinely and easily access data. The timeliness of data and its accuracy impacts on the ability of the State to support whole-of-service workforce planning. Currently data is harvested by individual agencies and provided to SSMO on a 3-monthly basis. Data is not able to be easily used to analyse overall workforce trends in a way that assists the State to systematically identify future challenges or priorities. There are no clear whole-of-government standards for the recording of HR information, so there are inconsistencies in the data provided to SSMO.

The Review suggests that accessing data is one of 4 core elements required for a contemporary data analysis and reporting capability, which are:

- clear standards for recording and harvesting of HR data
- regular reporting and consolidation of data into whole-of-government datasets
- capable and purposeful analysis of the data
- translation of data and analysis into information to support prioritisation and decision-making.

As noted previously, the Department of Health is in the process of developing their HRIS with the intention that other agencies will transition to this new system once built. This provides an invaluable opportunity for improving the data available for workforce planning purposes, as well as improving accountability of agency decision-making (see Section 5.2 and Recommendation 34). The TSS should secure value from this opportunity by developing a whole-of-government framework for recording, reporting and analysing workforce data to inform workforce planning.

Recommendation 38

That the TSS develop a whole-of-government framework for recording, reporting and analysing workforce data to inform workforce planning.

Way forward for workforce planning

The Interim Report recommended that a centrally prepared, whole-of-service workforce plan should be developed in the next 12 months and reviewed and updated regularly thereafter. The Review continues to support a whole-of-service workforce plan, but suggests changes in the way it is developed and the time period over which it is developed to ensure that it delivers value for the government. The Review also considers that workforce planning should be progressed concurrently at both the agency and whole-of-service level.

Agency-level workforce planning

Given the challenges facing the TSS, the Review considers it important that workforce planning is implemented consistently across agencies. There is some workforce planning across the service, but it is limited and relatively patchy. In a 2019 survey of agencies, 9 agencies stated that they did not currently have a strategic workforce plan and 7 stated that they did.

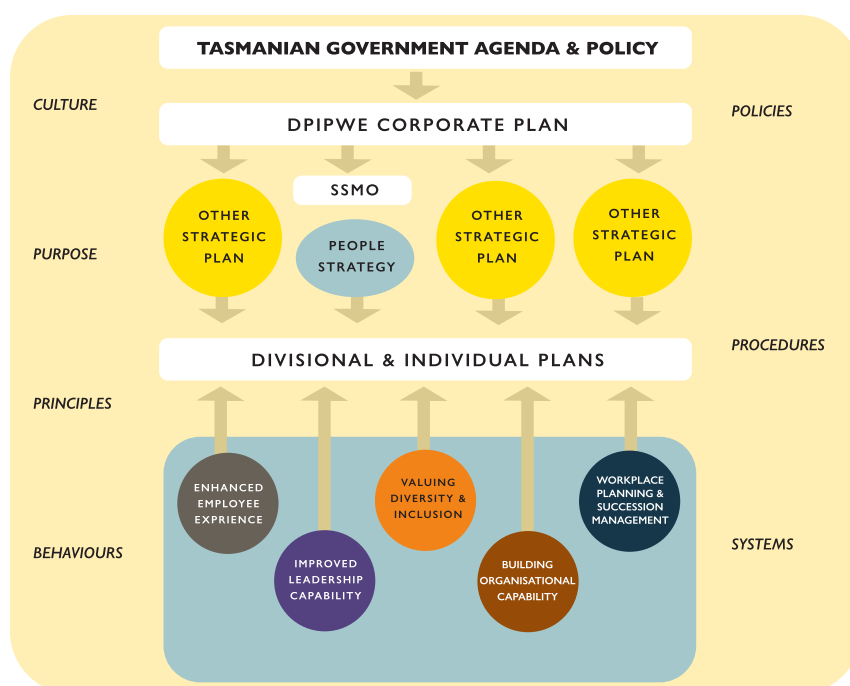


Figure 22: Excerpt from DPIPWE People Strategy 2019-2023

Box 15: Some drivers for workforce planning

Tasmania is the oldest public service on average in the country and faces challenges as larger proportions of the workforce transition to retirement, bringing a loss of skills and knowledge and potentially opening up skills gaps across the sector. As of September 2020, 27% of TSS employees were aged 55 and over. Tasmania's population as a whole is ageing at a faster rate than the average of the rest of Australia and it has a much smaller proportion of the population aged between 20 and 44, the prime working age groups. This presents a real issue in attracting enough younger people to replace the TSS workforce as retirements increase.

Tasmania is currently facing skills shortages across areas such as construction, engineering, health professionals, nurses and teachers. For example, the need for employment in the health care and social assistance industry was projected to grow by 12.1% in Tasmania over the 5 years to May 2023, but in 2018–19 only 35% of vacancies were filled (*Health Professionals, Tasmania 2018–19*, Australian Government Department of Employment, Skills, Small and Family Business). The TSS needs to have a better plan to ensure that critical gaps can be filled through internal capability building, attracting talent into the service via external pathways and partnering with others who can supplement the TSS capability.

Workforce planning provides a forward focus on ensuring a diverse and inclusive TSS. For example, currently women represent 71% of the overall TSS workforce but only 43% of officers (SES, heads of agency, prescribed office holders and equivalent specialists), indicating there may be barriers to women progressing to more senior roles. Understanding the current state of the workforce for various diversity groups, identifying where the service needs to be more inclusive and reflective of the community, is essential for a flexible and innovative TSS. A whole-of-workforce plan is critical to be able to do this in an evidence-based, structured way.

The skills that the TSS need are changing as a result of digitalisation and, for example, the ongoing diversification and change in the State's economy. Workforce planning is a key enabler to being able to help forecast when and how the TSS may need to flex up or change shape based on past experiences (e.g. learning from COVID-19 and how internal and external forces may impact on the services required by the community).

Finally, whole-of-service workforce planning helps to identify capabilities that should be developed internally and those that should be sourced from outside the service. It assists with identifying capabilities that may not be sustainable in individual agencies but could be built and maintained by one agency (or a small number) and provided as a service to others (see Section 4.4 and Section 6.5 on functional leadership).

The SSMO has developed a workforce planning model that promotes workforce planning at 3 levels: immediate (now), intermediate (short-term future plan for known issues) and strategic (long-term future plan). It recommends a 6-stage planning cycle that transitions from an internal workforce analysis, through forecasting future needs, implementing strategies, and monitoring and evaluating success. This cycle aligns with the recommended workforce planning cycle in Victoria and has similarities with workforce planning guides in other states and territories (see Figure 23). In the TSS, like most other states and territories, workforce planning is promoted, but not mandated for agencies.

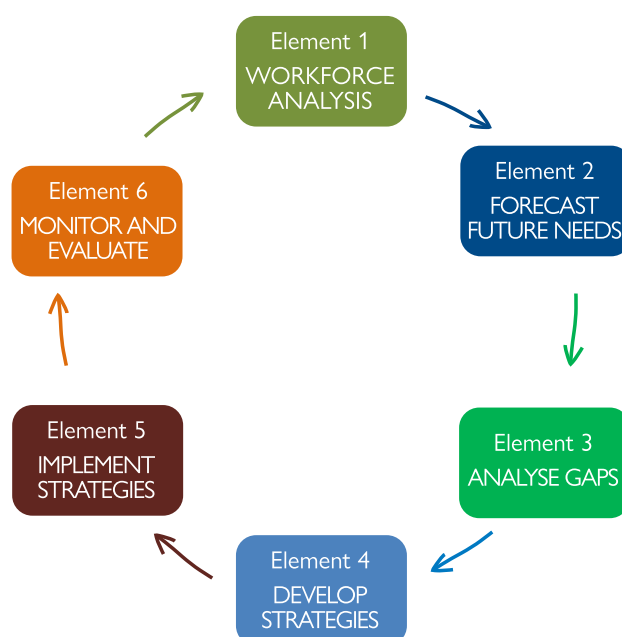


Figure 23: Workforce planning model developed by SSMO

All states and territories, like Tasmania, maintain whole-of-government guidance on strategic workforce planning. Queensland, however, takes the further step of mandating workforce planning in each agency through its Performance Management Framework – Specific Purpose Planning Requirements. Under these arrangements, all agencies are required to ‘...develop a strategic workforce plan which is updated annually to coincide with the strategic planning process’.

Given the importance of the TSS workforce, the Review supports the approach adopted by Queensland and recommends that workforce planning should be a mandatory component of agency planning. It is accepted that not all plans made will be the same, with smaller agencies encouraged to simplify the workforce planning process.

Plans should be regularly refreshed (every 12 months) and periodically reviewed (every 3 years). This will ensure they remain contemporary and can inform, and be

informed by, the workforce plans of other agencies (where relevant) and whole-of-service workforce plans. The first plans can be simple and rudimentary, especially for smaller agencies and the agencies that don't already have plans. The maturity of workforce plans should improve over time.

There are various mechanisms for mandating workforce planning across government, including employment directions or practices, procedures and standards developed under Section 15(1)(b) of the *State Service Act 2000*. The Review does not have a view on which instrument is used for this purpose.

Recommendation 39

That all state government agencies ensure they have workforce plans in place by the start of 2023, which will be refreshed every 12 months thereafter and reviewed every 3 years.

Whole-of-service workforce planning

The introduction of the role of the Head of the State Service in 2013 was, in part, to '...strengthen the role of workforce planning, management and evaluation' across the TSS through annual reporting to Parliament. A significant proportion of this planning should be progressed at the agency level to ensure that plans support the operational needs of agencies. There is, however, a clear role for whole-of-service planning in priority areas.

Whole-of-service workforce plans have been developed in the Northern Territory and the Australian Public Service.

The Northern Territory Human Capital Plan identifies a range of actions considered necessary to promote workplace culture, workplace leadership, workplace conditions and workplace design. The aim of the plan is to assist the Northern Territory to maintain:

... a sustainable workforce with the capacity and capability to deliver the required products and services to the NT Community and meet the priorities and expectations of Government now and into the future⁹³.

The Northern Territory is small and will need to draw on skilled staff outside of its jurisdiction, which may partly explain its focus on whole-of-service workforce planning. The TSS is not in a dissimilar position.

The Australian Public Service has also identified the benefit of a whole-of-sector workforce strategy based on current and emerging workforce and community needs. The strategy provides direction across 3 key areas:

- attract, build and retain skills, expertise and talent
- embrace data, technology and flexible and responsive workforce models
- strengthen integrity and purposeful leadership⁹⁴.

⁹³ https://ocpe.nt.gov.au/_data/assets/pdf_file/0011/248546/Human_Capital_Plan.pdf (last accessed 27 June 2021).

⁹⁴ *Delivering for Tomorrow: the APS Workforce Strategy 2025*.

The APS strategy is not designed to replace agency-level workforce planning and acknowledges that aligned local planning should be supported by the Australian Public Service Commission's Centre of Excellence for APS workforce planning capability.

The Office of the Commissioner for Public Sector Employment in South Australia has released its Strategic Direction 2020-22, which includes the development of the 'Delivering Workforce Transformation Roadmap' and HR Strategy, as well as building practical resource planning tools for the South Australian public sector.

Similar to the plans delivered in the Northern Territory and the APS (and under development in South Australia), the TSS would benefit from whole-of-service strategic workforce planning. This could be one or a series of plans that address key issues in the current workforce or emerging capability needs for the State. Key issues could include current challenges identified through workforce reporting (e.g. ageing or diversity), or key capabilities that will be required to deliver on future priorities for the State (e.g. employment, digitalisation or child wellbeing). Whole-of-service workforce planning should continue to be supported by SSMO.

The University of Tasmania should be able to assist with the development of whole-of-service (and individual agency) workforce planning and has indicated a willingness to do so. This is discussed further in Section 4.6.

Recommendation 9 of the Interim Report was that 'a centrally-prepared, whole of Tasmanian State Service Workforce Plan should be developed in the next 12 months and reviewed and updated regularly thereafter'. This recommendation is modified to extend the timeframe for the completion of the plans to 24 to 30 months to reflect 3 current challenges for whole-of-service planning: the ability to access data to support planning; the need for whole-of-service planning to be underpinned by more consistent workforce planning by agencies; and the need to ensure that whole-of-service planning is informed by government priorities. The additional time will allow for the:

- development and implementation of the HRIS by the Department of Health, and the whole-of-service framework for recording, reporting and analysing workforce data discussed earlier
- development of agency workforce plans by the end of 2022
- release of whole-of-service priorities and consideration of their implications for workforce planning.

Recommendation 40 (adapted from Interim Report Recommendation 9)

Develop centrally a whole-of-TSS workforce plan by the end of 2023 that targets identified workforce challenges and supports whole-of-government priorities. Whole-of-service workforce plans should be refreshed every 12 months and renewed every 3 years.

5.4. Diversity

The Interim Report noted that an effective and high-performing workforce is one that has access to a range of skills, knowledge, experiences and capabilities – a diverse workforce (Interim Report Chapter 6).

The TSS has promoted diversity across the service through the *State Service Diversity and Inclusion Framework 2017-20*, which outlined a range of initiatives for fostering diverse and inclusive workplaces. Examples of positive outcomes across government include the increase in women in senior leadership positions across the service; the development and ongoing implementation of the *Aboriginal Employment Strategy 2022*; a range of youth initiatives (such as school-based traineeships and TasGraD programs); and changes negotiated through the Public Sector Unions Wages Agreement to improve gender equity in areas such as superannuation and paid maternity/adoption leave. The Review understands that a new diversity and inclusion framework is being developed.

In addition to the whole-of-government initiatives, agencies have also implemented a range of diversity and inclusion initiatives, which included unconscious bias training, promotion of workplace flexibility arrangements and women in leadership programs.

Despite this work, the TSS remains relatively homogenous. As outlined in Section 1.2 'Size and shape of the TSS', 6% of the workforce identified as having a disability and 3% as being of Aboriginal or Torres Strait Islander origin. This compares to the 2018 estimate that 26.8% of the Tasmanian population was living with a disability⁹⁵ and the 2016 Census estimate that 4.6% of the population identified as being of Aboriginal or Torres Strait Islander origin⁹⁶. The vast majority (almost 90%) of respondents of the State Service Survey were born in Australia (compared to over 80.7% in the population).

The Interim Report also noted that COVID-19 had a disproportionate impact on the employment of young people and women. The Premier's Economic and Social Recovery Advisory Council recommended that the State implement a structured approach to increasing the share of its own workforce represented by young people, that it creates traineeship pipelines in government, and that it maintains at least gender parity in recruitment.

⁹⁵ Disability, Aging and Carers Australia: Summary Findings, Australian Bureau of Statistics, available at <https://www.abs.gov.au/statistics/health/disability> (last accessed 21 June 2021).

⁹⁶ Aboriginal and Torres Strait Islander Population – Tasmania, Australian Bureau of Statistics, available at <https://www.abs.gov.au> (last accessed 21 June 2020).

Between March and May 2020 the estimated total number of women employed in Tasmania (seasonally adjusted) fell by 7.61% (compared to 6.48% for men)⁹⁷. The estimated number of young people aged 15 to 24 employed in Tasmania fell by 18.5% over the same period⁹⁸. Employment in Tasmania has, however, recovered to the point that the number of women and young people employed is higher in May 2021 compared to March 2020.

Regardless of the impacts of COVID-19, there is still merit in supporting increased employment of youth in the TSS and of women in leadership and management positions.

As outlined in Section 1.2 'Size and shape of the TSS', the proportion of employees in the TSS aged 15 to 24 is growing slowly, from 3.32% in 2016 to 4.13% in 2021. This is still a long way off the proportion of young people in the total workforce in Tasmania (15.22%). While the TSS may never reach full parity with the total workforce, the Review considers there to be merit in continuing to boost the level of young people employed in the service and retains the recommendation included in the Interim Report.

Recommendation 41 (Interim Report Recommendation 10)

Increase the number of placements available in the graduate, cadet, intern and traineeship programs to create more employment opportunities for young people in the TSS.

As also outlined in Section 1.2 'Size and shape of the TSS', while women occupy 70% of all TSS positions, they only occupy 49% of the top third of the highest paid positions in the service. This suggests that there are barriers, external or internal, to women advancing in their careers at the same rate as men.

There are a number of initiatives being driven across the TSS to support women in positions of leadership. In 2016, all heads of agency signed the Gender Diversity in the Tasmanian State Service statement that included the vision that '...the TSS is an inclusive organisation, where women and men are valued, respected, and treated equally and fairly'. Heads of agency reaffirmed their commitment to this statement in 2019.

Similarly, the *Women on Boards Strategy 2020-25* aims to increase the representation of women on Tasmanian Government boards and committees. This initiative follows from the successful implementation of the *Women on Boards Strategy 2015-2020* that supported an increase of women on boards from 33.8% in 2017 to 46.4% in June 2020.

Given the current level of activity in the TSS on diversity and the improved outcomes, the Review is not making any additional recommendations. That said, women in the TSS should expect further improvement in their involvement at senior levels and, if not forthcoming, further measures should be taken.

⁹⁷ Australian Bureau of Statistics. 6202.0 Labour Force Australia, Table 9. Labour force status by Sex, Tasmania – trend Seasonally adjusted and Original.

⁹⁸ Australian Bureau of Statistics. 6202.0 Labour Force, Australia, Table 16. Labour force status for 15-24 year olds by state, territory and educational attendance (full time).

More broadly, the recommendations in this Final Report regarding whole-of-service workforce planning and some of the recommendations below regarding group recruitment and communities of professional practice will provide additional opportunities for the recruitment of specific cohorts that are not well represented in the TSS. The flexible working arrangements discussed in Section 5.11 will also contribute to inclusive and respectful workplaces and enable a range of employees to access employment and contribute to the TSS.

5.5. Cultural shift towards building capability

One of the direct benefits of workforce planning is that it can help drive a more considered, productive approach to building capability across the State Service by focusing collective agency resources on common capability needs. This supports a shift away from thinking individually about skills and qualifications in a position or team, to a broad focus on building the shared recruitment practices, professional development pathways and relationships required for the development of capability across the TSS.

Building capability should include the full breadth of activities from targeted recruitment (including for diversity), targeted professional development (priority skill lift) and identification of where capabilities may be best sourced externally.

Recruiting for capability

There are around 750 permanent appointments to the TSS every year. The significant majority of those appointments will involve the lengthy process of designing an individual Statement of Duties, advertising the role, convening a panel, interviewing a subset of applicants, writing a report to recommend the selection of a successful candidate, waiting for a review period to conclude and then informing the successful and unsuccessful applicants. This is a resource-intensive and slow process, taking at times many months. Often the appointment of a person to a position creates another TSS vacancy, and so the process begins again.

The resources required to support this process from both the applicant and the employer are significant. From the employer's perspective, costs include the time and effort of the selection panel (and support personnel) and the impacts of the position being vacant for an extended period. For the applicant, costs include the time taken to write and lodge the application and participate in the process⁹⁹. For both, the process is slow, sometimes agonisingly slow, and for the team with the vacancy, it adds to workload pressures.

Recruiting to similar vacancies in a short timeframe also generates competition among government agencies and among agency business units. Highly valued staff can be 'poached' when vacancies arise, increasing the disruption potentially to multiple workplaces that then have to begin their own potentially lengthy recruitment processes.

⁹⁹ The Review notes the frustration expressed that often recruitment processes are targeting the permanent appointment of long-term occupants of a position, making the process a complete waste of time for other applicants.

In summary, recruiting to vacancies can be a very inefficient process that does not necessarily lead to increased capability for the service. There is benefit, therefore, in moving towards an increased use of group recruitment.

Group recruitment is not common across Australian public services, but there are examples. It is most often used at relatively junior levels and/or when agencies have a number of vacancies. It happens de facto – by allowing agencies to recruit more than one person from a field rather than for just one for an advertised vacancy.

The NSW Public Service Commission promotes the use of talent pools, or ‘groups of candidates who have completed a rigorous assessment process and have met the standards needed to perform a role’. The Commission suggests that public service talent pools ‘...offer a time and cost-effective way to recruit for common roles across the Sector’.

A review of the NSW Public Service Recruitment Reforms in 2018 found that talent pools were used regularly in 18% of NSW public service agencies for non-executive generalist roles (less for executive and specialist roles). It also notes that group recruitment was starting to mature and was:

...proving to deliver reduced average time to hire and better candidates because it attracts larger fields in genuine talent competitions and the assessments being used tend to be more robust, focused and thorough¹⁰⁰.

The review found that traditional recruitment methods in NSW cost on average about \$6,500 per hire, with an average time to hire of 51 days. Use of group recruitment and the creation of talent pools provide significant savings by reducing the cost to hire by over half per candidate and shortening the time to hire to an average of 7 days, once the talent pool has been created.

The Australian Public Service also uses a form of group recruitment by creating a ‘merit list’ through which an agency can fill the same or similar vacancies for a 12-month period. This can be similar to the ‘subsequent selection’ process currently available in the TSS. The APS has, however, extended the practice to allow for a ‘merit pool’. Under this approach, each candidate is assessed on merit and allocated to a merit pool of, for example, ‘highly suitable’, ‘suitable’ or ‘not suitable’. A delegate seeking to fill a vacancy can offer the job to a person in the highest ranked pool of candidates that best meet the specific work-related requirements of a particular vacancy. This approach allows for a recruitment process to be used for a broader range of vacancies by including a final ‘skills suitability’ step at the end of the process. For example, a person with extensive payroll skills might be selected as the candidate to fill a similar vacancy from a merit pool established for a human resources practitioner vacancy.

¹⁰⁰ L Briggs, *Review of NSW Public Service Recruitment Reforms*, 2018, accessed 3 June 2021.

The Tasmanian Department of Education has moved to group recruitment of teachers. Advice from the Department of Education was that there were early challenges, but through an evolving experience of using the process, it is now benefitting from greater efficiency and flexibility in the process for recruiting teachers. A group recruitment process is also used for the whole-of-service graduate recruitment program.

Group recruitment will never fully replace the need for targeted advertising of specific vacancies in the TSS. Positions often require specialist skills, or business units may also wish to test the market for applicants to fill key vacancies. Group recruitment processes should, however, increasingly provide an efficient source for building capability and for efficiently appointing suitably qualified candidates to roles in the TSS.

A number of changes will be necessary to support a transition to group recruitment. This includes ensuring that the employment directions, as rewritten, explicitly accommodate the use of group recruitment as a legitimate recruiting strategy. Changes may also be required to the *State Service Act 2000* (see Appendix B).

Recommendation 42

That the SSMO work with agencies to develop and facilitate a consistent approach to group recruitment, allowing for the appointment of suitable candidates over time to positions in the TSS.

Box 16: What is the value of group recruitment?

Group recruitment processes benefit the agency/State Service, the recruiting business unit and the applicant.

Recruitment is more efficient for agencies with multiple vacancies being filled from one process. NSW experience is that the quality of candidate can increase by increasing the pool of people applying for positions. Group recruitment can also target groups for diversity (e.g. graduates or people from non-English-speaking backgrounds).

For the business units, there is no lengthy advertising and application process required for every vacancy. The business unit can quickly conduct an assessment of suitable candidates to determine the highest ranked applicant that best meets the specific needs of a role.

It is more efficient for the individual as they do not need to submit multiple applications for similar positions. Individuals can be deemed suitable for appointment and then simply express an interest in roles as they arise.

Recruitment review timeframes

The Review received a request to consider whether there was an opportunity to reduce the 14-day selection review period associated with permanent recruitment into the TSS. The concern expressed was that the current length of the selection review period creates a delay to appointing state service employees and is resulting in the loss of applicants to more agile employers. This is particularly problematic in areas where there is national and international competition for staff. It was also suggested that it is rare for an application for review to be made to the Tasmanian Industrial Commission, meaning that a small number of grievances were having a disproportionate impact on recruitment across the TSS. The impact on the timeliness of recruitment process caused by the selection review period was also raised with the Review by a number of stakeholders across the TSS.

The Review understands that, prior to 2018, there was a requirement for an applicant to lodge a notice of 'intention to apply' for a selection review within 7 days of being notified that their application was unsuccessful. This reduced the review period by half in most instances. This practice was, however, discontinued on the basis that it was not supported by the *State Service Act 2000*.

Reducing the selection review period to below 14 days has been previously opposed by a range of stakeholders, as shorter periods would not allow for post-selection debriefing and for an applicant to get access to and read the selection reports and associated material. If the total review period was too short, a larger number of people would be motivated to lodge an application for review before they had an opportunity to fully explore the reasons for the appointment, leading to unnecessary activity in the Tasmanian Industrial Commission.

In the 5 years to 2018-19, there were between 14 and 32 selection reviews conducted each year by the Tasmanian Industrial Commission under section 50 of the *State Service Act 2000*¹⁰¹. This is a very small proportion of all permanent appointments to the TSS each year (around 700). The Review therefore accepts that there is a need to minimise, as far as possible, the impact that this small number of cases has on the broader efficiency of recruitment across the service. For balance, however, it is also important to maintain the integrity of the review process where it is required.

The Review supports the previous practice of providing a shortened period for an unsuccessful applicant to lodge a notice of their intention to seek a selection review. Ideally, an applicant would be in a position to seek feedback and, if required, documentation on the selection process prior to lodging that notice. The Review considers 7 days to be fairly generous in terms of the time available to lodge an intention to apply for a review. This period could be shortened further.

Roughly 30% of notices of an intention to seek a selection review did not proceed to an actual application for a review¹⁰². This will mean some additional work for the Tasmanian Industrial Commission, but it is minor compared to the inefficiencies associated with delaying all appointments across the State Service by at least 7 days.

¹⁰¹ Statistics on selection reviews was not provided in the 2019-20 Department of Justice Annual Report.

¹⁰² 2017-18 and 2018-19 Annual Report, Department of Justice (Tasmania).

The Review suggests that section 51 of the Act be amended to provide a power to make, in regulations, the timeframe for an employee to notify their intention to apply for a review under section 50(1) of the Act.

Recommendation 43

Amend the *State Service Act 2000* to include the power to make, in regulations, the timeframe for an employee to notify their intention to apply for a review under section 50(1) of the Act.

Make a regulation prescribing a timeframe for lodging a notice of intention to seek a selection review.

Distinguishing classifications from duties and positions

Box 17 outlines the relationship between employee, classifications, duties and positions in the TSS.

Employment Direction 1 states that permanent employment is the usual form of employment in the State Service. The term ‘permanency’ relates to the ongoing engagement of the employee at a particular classification. Permanency does not apply to duties or positions, as the head of agency can, within reason, change or reassign duties to any employee or position. The ability of a head of agency to vary the duties assigned to an employee promotes flexibility in the TSS, allowing for resources to be directed towards priorities for government.

Despite the current legislative arrangements for employment, many of the processes of the TSS promote the perception that employees own, and are entitled to, their positions. The term ‘substantive position’ is often used to refer to a position that an employee supposedly owns and is supposedly entitled to return to once they complete a temporary transfer or a fixed-term position at a higher classification level.

The perception that employees own positions, as opposed to classifications, reduces flexibility in the TSS and creates barriers to actively reshaping the service to respond to emerging priorities (short and long term). It also generates instability, as fixed-term positions are created to cover the ‘substantive position’ while an employee is undertaking other duties. There are many examples across the TSS of a ‘string’ of fixed-term positions hanging off the tail of an entitlement for an employee to return to their position.

The culture of owning a position may arise from the reasonable need of employees to have a sense of stability in their employment. Employees build relationships within teams and develop expertise around a particular set of duties. The Review does not seek to significantly change this.

The Review does, however, consider that the pendulum has swung too far away from mobility and flexibility in employment. There should be a greater sense that employees can be readily assigned new duties at the same level to meet the needs of government.

There are 3 specific practices that the Review considers need to be changed to increase flexibility in the TSS: changing Statements of Duties, decoupling establishments from budget controls, and increasing consistency in the management of fixed-term transfers. This should be supported by ongoing promotion of the differing status of positions, duties and classifications.

The single Statement of Duties allocated to an employee when engaged in the State Service links the classification of an employee, the capabilities required to perform at that level, and the duties of the position and employee. There is no sense in the document that there is a separation between the permanency of the classification of the employee and the flexibility of the duties to which they may be assigned. This is reinforced in Employment Direction 11 (Statements of Duties) which, for example, requires that they include 'positions titles' alongside employment status (permanent or fixed term) giving the sense that permanency relates to the position, not just the classification level held by the employee.

As an active step towards clarifying the nature of permanency in the TSS, the Review considers that the Statement of Duties should be split either into 2 documents or at least 2 clearly delineated sections that provide:

- a Statement of Classification, outlining the expectation of the employee in terms of the capability and standard of performance required to continue to hold a classification at a particular level in the State Service
- a Statement of Duties allocated to a position and assigned to the employee for the time being, outlining the specific duties required to be performed by the employee and clearly outlining that the head of agency may vary these duties.

Splitting the Statement of Duties into these documents/sections has a number of benefits beyond reinforcing the current nature of employment in the TSS. It can be used to improve the focus in the workplace on capability (aligned to the capability framework as discussed below); it can increase the consistency in the classification of positions; and it can be used to promote a more regular review of the duties assigned to an employee.

Recommendation 44

Split the current Statement of Duties for TSS employees into a Statement of Classification and a Statement of Duties.

Box 17: Employees, classifications, duties and positions

Section 34 of the *State Service Act 2000* provides that a head of agency function is to determine the **duties** to be performed in the agency, and to assign a **classification** to those duties in accordance with an award (or standards and procedures determined by the Employer where no award exists).

The duties determined by the head of agency are to be *allocated* to **positions** and assigned to **employees**. A head of agency can vary the duties of positions and employees.

Section 37 provides that an employee be appointed on a permanent basis, or for a specific term or for the duration of a specific task. Section 38 of the Act provides that a salary of a permanent employee is not to be reduced without the employee's consent unless it is associated with a breach of the Code of Conduct, redeployment or inability of the employee to perform duties.

The Review has also heard that the use of 'establishments' to help control budgets has a number of negative aspects in terms of managing employment in the service.

Establishment controls are used for a range of employment-related reasons, including identifying opportunities to redeploy employees who become surplus to requirements across government. Importantly, they are used to manage ongoing financial risks for agencies associated with permanent employment, ensuring that the return of permanent employees from temporary transfers or leave does not increase salary costs for the agency beyond available budgets.

The difficulty associated with the way that establishment controls are being used is that it has often created a dual pathway for seeking approval to advertise, consider and appoint positions in the TSS. Approval seems often required for both the budget for creating/filling positions, and approval is required separately to amend the establishment. This is inefficient and leads to both delays and the excessive use of fixed-term positions.

Managing risks, including financial risk, across agencies is a complex business and the Review doesn't seek to oversimplify this issue. That said, establishment controls have been largely abolished in the Australian Public Service and in Victoria. The Review has not had the opportunity to consider alternatives to managing budget risks other than through establishment controls. The Review simply suggests, therefore, that this issue be considered further by heads of agency.

Recommendation 45

That the Department of Premier and Cabinet and the Department of Treasury and Finance develop options for reducing the impact of establishment controls on the efficient recruitment to positions in the TSS.

Finally, the Review notes that there is inconsistent practice across the TSS in terms of managing fixed-term transfers. Some agencies encourage fixed-term transfers as a tool for professional development and increasing the ‘diversity of experience’ in the workforce. Other agencies are concerned with the residual impacts on the workforce of people taking up temporary positions outside the agency.

The net impact of these inconsistencies is that it reduces mobility and potentially adds to instability in the workforce. In terms of mobility, the absence of clear and consistent rules means that expectations around fixed-term appointments need to be agreed between heads of agency for every transfer. Sometimes, the receiving agency will be expected to find a role for the employee at the end of the fixed-term appointment. In other cases, an employee will be entitled to return to their ‘substantive position’. In yet others, employees will simply return to a position at level. The Review understands there is no guidance around what is reasonable for either agency or the employee.

Uncertainties around returning employees increase the use of fixed-term appointment as discussed previously.

While flexibility is required given the range of circumstance surrounding fixed-term transfers, there should be an agreed approach for fixed-term transfers across the TSS, which can be departed from if necessary. These standards should be set and agreed by the Head of the State Service in consultation with heads of agency. As a starting point for the discussion, the Review suggests the following:

- All employees on fixed-term transfers of 2 years or less are entitled to return to their originating agency at their substantive classification (not to a substantive position).
- For any fixed-term transfer beyond 2 years, the employee is entitled to an assignment of duties at their substantive classification level in the receiving agency, not their originating agency.

Recommendation 46

That the Head of the State Service and heads of agency develop a standard approach to the management of fixed-term transfers across the TSS.

Communities of professional practice

Shifting the focus of recruitment and employment towards capability development creates an opportunity to consider the creation of ‘communities of professional practice’. These communities could be established around key capabilities that are common across the TSS, such as policy analysts, project management, human resource professionals, ICT professionals or finance. It could also include the less ‘abundant’ skill sets, such as curriculum designers or investigators.

Fostering communities of professional practice supports the shift towards capability development across government. Communities of professional practice enable practitioners from similar functional areas from different agencies to come together (including virtually) to share experiences, participate in shared development, share design and implementation efforts, and deploy capability to where it is needed most.

Communities of professional practice can help implement a common capability framework across functional areas in the service (see Section 5.6 on capability frameworks). This will increase the standardisation of position design and make it easier to identify appropriate shared capability development opportunities (both training and on-the-job skills development).

Communities of practice have been used successfully in other jurisdictions. For example, NSW maintains communities of practice across many areas, including Aboriginal workforce development professionals, change professionals, commissioning professionals, customer experience professionals, finance professionals, HR professionals and others. Queensland supports communities of practice, titled knowledge sharing groups, in areas such as data, information sharing and analytics.

Communities of professional practice need coordination and a high level champion, and are likely to fail if they are only driven from the centre. They need to be developed and supported collectively across government. Human resource directors, with SSMO, may be a good place to start in terms of developing and promoting communities of professional practice as a concept. However, appropriate business owner champions would need to be actively engaged to sustain the community of practice.

The Review understands there have been previous attempts to promote communities of professional practice across the State Service. However, the recommendations of this Review, including group recruitment and capability frameworks, together with the advancement of collaboration software (such as Microsoft Teams) should increase the chance of success in this area. It would also be appropriate to start with a small number of high priority communities of professional practice (noting that some work is already underway in the Digital Service Advisory Group on communities of practice in digital services) to ensure that the process is supported by high level sponsorship across agencies.

Recommendation 47

That the SSMO work with human resource directors or equivalents from all agencies to develop communities of professional practice across the TSS.

Flexibility in appointments

Employment Direction 1 currently allows for a head of agency to appoint a person to a position in the State Service from within their own agency for up to 6 months.

Employment Direction 1A, which was introduced to assist with the response to COVID-19, allows for the head of agency to extend this appointment for up to a further 6 months. The Head of the State Service can also second a person into or out of the State Service on any agreed terms if it is in the public interest to do so.

COVID-19 highlighted the need for the public services to, at times, create capability using people from outside the service within timeframes, or in circumstances, when the use of the normal merit-based recruitment process is not in the public interest. For example, the rapid establishment of the COVID-19 Public Health Hotline meant that a large number of 'casual' employees needed to be appointed within days. Similar challenges were faced across government as a range of capabilities needed to be created or expanded quickly. The service was able to deliver the required outcome by creating capability in the service at short notice. However, doing so required many 'workarounds' and was highly resource intensive.

The Review heard that there would be benefit in creating an ability for heads of agency to appoint employees into positions for a limited period of time with little or no process. This would need to be constrained to a narrow set of circumstances with high levels of accountability to ensure that it wasn't misused to the detriment of the merit-based principles for employment in the TSS.

There are 3 circumstances that may warrant an appointment without a merit-based process: (1) in response to an emergency; (2) where the required task needs to be completed within a timeframe that precludes conducting a merit-based process (and the resources are not available from within the agency); and (3) where the State is seeking to partner with a specific organisation.

The first 2 are time related, whereby the government is required to respond quickly to meet the needs of the community. Examples could include responding to an event such as COVID-19, or providing advice to support a time-critical response from government on proposed legislation, an inquiry or crisis (e.g. a shock to the State's economy). It could also include the appointment of an employee to simply complete a task within 6 months where a recruitment process is not practicable.

The third circumstance is where the appointment is part of building the relationship with an external organisation. The secondments discussed in Section 4.6 involve the appointment of individuals into the TSS for the purposes of exchanging knowledge and ideas between the State Service, the Commonwealth or local government, the community sector or industry. Other examples could include opportunities to build relationships with organisations such as the Migrant Resource Centre or the Tasmanian Aboriginal Centre through the secondment of people into the TSS for a period.

These appointments could be facilitated through the existing secondment arrangements. The Review considers, however, that if they are to be encouraged, as recommended in Section 4.6, then heads of agency should be given the authority to approve them, rather than holding the decision-making authority centrally.

As is currently the case for the Head of the State Service, heads of agency should have to be satisfied that the secondment is in the public interest.

The Review is aware of at least 2 other states, New South Wales and Queensland, which have the authority to appoint employees into positions with little or no process in limited circumstances.

The NSW model allows for the appointment of individuals in targeted groups for up to 12 months based on either a comparative or a suitability assessment. Suitability assessments must be against the pre-determined needs of a role rather than other applicants, in particular the capabilities required, and must also include the following:

- screening for essential requirements such as a qualification or licence
- reviewing a resume
- at least 2 capability-based assessments, one of which is an interview
- referee checks.¹⁰³

Targeted groups include an Aboriginal or Torres Strait Island person, a person with a disability, a person under the age of 25, a refugee or humanitarian migrant, or a person in a group designated by the Public Sector Commissioner as being disadvantaged in employment.

In Queensland, roles are not required to be advertised if they are for less than 6 months. Like NSW, after 6 months the role must be advertised. Queensland does, however, allow chief executives the discretion to exempt a vacancy from advertising or elect to limit advertising based on a justification that considers:

- their obligations under the Public Service Act
- how merit will otherwise be assessed
- if there has been a previous process to advertise the role
- whether the role classification or nature (e.g. fixed-term temporary to permanent) has changed, including as part of a progressional scheme
- whether exemption from or limited advertising will prevent the displacement of existing permanent public service employees
- what impact, if any, there would be on the achievement of the department's service delivery outcomes.¹⁰⁴

Appointing people into the TSS without a merit-based process is a significant departure from the current requirements of the *State Service Act 2000* and, if misused or widely used, could undermine the integrity of the merit-based foundations of the service. It is important, therefore, that the use of this mechanism is strictly limited to the 3 grounds identified previously and that there is transparent reporting on the number of appointments and the circumstances that warranted their use through to the Head of the State Service. Agencies should include this in

¹⁰³ *Government Sector Employment (General) Rules 2014*

¹⁰⁴ QLD Directive 12/20 – Recruitment and selection 2020.

their annual report, and the Head of the State Service should report on its use in their annual report.

Providing flexibility for heads of agency to appoint individuals into the service without a process would require an amendment to the Act. Currently, the State Service Principles require that the TSS provides a reasonable opportunity to members of the community to apply for State Service employment and that merit is applied to all appointments. These requirements would need to be moderated to allow, in limited circumstances, for appointment to be made without a merit-based process and/or a closed process that may inhibit members of the community from applying.

Recommendation 48

Amend the *State Service Act 2000* and any associated employment directions, policies, practices and standards to allow for the appointment of an employee into the TSS for a limited period where a head of agency considers that:

- **it is necessary to respond to an emergency**
- **the required task must be completed in a timeframe that precludes the appointment through the usual recruitment process or**
- **it supports the agency to partner with an external organisation.**

Mobility

An important feature of creating a single state service is an ability for TSS employees to move (or on occasions be moved) around the service easily. Increased mobility allows for resources to be directed towards high priorities and encourages employees to develop a breadth of experience and knowledge.

Many of the recommendations of this Final Report will assist with increasing mobility across the service, including the development of a whole-of-service capability framework, the creation of communities of professional practice across the service, group recruitment and promoting the principle of permanency of classification (as opposed to permanency of position). There are 2 additional elements that would usefully increase mobility in the State Service: early promotion of vacancies in the TSS for mobility-based transfers at level, and removing the requirement for heads of agency to consider capabilities within their agency in preference to capabilities across government when filling vacancies.

The 2019 Public Sector Union Wages Agreement included a commitment to consider a mobility register for the PSUWA be progressed through the establishment of a working group that would consider the merit and value proposition of a mobility register similar to the Victorian Jobs and Skills Exchange (see Box 18).

It is understood that there has not been broad agreement to date on the merit and value of the Victorian Jobs and Skills Exchange model due to the potential impacts on the efficiency of the recruitment process and its lack of flexibility for managers. Some agencies are concerned that listing all vacancies on an internal jobs board for a mandatory period will potentially lengthen the time it takes to advertise and fill vacancies. The Review has some sympathy for the concerns expressed regarding a similar model being implemented in the TSS.

The principle of a mobility register is, however, a positive one and further work is therefore encouraged. One option may be to implement a voluntary mobility register whereby vacancies can be placed on the register while the early stages of recruitment are being processed (such as updating Statements of Duties or progressing through internal vacancy control processes). This would allow for other TSS employees at that same level and in similar positions across the State Service to express an interest in, and be considered for, a transfer into the position. The external recruitment process would then cease if both heads of agency agreed to the internal transfer.

Box 18: Victorian Jobs and Skills Exchange

The Victorian Jobs and Skills Exchange provides a centralised digital platform to access all job opportunities in the Victorian Public Service, while standardising relevant HR processes to make it easier for staff to move across departments and develop their careers. It brings together both externally advertised jobs and roles that were previously only advertised on department intranets or the Victorian Public Service Hub.

All job opportunities are required to be listed exclusively on the platform for a set time, and state service employees are provided with priority access to jobs before they are advertised externally.

The voluntary mobility register could also provide an opportunity for TSS employees to proactively promote themselves as interested in broadening their experience. The register would, therefore, provide a resource for managers if they wanted to consider the skills and experience of employees that are interested in mobility opportunities and already employed at level across the TSS when looking to fill vacancies.

Recommendation 49

That the SSMO continue to explore options for the creation of an internal mobility register with relevant unions.

5.6. Increasing consistency in capability development

A capable and motivated state service is critical to delivering great services to the Tasmanian community and the priorities of the government of the day. To enable this, TSS employees need to be clear on the expectations of their duties, celebrated and rewarded when they exceed performance expectations, recognised when they meet them, and offered support and opportunities to improve when they don't.

In submissions, TSS employees have flagged the lack of focus on professional development, in particular development for people moving into leadership positions. This has relevance to both driving capability and managing for performance.

Whole-of-service capability framework

A capability framework is a set of detailed and behaviourally specific descriptions of the key behaviours, and underlying knowledge, attributes, and experiences that are required for successful performance in a job, team, or organisation.

The benefit of having a TSS-wide framework is that it gives a diverse public sector a shared language to describe the capabilities needed to perform work at different levels. There are some capabilities that are shared almost universally across the TSS (e.g. communication). There are others that will be specific to a particular profession (e.g. legal, education, medical).

The capability framework should be used to promote increased consistency in a broad range of workforce management processes, including:

- standardised job design and role descriptions, where capability requirements align with the purpose, accountabilities and challenges of a role
- recruitment practices that focus on assessing a person's capabilities at the level needed for a role
- performance development practices that help managers and employees to have a clear and common understanding of role expectations and areas for development
- mobility, where common descriptions of role requirements and capabilities help mobility between roles
- learning and development activities aligned to specific capabilities
- career planning conversations and activities that focus on developing capabilities to help staff progress to new roles
- workforce planning by identifying current and future workforce capability needs and gaps.

The majority of other states and territories have some level of capability framework that is centrally managed with support and guidance from a central body similar to the SSMO to facilitate local implementation. Various jurisdictions have developed and implemented similar models with varying success. NSW has recently conducted

a review of its framework and the guidelines for agencies about its application. It found that while there was a high level of satisfaction with the framework from across the sector, more needed to be done to ensure the capabilities remain relevant, guidelines for implementation are more flexible, and there needs to be a common-sense approach to the use of the framework especially in recruitment practices¹⁰⁵.



Figure 24: Extract from the NSW Capability Framework

Of particular focus in the Australian Public Service system are the core capabilities for the Senior Executive Service level. The leadership capabilities focus on not just what needs to be delivered, but also how it is delivered. This is done by identifying the personal capabilities that leaders need to be effective leaders in the APS¹⁰⁶.

In Victoria, the VPS Capability Framework¹⁰⁷ is used by agencies across the employee lifecycle, from recruitment to onboarding and development. Resources for agencies to use the framework are readily available to agencies, as is support from the Victorian Public Sector Commission in interpreting and implementing the framework.

The Queensland Public Service Commission provides agencies with guidelines that highlight which opportunities could best develop specific capabilities and skills based on this model¹⁰⁸. It maps all positions in the public service (base-grade administrative officer to chief executive) against 13 capability and leadership framework (CLF) levels (see Figure 25).

¹⁰⁵Capability Framework Project Report, Public Service Commission (New South Wales Government).

¹⁰⁶Delivering for Tomorrow: APS Workforce Strategy 2025.

¹⁰⁷<https://vpsc.vic.gov.au/wp-content/uploads/2020/09/VPS-Capability-Framework.pdf>

¹⁰⁸See <https://www.forgov.qld.gov.au/improve-employee-performance>

CLF 1 TO 7

Supports strategic direction

Achieves results

Supports productive working relationships

Displays personal drive and integrity

Communicates with influence

CLF 8-12*Shapes strategic thinking*

Achieves results

*Cultivates productive working relationships**Exemplifies personal drive and integrity*

Communicates with influence

Figure 25: Excerpt from Queensland's Capability and Leadership Framework

The Northern Territory has implemented a capability and leadership framework that is very similar to Queensland's.

Tasmania has a capability framework for leadership in its Senior Executive Service that outlines the core capabilities that it expects in senior leaders across the State Service. The framework is used to align recruitment of senior executives. It could be used more actively in ongoing professional development processes.

The Review considers that there is value in the TSS building on the *Senior Executive Leadership Capability Framework* by introducing a capability framework that covers the entire State Service.

The framework should be simple and easy to apply. The Review has heard there are many examples where the over-engineering of highly complex and detailed capability frameworks undermines the value of the process and leads to disengagement.

The NSW Capability Framework appears to strike a good balance for defining common core capabilities and leaving it open for professional groups to define more specialised capabilities if it is useful¹⁰⁹.

Governance of the development and implementation of the framework will be critical to ensuring that the framework is used in a consistent and effective way. As mentioned above, other government jurisdictions have a centrally managed development and implementation model. This removes the need for duplication of effort across agencies, provides a one-stop shop for support and advice, and allows for more cross-sector activities such as in recruitment and workforce planning.

This is an example of where Tasmania, as a late adopter, can learn from others. There are well-developed frameworks interstate that, on the surface, could be adopted in Tasmania. An 'adopt-and-adapt' approach is likely to provide the best option for implementing a mature capability framework in the State with limited resources.

Recommendation 50

That the SSMO lead the development and implementation of a whole-of-service TSS employee capability framework.

¹⁰⁹ Occupational Specific Capability Sets have been developed in NSW for human resources, finance professionals, ICT, legal, procurement, property acquisition and infrastructure and construction project management.

5.7. Capability development

Section 15(1)(g) of the *State Service Act 2000* provides that a function of the Employer (and the Head of the State Service undertaking that function) is to develop and coordinate training, education and development programs for the State Service.

The Review has seen evidence of this, most notably through the work of the Tasmanian Training Consortium (TTC)¹¹⁰ and training and leadership programs coordinated directly by the SSMO.

Many of the courses offered by the TTC are popular and have been consistently well attended, including Writing for Government, Email Ninja and Project Management Essentials. Overall, however, registrations from the TSS are declining, falling from almost 2,000 in 2013 to about 1,300 in 2019.

The TTC also offers or coordinates access to management programs. The Managers Essentials Course is a whole-of-service program designed to increase management capabilities across base level state service managers. This course has been running since 2017, with about 340 people completing the program. Four programs are being run in 2021 for about 100 individuals. The TTC also facilitates access to the Public Sector Management Program (PSMP), which is a graduate certificate designed to support leadership in early and mid-level managers in the Commonwealth, state and local government sectors. The PSMP is delivered by the Queensland University of Technology.

Originally developed for Tasmania Police, the State Service Strategic Management Program (S3MP) also aims to increase management and leadership skills and capabilities of TSS employees, preparing them for senior management roles. The program is run biannually through a partnership between SSMO, Tasmania Police and the University of Tasmania. It has 10 to 20 participants on each course.

SSMO coordinates access to a limited number of programs for senior executives delivered by the Australian and New Zealand School of Government (ANZSOG) to a small number of senior executives as discussed in Section 3.4.

From the above, it can be seen that the TSS sponsors a broad range of development opportunities ranging from graduate programs, skills development, management and senior executive leadership programs. There are gaps (such as the paused ANZSOG SES Leadership Program) and challenges (such as declining take-up of TTC courses), but there are actions underway to address these.

The main observation of the Review is that there is very little attention being given to how these training courses contribute to a broader capability development approach across the TSS.

¹¹⁰ The TTC provides professional development for a wide range of public sector employees in Tasmania, including all state agencies, some Commonwealth agencies (Australian Antarctic Division and Services Australia), local government, a number of GBEs and at least one private sector organisation. It is a membership-based organisation, charging all members an annual fee which entitles their employees to receive a 25% discount on available training.

Capability development encompasses the traditional scope of professional development (skills-based training, knowledge-based education, and experience), but also incorporates other aspects including relationships, tools and work environment, time and motivation. In essence, capability development is a broad and comprehensive approach to growing and developing people to ensure they are effective in their roles.

Successful capability development requires that leaders champion learning so that they and others gain the skills, knowledge and experience they need to meet the future needs of the service, develop their own potential, and learn from both success and failure. Feedback to the Review has indicated that, while there is a will to develop TSS employees, learning and development is not prioritised or coordinated and falls by the wayside when time and resources are limited. As mentioned below, only about 37% of TSS employees are engaged in a performance management process. This is counterproductive in a limited employment market both in terms of attracting talent into the service and retaining and growing talent.

Learning and development should be thought about across a mix of delivery and learning pathways based on a mix of individual and organisational need. When thinking about modes of learning, there should be consideration about the right type of learning based on the desired outcome. The 70/20/10 model is a common way that organisations consider the right mix of development opportunities: 70% experiential (learning by doing, experimenting, making mistakes, trying different approaches and talking about the experience), 20% peer or relational (through peer or one-on-one interactions) and 10% formal training.

The development of a TSS capability framework previously discussed would provide a good foundation for shifting the balance from an individual employee professional development focus to a more holistic learning model. For example, Victoria has built on their capability framework to provide a manager's and employee's user guide, a capability self-assessment tool, a career planning template and an organisational change management guide. NSW and the APS have also developed a range of implementation tools, including self-assessment tools to support embedding their capability framework into capability development practices across the service.

The tools developed by other jurisdictions are fairly simple. Victoria's self-assessment tool, for example, is an Excel spreadsheet that could be easily and economically modified for use in Tasmania. These tools nevertheless do allow the capability framework to be operationalised in agencies to improve capability development across the service.

Once the capability framework has been developed, the graduate, skills development, management and leadership programs currently being offered in Tasmania should be reorganised so that it is clear how they can assist state servants to improve capability at all levels. This will also assist the Head of the State Service to assess whether there are any gaps and to focus effort where required.

Recommendation 51

That the TSS develop tools, including an employee self-assessment tool, to support the embedding of the employee capability framework (see Recommendation 46) into capability development across the TSS.

That the TSS reorganise existing training and professional development programs where appropriate to align with the employee capability framework.

5.8. Performance management

Managing performance is a central feature of any employment framework. If done well, it can drive a professionally rewarding culture of achievement. If done poorly or not at all, it can be demotivating as capabilities stagnate, poor performance goes unchecked and good performance goes unrecognised.

The *State Service Act 2000* states that heads of agency are to ensure that performance management and development 'is integrated with employment practices in, and the business direction of, that agency to enable quality service to be delivered across the State Service'. It requires that all officers and employees employed in that agency participate in performance management programs and that the standards and requirements of their employment be outlined in a 'Performance Management Plan'. The Act also prescribes the obligations on officers and employees to engage in performance management programs and to manage underperformance.

The requirements of the Act are further supported by Employment Direction 26 and the associated *Managing Performance Guidelines for the Tasmanian State Service*, which identifies the key elements of an effective performance management system as including the elements outlined in Box 19.

Box 19: Elements of an effective performance management system

Extract from *Managing Performance Guidelines for the Tasmanian State Service*.

In any agency where best practice exists the following elements will operate:

- a culture of performance, with clearly articulated roles, responsibilities and accountability for outcomes
- linkage with and integration into good business planning systems
- integration into a people management strategy designed to improve productivity through more effective people management practices
- an open communication environment with ongoing constructive feedback
- a learning and development strategy with infrastructure and programs that promote and support effective performance management
- clearly identified requirements, standards and key outcomes and performance measures in the Performance Management Plan
- clearly identified observable work behaviours and capabilities
- recognition of and reward for performance
- effective evaluation and reporting mechanisms and
- alignment and consistent application of salary progression and Advancement Assessment Point Award provisions in the Performance Plan process.

The Interim Report noted that, despite the requirements of the Act and employment directions, there was no consistent, TSS-wide approach or commitment to performance management, no standard approach to skills development, and that performance management practices were often driven by the need to provide a basis for managing poor performance, rather than to foster good performance. Finally, it is noted that all too often it was not done at all.

The second phase of the Review has considered these issues in greater detail, including in the context of good performance as well as poor performance.

Building capability through performance management

As outlined in the *Managing Performance Guidelines for the Tasmanian State Service*, a central feature of performance management in the TSS is the Performance Management Plan. It is mandated by the *State Service Act 2000*, and is a core focus of Employment Direction 26 and Guidelines.

Despite the obligations, most state servants do not have an active performance management plan. In 2019-20, agencies reported approximately 11,703 employees participated in a performance management process representing 36.57% of the TSS workforce. This was a decrease from 13,305 in 2018-19 (42.34% of the TSS workforce)¹¹¹. This compares, for example, to 72.3% in New South Wales¹¹² and 99% in South Australia¹¹³.

¹¹¹Annual Report 2019-20, Tasmanian State Service, October 2020

¹¹²State of the NSW Public Sector Report 2020, NSW Public Service Commission

¹¹³State of the Sector Report 2019, Office of the Commissioner for Public Sector Employment

With such a low level of compliance with existing obligations, it is unlikely that significant improvements can be made to performance management in the TSS without major changes. This change needs to motivate managers and employees to engage in performance management by ensuring that it adds value in terms of supporting the recognition of good performance, as well as being a tool for managing poor performance.

The current focus on performance management plans in the TSS' performance management system appears problematic, as it draws the attention towards the process of performance management at the expense of the *outcomes* that it is seeking to achieve. It reinforces the perception that meeting once or twice a year to update the plan is adequate 'performance management'. It is not. Managers need to have regular discussions with employees about performance (positive and negative) and agree on steps to improve or reward performance, including considering an appropriate role for training and development. Performance management plans should be simply a record of that activity.

The name 'performance management plans' also has a negative connotation. While some form of a record of performance objectives features in the performance management systems in other jurisdictions, it is not the focus. Rather, their systems focus on the positive aspects of performance management such as capability development, active two-way communication and setting goals. The centre of their systems are guides and tools on how to manage the ongoing relationship between the manager and an employee both in terms of fostering good performance and managing poor performance.

For example, the NSW Public Service Commission defines baseline principles for effective performance management and describes efforts, behaviours and approaches for achieving outcomes. Specific performance management processes are not prescribed in the framework to enhance its applicability across different workforces and diverse role types in the NSW government sector.

The NSW performance development framework includes 7 core requirements:

- set and clarify expectation for employees
- guide and review employee performance
- develop employee capability
- recognise employee achievements
- improve employee performance
- resolve unsatisfactory employee performance
- evaluate and strengthen practice.

There are 19 essential elements prescribed across these core requirements, which include a reference to recording performance objectives to promote accountability.

However, they also include, for example, a focus on regular communication, active development planning, celebrating team success, resolving patterns of poor performance, and arrangements to measure the effectiveness of performance management across the organisation.

The ACT also provides very clear guidance to agencies on performance management and outlines what effective performance management looks like ‘At an everyday level’ as well as ‘At a strategic level’. At an everyday level, performance management is a development tool for promoting open communication between an employee and their manager about their expectations of each other. It focuses on setting shared expectations and agreement on the 3 elements of work performance: behaviour, skills and knowledge, and work executed. At a strategic level, the performance framework links with other ‘people management’ practices, especially learning and development, to help the public service reach its strategic objectives by getting the best from its people.

Finally, Queensland includes the principles of performance management in its *Public Service Act 2008*, which include proactive management of personal and professional development, regular and constructive communication, recognising strengths and valuing contributions, recognising performance that meets or exceeds expectations, and identifying poor performance early.

The heavy focus on ‘performance management plans’ in the TSS may arise from the use of the term in the *State Service Act 2000*. The functions of a head of agency include ‘ensuring that a performance management plan is prepared in consultation with an officer or employee employed in that agency’. An employee is responsible for performing ‘...his or her functions to the standard and requirements identified in a performance management plan...’. An officer or employee can be terminated if they don’t perform to the standard and requirements identified in the performance management plan.

The Review sees merit in removing the specific references to performance management plans from the Act. Heads of agency should simply be responsible for implementing a performance management system within their agency; officers and employees should be responsible for performing to the standards and requirements identified through the agency’s performance management system. Whole-of-service guidance material and tools will be important to encourage consistency and to promote increased capability in managers and employees, but the focus should be on regular engagement as opposed to annual or biannual plans. It is noted that no other jurisdiction makes specific reference to performance management plans in legislation.

These changes to the Act will not weaken the performance management system. There will still need to be some form of a record of ongoing discussions between managers and their employees. Agencies can still report on the number of employees being performance managed, and the agency performance management system can still be audited. It will, however, increase the flexibility and allow for the role of plans to be de-emphasised.

SSMO should also rewrite Employment Direction 26 (Performance Management) and *Managing Performance Guidelines for the Tasmanian State Service* to include the core requirements of an effective performance management system and, similar to NSW, the essential elements that need to be included in agency performance management systems. A suite of standards, policies and tools should be developed, but agencies should be encouraged to tailor these tools to suit their specific workforce.

Recommendation 52

Remove the term ‘Performance Management Plan’ from the *State Service Act 2000* and rewrite Employment Direction 26 to include essential elements of agency-based performance management systems.

Rewriting the employment direction alone will not improve performance management in the TSS. It is important that agencies are supported to embed effective performance management into their core business processes and are held accountable for doing so.

Agencies are currently working with SSMO to self-assess their existing performance management arrangements. The Review considers that SSMO should continue to build on this work to develop an ongoing community of practice for performance management across the service. This community of practice should focus on building shared capabilities and share lessons regarding the successful (and unsuccessful) implementation of performance management systems in agencies.

Agencies will need time to adapt existing performance management arrangements to align with the standards set by the rewritten employment direction on performance management. The Review considers that an audit of the degree to which agencies have successfully embedded a contemporary performance management system within core business processes be conducted 2 years after the introduction of a new employment direction. Implementation of performance management systems should also be included in the performance assessment of heads of agencies and all relevant managers.

Recommendation 53

That the SSMO work with agencies to create an ongoing whole-of-service community of practice to support the implementation of performance management systems across government.

That the embedding of performance management systems in agencies be included in the performance assessment of heads of agencies and this be required in performance management assessments for all relevant managers.

That the Head of the State Service audit the implementation of agency performance management systems 2 years after the introduction of the new employment direction on performance management.

Part of the solution to performance management is also likely to be found in the improvements to the capability development processes discussed previously. The capability framework and associated tools should improve the practical and visible links between ongoing performance discussions, capability development and action (including training).

The proposed changes to the Act, review of Employment Direction 26 (also discussed below) and increased focus on performance management are consistent with the recommendations of the Auditor-General's report, *Management of Underperformance in the Tasmanian State Service*.

Managing poor performance

There will always be instances when performance is not up to the standard required by a role, manager or agency, and having practices in place to address this is necessary. The Review has heard, however, there is a reluctance in some parts of the service to manage poor performance due to the nature of the process that must be followed and a lack of capability of managers and employees in addressing performance concerns.

Under Employment Direction 26, underperformance that is significant and/or has not been successfully addressed through informal processes is to be managed through the creation of a Performance Improvement Plan (PIP), developed in consultation with Human Resources, the employee, their manager and the next level of management.

As with other parts of the employment framework, this part of the performance management system is overly prescriptive with a heavy focus on the plans as opposed to the outcomes being sought. Mandatory steps and restrictions apply, and the consequence of not following these is so high that managerial staff often elect not to proceed.

PIPs themselves are also increasingly viewed as inefficient and ineffective in improving employees' performance. They are at times simply viewed as a paper trail to be used if issues arise around procedural fairness for a dismissal.

From the employee's perspective, PIPs can be seen as a deterrent to improved performance, as they can be taken to signify that the employer is moving towards termination. This has an ongoing impact on relationships and potentially increases risks in other areas (e.g. workers compensation and discrimination). Finally, funding for training and development that should come out of performance assessments is often not available.

The creation of PIPs also requires the involvement of a number of levels of management. This 'top-heavy' approach is inefficient and causes an element of paralysis where, even if PIPs were maintained as a tool, lower-level managers are unable to efficiently deal with issues and are, instead, overcome with facilitating the agreement of several parties. This collaborative process not only causes time pressures but creates further concern that steps may be missed because of them.

The TSS is the only jurisdiction in Australia that requires such a prescriptive process. All others focus more heavily on encouraging low-level early intervention that enables managers to address concerns as they arise. For example:

- The *Australian Public Service Commissioner's Directions 2016* prescribes that each Commonwealth agency will have, among other things, performance management policies and processes that support a culture of high performance and fair and effective measures to address underperformance. The latter provides scope for agencies to tailor their performance management processes to not only the agency's circumstances, but the individual employee's circumstances, as long as they are fair and effective.
- Performance management in South Australia is not prescribed through a mandatory procedure. Rather, s8 of the PSASA outlines a number of considerations to be taken into account when public sector agencies are creating performance management systems. The systems implemented in South Australia are discretionary, focused on early intervention and have an emphasis on conversations between managers and employees.¹¹⁴
- Performance management in Western Australia does not follow a mandated process but, rather, is informed by s82A of the *Public Sector Management Act 1994* which states that any disciplinary matters, including performance concerns, must be dealt with by the employer '... with as little formality and technicality as this Division, the Commissioner's instructions and the circumstances of the matter permit'.

Removing the prescription around the process for performance management does not mean that less support or guidance for managers to manage poor performance is needed. Indeed the Review considers that more (or clearer) guidance is required. This should include tools to support the implementation of an effective performance management system, which may include as one element a performance improvement plan or similar document.

¹¹⁴ For a useful 'Managers Toolkit', see <https://www.publicsector.sa.gov.au/hr-and-policy-support/performance-management-and-development/managers>.

The Interim Report reflected on the Auditor-General's report, *Management of Underperformance in the Tasmanian State Service*, which found that current processes were perceived as ineffective, with underperformance being tacitly accepted. The Auditor-General found that performance management was inconsistent and that managers were reluctant to escalate issues and use the formal PIP process as, in their view, using informal approaches and not involving HR was far less time consuming and had proven to have more positive outcomes.

The Review supports the recommendations of the Auditor-General, notably:

- That the Employment Direction 26 – Managing Performance in the State Service and the supporting guidelines are reviewed to ensure that the regulatory framework aligns with contemporary practices.
- That SSMO and agencies work together to develop a suite of standardised policies, procedures and template documents for performance management.
- That tailored resources are developed by each agency providing clear guidance on support and assistance available to managers, including practical tools.
- That SSMO and agencies work together to improve manager capability for managing underperformance.

The need to support managers is particularly important, as their reluctance to participate in performance management processes often equates with too little training, too little preparation, too few guidance materials and too little support. Similarly, it is just as important that the training and development opportunities are available to employees to help them improve performance.

Recommendation 54 (Interim Report Recommendation 11)

That all agencies, in collaboration as appropriate, implement the Auditor-General's recommendations on the management of underperformance concurrent with a centrally led review of Employment Direction 26 and related processes.

5.9. Supporting separations where required

A workforce focused on recruiting, supporting and developing its people is a healthy workforce, and one that is likely to get the best results. It is inevitable, however, that there will be times when people will need to leave the workforce, either involuntarily or voluntarily due to conduct, inability or poor performance, or changed operational needs. To manage these circumstances well, the TSS needs more effective and more contemporary tools that support the employee and the employer.

Virtually all separations from the TSS are through retirement or resignation. In the 12 months to 31 March 2021, there were 1,333 separations, 93% of whom resigned or retired. Around 2.5% left through voluntary assisted separations, 2% were terminated (mostly for an inability to perform duties) and 2.7% died or left for health reasons (see Table 6).

Table 6: Separations in 2020

Category	No.	%
Death	16	1.2%
Resignation	676	50.7%
Retirement – Age	559	41.9%
Retirement – Ill-health	20	1.5%
Termination – Abandonment	3	0.2%
Termination – Breach of Code of Conduct	0	0.0%
Termination – Inability	19	1.4%
Termination – Underperformance	6	0.5%
Voluntary Redundancy	20	1.5%
Workforce Renewal Incentive Program	14	1.1%
Total	1333	100.0%

The Review has considered how Tasmania compares with other jurisdictions in terms of the distribution of separations by type. This data is only published by the Australian Government; however, the Review has been provided unpublished data from 2 other states. This data suggested that there is a similar distribution across types of separation, with one exception. The Australian Government uses redundancies or retrenchments more than the TSS and the 2 other states that provided data.

Overall, the turnover rate in the TSS in 2019 was about 5.6%. This was consistent with the 2019 average for public administration (5.3%) according to the AI Group¹¹⁵, but is lower than NSW (6.9%) and the Australian Public Service (8.25%). Data on the number of employees exiting the service is not provided by other jurisdictions.

While having a high turnover rate is not necessarily something to strive for, a low turnover rate is also problematic. It means that new talent and skills are not coming into the workforce, employees can stay in positions for too long, becoming complacent and out of touch, and the service can become overly insular as the workforce is not exposed to ideas from other sectors or jurisdictions.

Termination as a proportion of total separations was slightly higher in the Australian Government compared to the TSS and other states. In Tasmania, a significant majority of terminations were due to inability (around 65% in 2019), with very few terminations due to underperformance or due to a breach of the Code of Conduct (24% in 2019). This is in contrast to the Australian Government, where about 40% of all terminations were due to underperformance or misconduct.¹¹⁶

¹¹⁵ Economic Fact Sheet, August 2019 www.aigroup.com.au/economics, last accessed 17 June 2021.

¹¹⁶ Note that a breakdown of the grounds for termination is not available from other states and territories.

The Review has heard that the overly prescriptive nature of procedures associated with separations in the TSS may be impacting on rates at which employees are terminated for breaches of the Code of Conduct or underperformance. This issue is considered further below.

Code of Conduct breaches

Over the past 5 years, there have been 320 allegations of breaches of the State Service Code of Conduct. About 52% of these allegations were confirmed breaches (165) and about 4% resulted in the termination of the employee (11 terminations).

The proportion of total separations for a breach of the Code of Conduct in the TSS is significantly lower than the proportion of Australian Public Service employees terminated for misconduct. The Review has heard from many stakeholders across the TSS that the process for investigating Code of Conduct breaches is too long and overly prescriptive, which impacts on how it is managed.

Employment Direction 5 (ED5) outlines the procedures for investigating and determining whether an employee has breached the Code of Conduct. The jurisdictional comparison conducted by the Review of similar arrangements across other states and territories and the Australian Public Service found that the system suffers from an overly prescriptive, detailed investigation process where the risk associated with taking action is often so high that managers elect not to proceed. The comparison identified that the process is very ‘top heavy’ in that many steps are required to be taken by the head of agency. This causes delays in processes where lower-level managers may be better equipped to efficiently deal with them. This adds to time pressures on the head of agency and slows the process, often to a crawl.

The jurisdictional comparison found that the closest system to Tasmania’s are the arrangements in Victoria. However, Victoria’s procedures and guidelines are more discretionary, flexible and not prescriptive – they outline that agency heads *may* take certain steps or *consider* undertaking investigations *if necessary*. Victoria has also referred its base level employees to the Fair Work system which was judged as the best practice example of a discretionary system. The Fair Work system focuses on the merit of the action, rather than strict compliance with process.

The Review considers that a similar approach to Victoria should be adopted in Tasmania. Specifically, ED5 should focus on the standards to be applied in investigations for breaches of the Code of Conduct using non-directive language such as *may* and *could*, instead of *must* and *will*. The Review considers that the State should learn from the principles that guide the Fair Work Commission, notably whether there is a *valid reason* for action to be taken, that there is *procedural fairness* embedded in the process and that there is a *lack of harshness* in the decision.

Recommendation 55

Amend Employment Direction 5 to be standards based, allowing the relevant head of agency to tailor an investigative process based on the circumstances surrounding an alleged breach.

The Review also heard that a one-size-fits-all approach to breaches of the Code of Conduct does not work. Under current arrangements, a relatively minor breach of the Code is often ignored because the prescribed process is too difficult and/or regarded as unwarranted. More serious allegations can be ignored as well. Instances of very serious allegations, however, can take too long to resolve, leaving employees on suspension with pay for periods well beyond the time that would reasonably be expected by the community.

The level of investigation considered appropriate for breaches of the Code of Conduct is proportionate to the seriousness of the potential sanction. Section 10 of the *State Service Act 2000* provides that a range of sanctions can be applied, ranging from a reprimand through to reassignment of duties, reduction in classification and termination.

A breach of the Code of Conduct that would result in minor sanctions, where the facts are clear and not disputed, should be dealt with quickly and informally and without intervention from the head of agency. For example, the Code of Conduct provides that an employee 'must treat everyone with respect' and 'use Tasmanian Government resources in a proper manner'. There are obvious examples where breaches to these standards would often be considered minor (but not always) and should be managed locally.

It is difficult to define a 'minor breach' as it is often an issue of perception for the employee, others involved in the breach and the agency. This could be resolved, however, by limiting the available sanctions that could be imposed through a local, informal process. Out of the sanctions prescribed in the Act, a reprimand and counselling would be suitable sanctions that could be imposed through a locally managed, simplified process.

Recommendation 56

Rewrite Employment Direction 5 to allow for a simple, local process to be used where the facts are clear and not disputed and the agency seeks to impose a low-level sanction (i.e. reprimand or that the employee engages in counselling for their behaviour).

At the other end of the spectrum, heads of agency need the authority to move to terminate employees (potentially summarily) in circumstances of serious misconduct.

ED5 currently allows for the head of agency to determine that a person has breached the Code of Conduct without an investigation only where an employee has been convicted of a crime or an offence that is punishable in Tasmania by imprisonment for a term of 6 months or more. The Review considers this to be too restrictive and recommends that the State adopt the Fair Work approach to serious misconduct.

Fair Work regulations provide that serious misconduct involves an employee deliberately behaving in a way that is inconsistent with continuing their employment. Examples include: causing serious and imminent risk to the health and safety of another person or to the reputation [or profits of] their employer's business. Serious misconduct includes theft, fraud, assault, being intoxicated at work or refusing to carry out a lawful and reasonable instruction.

The test for termination for serious misconduct is whether the reason for the termination was 'sound, defensible or well founded'. The employer must be satisfied on the balance of probabilities that serious misconduct has occurred (a standard lower than criminal charges) and that summary dismissal is not a disproportionate response.

It is noted that the Fair Work approach to serious misconduct is broadly consistent with, and could inform the approach to, serious misconduct under Tasmania's *Integrity Commission Act 2009*, which is defined as misconduct by any public officer that could, if proved, be:

- (a) a crime or an offence of a serious nature; or
- (b) misconduct providing reasonable grounds for terminating the public officer's appointment.

Recommendation 57

Amend regulation 29 of the State Service Regulations to include dismissal of an employee for reasons of serious misconduct as specified in the Fair Work Regulations.

The Review heard that a significant component of difficulties previously experienced with Code of Conduct investigations was that they were led by employees who were well-intentioned but not experienced in conducting this style of investigation. The Review heard that investigations took too long to complete and were often challenged in the Industrial Commission due to process-based failures.

Any process that could potentially lead to the significant sanctions of termination or changes to the conditions of employment must be managed well, including ensuring that there is procedural fairness and natural justice of the employee. This requires an experienced investigator.

Section 4.4 discussed the role of functional leadership in the TSS. Given the low frequency of Code of Conduct investigations, the Review considers there is merit in consolidating the capability into a single area in government. This would build on existing experience, provide economies of scale and allow for the development of a more mature capability.

There are 2 obvious options for the location of this role: the SSMO or the Integrity Commission. Some care would need to be taken in both options to ensure that the role does not conflict with their broader regulatory responsibilities. On the one hand, it involves SSMO in an operational issue, rather than shifting its focus to strategic issues. On the other, there is a potential conflict with the Integrity Commission's broader role. Neither is a perfect fit. A third option could be establishing a unit in the Department of Justice, but this has not been considered further by the Review.

The Review understands that some agencies currently engage external contractors for investigating Code of Conduct breaches. Other draw extensively on internal resources, often to their detriment. On this basis, consideration should be given to charging agencies for conducting Code of Conduct investigations.

Recommendation 58

That the government create a shared capability for the investigation of Code of Conduct breaches.

Performance-based termination

A significant proportion of industrial relations issues across public and private sectors are performance related (i.e. not based on misconduct or incapacity). An ability to effectively deal with performance issues is, therefore, critical for creating a more efficient and effective workplace.

As noted previously, performance management must be based on ongoing and meaningful dialogue where poor or high performance is able to be meaningfully discussed and addressed at the direct manager–employee level. Current best practice HR management protocols are ongoing, informal and regular performance discussions between the manager and their subordinate, supported by informal recordkeeping.

The previous section recommended a range of changes to the performance management system in Tasmania, including proposed amendments to the *State Service Act 2000*. While the previous discussion on performance management focused on fostering positive performance, the proposed changes are also relevant to improving the management of poor performance in the TSS.

Inability-based termination

There are a range of ways that inability-related issues can lead to the termination of employment in the TSS. They include abandonment, the loss of a compulsory qualification or accreditation, and the inability to perform at the level required by the classification of the position.

Abandonment

The State Service Regulations 2011 provide that an employee who is absent from duty for a period of 14 days without notifying their head of agency is taken to have abandoned their employment and may be terminated. The Review has not heard that there are any significant concerns with these provisions.

Inability to perform duties

Inability to perform the duties of a position in the TSS is managed under Employment Direction 6 (ED6). Like ED5 discussed above, an external review of termination arrangements nationally found that ED6 is overly prescriptive and suffers from an overload of restriction and critical steps that, if not taken, completely undo the intended process. These steps are also largely undertaken by the head of agency (in the absence of an ability to delegate) which is unnecessarily risk averse and often delays the completion of the process.

The inability to perform duties usually arises in one of two sets of circumstances: a person loses an essential qualification or accreditation (e.g. driver's licence or licence to practise) or a person is unable to perform the duties due to a physical or mental impairment. These are quite different circumstances and need to be considered separately.

Inability to perform duties due to a loss of qualification or accreditation is often a straightforward process for confirming that facts, considering the availability of alternative duties and, if none are available, proceeding to recommend that the employee is terminated. There can be some complexity regarding the length of time for which accreditation is lost or in terms of considering the availability of alternative duties. The process for this action should usually be relatively short and based on the principles of valid reason, procedural fairness and lack of harshness in relation to the decision.

Inability to perform duties due to a physical or mental impairment, however, is a very sensitive process and appropriate flexibility should be available to allow the agency to adapt the process to avoid, as far as is reasonably possible, causing additional harm to the employee.

ED6 provides a very rigid process of appointing an investigator, informing the employee in writing of the commencement of the investigation, conducting interviews, seeking medical assessments and filing an investigation report. Each action is mandatory, with very little flexibility in the process available to construct a process that may more sensitively deal with the underlying cause of the employee's

inability (particularly if it is related to the employee's mental health). The Review considers that this could be addressed by setting minimum standards that must be met in a process employed by the agency to assess ability (as opposed in inability).

These would undoubtedly include:

- that the employee is aware that ability is being assessed, how it is to be assessed and the potential outcomes of this assessment
- that the employee has the opportunity to participate in this assessment in a way that, within reason, suits the individual
- that a medical assessment may be required and how that would be organised
- that the employee will have an opportunity to consider the outcomes of the assessment before any decision is made, and has options to have the decision reviewed.

Employment Direction 29 (ED29) relates to managing employees that are absent from the workplace due to illness or injury (whether or not it is workplace related). It includes principles that go to the need for support and regular contact. Any rewrite of ED6 should align with the principles outlined in ED29, where relevant.

Recommendation 59

Rewrite Employment Direction 6 to:

- **separate the processes for managing employees who have lost essential qualifications or accreditation from the process for assessing employees who are unable to perform the duties of their position for other reasons**
- **create a relatively simple process for the loss of qualification/ accreditation**
- **prescribe the minimum standards to be met by agencies when otherwise assessing the ability of an employee to perform their duties.**

5.10. Aligning the State Service Act and the Industrial Relations Act

Employment-related decisions are reviewable under both the *State Service Act 2000* and the *Industrial Relations Act 1984*. This can result in individuals seeking a review of the same decision through multiple avenues, causing delays, prolonging distress, and increasing cost in time and resources.

Section 50(1)(b) of the *State Service Act 2000* provides that an employee is entitled to apply to the Tasmanian Industrial Commission for a review 'of any other State Service action that relates to his or her employment in the State Service'.

Section 19 of the *Industrial Relations Act 1984* gives jurisdiction to the Industrial Commission to hear and determine any matter arising from, or relating to, an industrial matter. An industrial matter includes, among other things, termination of employment and reinstatement.

There is a need to align these 2 processes to avoid excessive and inefficient processes of review in the Industrial Commission. The Review recommends that either the *State Service Act 2000* or the *Industrial Relations Act 1984* (or both) are amended to provide that a review is to be heard under either section, not both.

Recommendation 60

Amend the *State Service Act 2000* and/or the *Industrial Relations Act 1984* to prevent the use of review powers under both Acts to consider the same employment-related decision.

5.11. Flexible working and regionalisation in the TSS

The Interim Review Report highlighted that the day-to-day working arrangements for TSS employees underwent a dramatic shift when working from home became a common practice as a result of COVID-19. The Interim Report noted that this shift would create ongoing challenges for the State Service in terms of the ongoing management of flexible working arrangements, and opportunities for the government in terms of opening up opportunities for regional employment.

These issues were considered further in the second phase of the Review.

Working away from the office

As part of its response to COVID-19, the TSS and its employees embraced working from home where it was safe and appropriate for state servants to do so. At the time of completing this Final Report, the Review is aware that TSS agencies are continuing to balance ongoing social distancing requirements, the changed expectations of staff, and the challenges and benefits that remote working can pose for the organisation.

This need to work away from the office has fuelled the implementation of virtual collaboration tools such as Microsoft Office Teams, Zoom and WebEx. Videoconferencing is now being used routinely for convenience and not just necessity. Online collaboration is now an effective tool for supporting dispersed teams to work effectively together and produce documents. These tools are also reducing the cost of travel, interstate and intrastate, to the employee and the employer.

Not all roles and functions are suitable to be fulfilled away from the office. Obviously there are key service delivery and 'hands-on' roles that require direct contact and interaction with clients for whom working away from the normal location is neither feasible nor appropriate. However, there are many administrative functions that can be effectively undertaken away from a traditional office.

All employers have workplace health and safety legislative and regulatory obligations regarding the physical and mental (psychosocial) wellbeing of their employees. These WHS obligations apply regardless of the employee's place of work. For various reasons, not all employees whose role may be suitable or appropriate to undertake from home are able to. For some people their domestic circumstances may not be suitable. These circumstances could include their personal safety, caring responsibilities or simply the unavailability of a suitable workstation.

All state government departments have working from home policies. They all consider issues such as managing workplace health and safety, ensuring that the arrangement is in the interest of the business unit, and staying connected. They do, however, differ and not just in process. They apply different standards and principles for working from home, many of which are hard to justify on the basis of operational differences between agencies.

For example, different standards are applied across the service with regard to staying connected with the workplace. The Department of Communities Tasmania, the Department of Education and the Department of Police, Fire and Emergency Management require that the majority of the working week is spent in the office (unless specific circumstances exist); the Department of State Growth requires attendance for at least one day per fortnight; and the Department of Premier and Cabinet suggests that working from home 100% of the time is inappropriate. Further they focus on working from home, rather than away from the office in an alternative setting such as a hub.

There are other differences, such as trial periods, duration of agreements and review arrangements.

The Interim Report recommended that the SSMO develop a short set of principles for working away from home to encourage consistency where appropriate and to ensure that the TSS can confidently work through the challenges and opportunities presented by flexible working arrangements. The Review continues to hold this view.

The principles do not need to be overly prescriptive. In fact, many of the existing policies already contain principles that could be used as the foundation for service-wide principles. They include:

- Working from home is not an entitlement. Operational requirements must continue to be met and not all positions are suitable for working from home.

- All employees should be treated fairly and equitably when considering requests to work from home.
- Employees should attend the workplace for the majority of the time unless specific circumstances exist.
- Working from home arrangements should be trialled and regularly reviewed to avoid any impact on productivity.
- All working from home arrangements should include appropriate arrangements to manage workplace health and safety and a clear understanding of the shared responsibilities for health and safety.
- Working from home is not a substitute for child care, carers leave or sick leave.
- Working from home arrangements should include clear obligations of being contactable and for working hours.

Establishing a set of principles now should help avoid even greater disparity of working away from the office. While SSMO should take the lead in this matter, it needs to involve agencies in the discussion and drafting of the principles. This is ongoing good practice, but more important in this case because agencies clearly have ‘hands-on’ experience. While the Review no longer regards this as urgent, there should be a clear understanding that this needs to be done as a priority.

Recommendation 61 (adapted from Interim Report Recommendation 12)

That the SSMO develop a short set of principles for TSS employees to work away from the office, drawing extensively on existing arrangements and resources and taking into consideration benefits and cautions to provide a consistent, underlying basis for individual agency policies.

Office hubs and regionalisation of the workforce

The Review Terms of Reference require an examination of the ‘appropriateness of the current location of government services, and the desirability for any change’.

The TSS is, to a large extent, well distributed across the State. Professional and frontline services, which represent 75% of the State Service, are located across the 3 regions in Tasmania in numbers that are not too dissimilar to the distribution of the Tasmanian population. For example, about 48% of the population is located in the North and North-West. This compares to 51% of nurses, 43% of medical and allied health staff and 51% of teachers that are also located in the North and North-West.

The leadership, policy, project and administrative roles within the TSS are not, however, distributed well across the State. A significant majority (77%) of the positions are located in Hobart. This includes about 85% of management positions, 89% of ICT positions, 85% of finance and payroll positions, and 70% of human resource and payroll positions. To give a sense of scale, over 1,300 positions in the corporate, policy and general administrative streams would need to move from Hobart to the North and North-West if this part of the State Service reflected, broadly, the geographic distribution of the Tasmanian population (see Table 7).

Table 7: Position movements required from South to North and North-West if TSS were to reflect population distribution

Job Group	North and North-East	North-West and West	South
Policy and Project	207	204	-411
General Admin	298	203	-501
Executive and Management	60	45	-105
Finance	46	42	-88
ICT	71	61	-132
HR and Payroll	54	42	-96
Total	736	598	-1,334

There are advantages to locating your senior team in close proximity in any organisation. Having heads of agency located almost within a 'drop kick' of each other is a potentially significant advantage that helps build collaboration and cooperation. However, that does not mean that everyone needs to be co-located all up and down the management chain.

Attempts to increase the regionalisation of the public service are generally variations of 2 common strategies: either *moving state service functions* to regional areas or *moving state service positions* to regions and creating more dispersed, virtual teams.

There have been a number of examples in Tasmania and nationally to move public service functions to regional areas.

Most recently, the State Government sought to move parts of Mineral Resources Tasmania (MRT) to Burnie. MRT is responsible for providing geo-scientific information and tenement regulation to foster responsible mineral resource development and land management for the benefit of the Tasmanian community. As part of this, the North-West was seen as a key regional service centre for the Tasmanian mining industry, and it was envisaged that relocating MRT to Burnie would provide the most effective contribution to managing the State's expansive mineral resources. The policy was implemented over a 4-year period from mid-2014 to mid-2018. Roles relating to industry liaison and tenement management were relocated to Burnie, and 13 staff are now located in Burnie. A further 10 roles take on statewide responsibilities, using Burnie as a regular base. In total, 23 roles out of 44 are able to operate outside the former Hobart base of MRT.

In the early 1990s, the New South Wales Government moved a number of agencies to regional areas, including moving 500 positions in the Department of Agriculture to Orange to be closer to the farmers they served. The Australian Government has moved the Australian Securities and Investment Commission registry centre, which employs 350 people, to Traralgon, and the Department of Infrastructure also moved about 30 positions into a new regional office in Orange.

The Commonwealth recently moved the Pesticides and Veterinary Medicine Authority to Armidale with the loss of a large number of employees and concerns about the Authority's ability to perform its essential function.

The Victorian Government has moved functions to Geelong, and the Queensland Government is setting up its new agency Jobs Queensland in the centre of Ipswich as part of its commitment to public service regionalisation.

Moving public service functions can be a successful strategy for supporting regional economies and moving government functions closer to their stakeholders. It can also, however, be high risk if skills are not available locally, current employees are not willing to move, and the ability to perform essential functions is degraded. A December 2017 report of the Productivity Commission, *Transitioning Regional Economies*, noted that potential relocations should be carefully assessed in terms of cost, both direct monetary costs and the potential for staff turnover to create a 'brain drain' resulting in loss of productivity and corporate knowledge.¹¹⁷

Regionalisation of public service positions does not have to mean moving whole functions. In 2018, the Tasmanian Government set a target for DPIPWE of relocating 100 jobs to the north of the state. To facilitate this, DPIPWE developed policy and processes to relocate positions through recruitment (moving the position when a vacancy or new position arises, such as following a resignation or retirement or to facilitate new initiatives) and a voluntary expression of interest process. The latter was supported by a relocation assistance package that included financial incentives made available to existing employees. The majority of positions moved to the north have been relocated through recruitment processes, rather than through existing employees opting to relocate.

The DPIPWE example highlighted a key issue that many staff are often well established in their local community, and their homes, families, networks, schools and services cement them in a particular location. However, the initiative has proceeded well by ensuring that the default approach to vacant permanent positions that are to be advertised for recruitment is that they be located in the North. It is only by exception that roles are not located in the North, with approval of a business case being required before permanent roles are advertised as being located in the South. This is mostly seen where positions have a specific place-based requirement, such as being a Ranger at a specific Parks Field Centre. This approach has meant that many appointments have been made to permanent roles in the north of the state.

As a consequence of the program, DPIPWE has needed to upgrade and reconfigure existing sites to ensure that existing and new northern staff could be appropriately accommodated. The program has opened up opportunities for appointees from other regions of the state who may have previously needed to relocate to Hobart to take up employment.

¹¹⁷ Productivity Commission, *Transitional Regional Economies*, 2017, pp 170, available at [Transitioning Regional Economies - Final Study Report \(pc.gov.au\)](https://www.pc.gov.au/research/indicators/regional-economies), last accessed 7 June 2021.

The Victorian Government is also actively working to stimulate growth in urban and regional centres across Victoria by moving state service positions into the regions. GovHubs are a new way of doing business in regional Victoria, with a focus on enhancing customer service, revitalising city centres and delivering economic benefits to the local community. In Ballarat, GovHub is a project that is being undertaken by Development Victoria, in partnership with Regional Development Victoria, the Department of Premier and Cabinet, and the City of Ballarat. The GovHub will centralise the delivery of a range of government services, making it a one-stop shop for customers and a hub for local activity.

Construction of the Ballarat GovHub was completed in February 2021 and over coming months it will accommodate up to 1,000 Victorian Government workers, including up to 600 public sector positions relocated from Melbourne. The hub will contribute to the generation of long-term job growth and increase business confidence and private sector investment in the region. Another GovHub is planned for Bendigo to continue the Victorian Government's regional development agenda.

Way forward for regionalisation

There is no single or simple solution for the concentration or regionalisation of the TSS, any more than there is a 'right' level of regionalisation. There are, however, some general observations that may assist with identifying the appropriate way forward and steps that can be taken.

Firstly, the term 'workplace' as we know it has changed. It is no longer a term to define an office with four walls, but more so an environment that is both physical and digital that facilitates work, collaboration and communication. A fundamental component of the future workplace, be it decentralised, distributed or remote, needs a digital layer to encompass all its physical and virtual elements cohesively.

Many employees have come to regard working from home or working away from the office as the 'new norm'. This arrangement is one of the suite of benefits available to employees who want to work for an employer of choice.

Future workspaces will need to be flexible, and will likely be shaped by organisations using combinations of some of the trends and models below:

- **Work from home:** Employees are able to fulfil all their normal duties working remotely from their regular office and based in their own home in an office that has been designated as meeting normal workplace health and safety requirements.
- **Decentralised offices located near where staff live:** Employees are provided with professional working spaces near their homes, in an effort to prioritise safety while supplying an environment optimised for individual productivity if the employee does not have one at home. This model is akin to a 'hub-and-spoke' approach that provides employees with satellite offices closer to their homes to avoid long commutes while also providing space to safely collaborate in small groups.

- **Intentional collaboration hubs:** This strategy shifts the purpose of a central office to primarily host intentional collaborative activities while maintaining work from home policies for individual tasks.
- **De-densified workspaces:** This model reconfigures an agency's original office space to accommodate social distancing in the same physical footprint.

The Review recommends that the government gives serious consideration to the creation and promotion of office hubs as part of a strategy for the increased regionalisation of the TSS. Decentralised office hubs based in centres and regional locations across Tasmania could have multiple benefits for the TSS and the State including:

- enabling employees to be more effectively located, either temporarily or permanently, outside Hobart
- facilitating collaboration and a cross-fertilisation of ideas across multiple government agencies
- enabling key personnel to be located closer to the industries and stakeholders with whom they work.

Office hubs would need to be configured in such a way that enables staff to work effectively, whether they work from the location on a temporary (visitor) basis or work from the site permanently.

As outlined in the Interim Report, the location of regional hubs will require careful consideration. Without pre-empting that, there are possible candidates for hub locations that would facilitate engagement of staff from regional areas and reduce pressure on urban centres. Around Hobart, Kingston and Sorell are growth areas, commuters from which contribute to congestion in Hobart. Locating hubs in Kingston and Sorell might open the TSS up to employees from the broader South and South-East. Similarly, flexible spaces in Launceston and the North-West might reduce practical barriers to employing people in those regions.

The establishment of office hubs would need a clear vision and a strong commitment from heads of agency to encourage the development of virtual teams. In other jurisdictions (e.g. Australian Public Service, NSW and Victoria) guidance materials have been developed to support the management of virtual teams.

Like any office, the hubs will require ongoing management and maintenance, so the government will need to consider the infrastructure support arrangements (access, security, maintenance, governance, etc.) that will need to be put in place for the ongoing operation of hubs, especially because they will accommodate state servants from multiple government agencies.

The Review's Interim Report recommended that: 'A business case for the development of regional office hubs should be prepared by the Department of Premier and Cabinet in consultation with the Department of Treasury

and Finance as a priority, including consideration of potential locations' (Recommendation 13). The Review reiterates this recommendation in light of further analysis of the potential benefits that hubs would create for the TSS and regional communities.

Recommendation 62 (Interim Report Recommendation 13)

That the Department of Premier and Cabinet prepare a business case for developing regional office hubs in consultation with the Department of Treasury and Finance as a priority, including consideration of potential regional locations.

Setting targets

The APS Review recommended that mobility targets should be set for the public sector and identified that increasing mobility across the APS would take more than a standalone program. A range of strategies would be required, beginning with embracing the need to facilitate greater movement of staff across the service in and outside Canberra.¹¹⁸

Each year the TSS makes about 220 non-operational permanent appointments. Many of these roles could be undertaken from locations outside Hobart. This can be done in 2 ways: either the existing DPIPWE model of advertising suitable vacant positions in a location outside Hobart; or advertising suitable vacant positions to be filled from anywhere in the State provided that the applicant has reasonable access to a TSS office hub for at least occasional but regular use. This really moves jobs to people, rather than moving people to jobs.

The second option is the more liberating, allowing people from much of Tasmania to apply for positions that could previously only be filled in Hobart. It may, however, not be suitable for a larger number of positions. Nevertheless, both options are worth pursuing.

Based on observations and lessons from regionalisation and decentralisation initiatives in other jurisdictions, it is important that modest targets are set so that a staged approach is able to be taken across the TSS. Given the number of appointments that DPIPWE was able to make over a few years, it would seem reasonable to target about 50 appointments a year being made across the TSS to locations outside Hobart (once an office hub is developed).

The Review recommends that the government, with advice from the Head of the State Service and all heads of agency, should determine targets for the medium and longer term regarding the number and proportion of appointments to be made to the TSS outside Hobart or open for appointment at a whole-of-state level.

Recommendation 63

Heads of agency provide advice on possible targets for the number of added appointments to be made to the TSS outside Hobart.

¹¹⁸ APS Review, p 202.



PART 6 – **SERVICE DELIVERY**

Part 6. Service delivery

What should we strive for?

The State Service delivers services to Tasmanians in a way that is integrated and best meets the needs of individuals, families and communities.

Service delivery is coordinated across agencies, and delivered out of common facilities wherever possible. Increasingly, agencies are case managing services, linking people with a broad suite of interventions that meet their sometimes complex needs. Service delivery is adapted in each community to reflect local circumstances and local priorities.

Service Tasmania is leading the proactive engagement of the individuals through a complementary array of digital, phone and face-to-face services. Digital services are seamless, with access to all State Government services available through a single integrated digital experience. Payments to and from government are all managed through a single stream.

Local governments and the Commonwealth Government partner with Service Tasmania to provide a one-stop shop for all services.

There is truly one number for government (other than emergency services), and each state's call centre capability is scalable to respond to changes in demand, including during emergencies.

Where are we now?

Despite the growing understanding of the importance of service integration, the State Service is finding it challenging to systematically share information and integrate services around common clients. It still works predominantly within the boundaries of individual services, and collaboration is largely personality based.

The approach to place-based service delivery is not well progressed within the State Service. There is no whole-of-government guidance or standards for place-based activities, and place-based initiatives are predominantly project-based rather than built into program design across the State Service.

There are positive examples of services sharing infrastructure but the review has heard that there remain unrealised opportunities for consolidation and co-location in regional areas. There is no whole-of-government policy or drive towards the common use of infrastructure.

Service Tasmania is battling to maintain any momentum in its change program. It has a relatively clear plan, but has no clear mandate to achieve it. With no mandate, it is finding it difficult to secure the resources and support that it needs to keep pace with similar services interstate and in the Australian Government. It needs to significantly improve both its funding and costing model if it is to maintain its position as the single transactional service delivery agent for the State Government.

What do we need to do?

The Review makes a number of recommendations to:

- use life events as an organising principle for services
- renew Service Tasmania's mandate and enhance services across shopfronts, and phone and digital services
- develop standards for person-centred service delivery in government and a framework for place-based and co-designed initiatives in Tasmania
- audit existing TSS premises and identify options for improved integration of services and programs and the co-location of TSS employees
- develop a shared community population outcomes framework and invest in system management capability.

6.1. Service delivery context

The Tasmanian Government and the TSS will, importantly, be judged on their ability to deliver services to Tasmanians well. This includes the quality of professional services (for example, teaching, medical, allied health and associated services, judicial services, corrections, forensic/analytical and park ranger services), as well as the infrastructure required to support these services (for example, schools, hospitals, courts, prisons, roads and parks).

In many cases, the delivery of, and accountability for, services by and within individual agencies is entirely appropriate. Departmental boundaries are created to focus effort in the TSS and to allow for accountabilities to be grouped into manageable parts for oversight by ministers and Parliament.

There is, however, a substantial and growing understanding of the need to broaden the focus of service delivery beyond the boundaries of individual agencies. This will enable the government to provide integrated services to common clients, to recognise the strengths and challenges for communities, and to create a ‘customer experience’ that is seamless and outcomes focused.

Demands on governments and the costs of core services are growing beyond levels that can be sustained in the long term. Governments, including the Tasmanian Government, will need to find ways to improve the efficacy of services without necessarily increasing the cost.

This part of the Report emphasises the need for the TSS to strengthen its whole-of-government focus on service delivery. This means integrating services across portfolio boundaries if required, sharing infrastructure and other resources where it is sensible to do so, working together to support a single transactional service delivery agent, and ensuring that services funded outside the TSS are efficient, effective and outcomes focused.

6.2. Delivering services around life events

As discussed in Section 4.5, digitalisation is driving a need to rethink the way that governments relate to individuals and families. But it is not just digital technologies that are driving change. Many jurisdictions, including the Commonwealth, Western Australia, ACT, Victoria and New South Wales, are, for example, looking to integrate services around life events, tailoring services to meet the needs of people, as opposed to reflecting the structure of government.

This does not necessarily mean a series of machinery of government changes, although some might be required. It does, however, require agencies to work across organisational boundaries more often and more effectively to integrate or align their response into a suite of services involved in supporting individuals and families through these events.

Box 20: What are 'life events'?

Life events are events that have a significant impact in the lives of citizens/stakeholders and that warrant government awareness or involvement.

A life event may be the birth of a child, change in employment status, a serious injury or illness, a home purchase, a crime, a natural disaster, or education and training. There are many more examples of life events that span the range of government services at all levels of government.

Adopting a life events approach means that government services that often span multiple agencies and levels of government work together to meet the needs of the community. For instance, when a natural disaster occurs, local, state and Commonwealth resources may be needed to help the injured, restore safety, rebuild infrastructure, and renew local economies.

Adopting a life events approach means that services need to be integrated across agencies and consider the needs of citizens and communities.

NSW is perhaps the most advanced state in terms of presenting services around life events. As shown in Figure 26, the NSW Government has published a life events page, where people can access information and services to support their journey through, for example, starting a family, going to school, retiring, dealing with a family death or planning their own.

Similarly, the Australian Government established Services Australia in May 2019 to:

... fundamentally reorient the way we deliver services, moving away from process-driven forms, payments and entitlements towards world-class connected services tailored to the circumstances, needs, and life events of individual Australians and their families.¹¹⁹

Since its initial establishment in 2018, the Commonwealth and State Data and Digital Ministers' Meeting has progressively determined a set of principles that provide a shared framework nationally to prioritise, govern, fund and manage life-event initiatives. To date, 4 priorities have been identified, and a different jurisdiction is taking the lead on each one: having a baby (ACT), looking for work (Queensland), end of life (NSW) and experiencing a natural disaster (Commonwealth). At a national level, the Digital Transformation Agency is taking a lead role in mapping life events in a standardised way to enable the adoption of consistent language and descriptors across jurisdictions.¹²⁰

¹¹⁹ Delivering for Australians: A world class Australian Public Service: The Government's APS reform agenda.

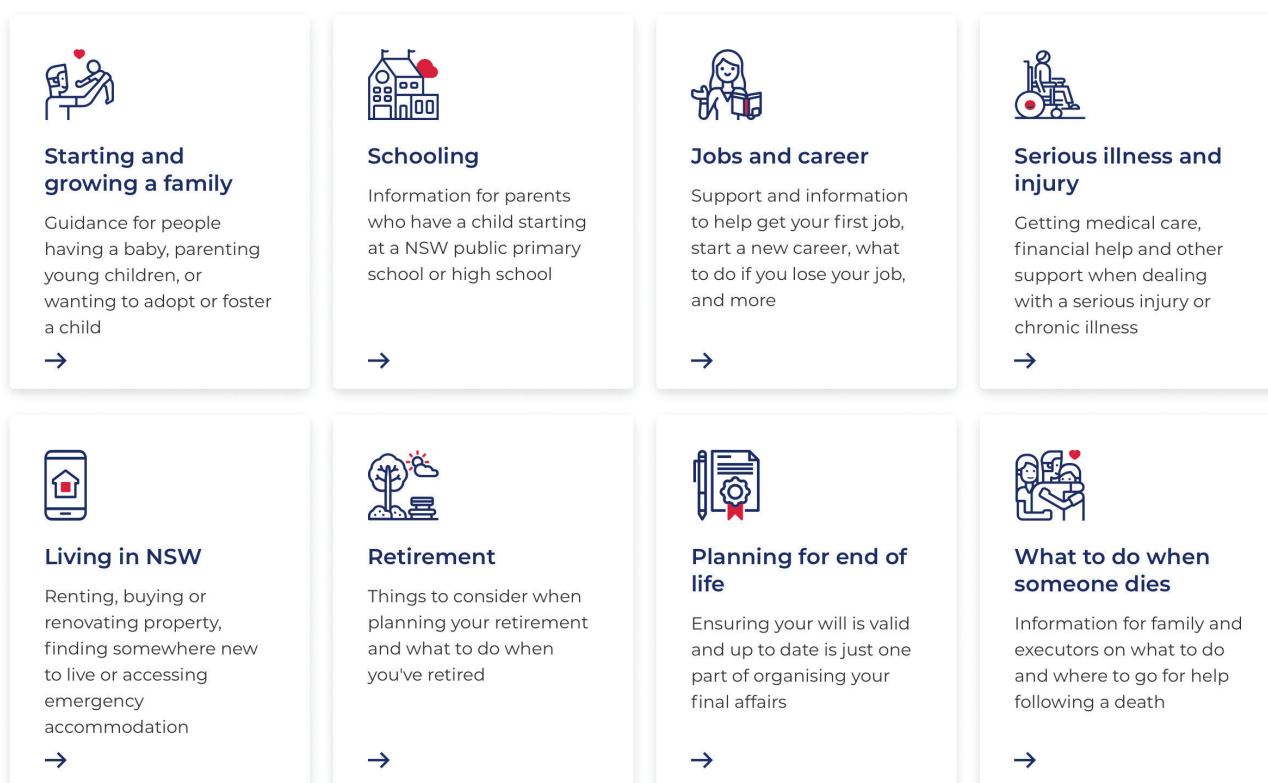


Figure 26: NSW Government life events page

Although the integration of services around 'life events' is being driven heavily through the nation's digital service delivery agencies, it is far from just a digital service strategy. Rather, it is a new way to organise all services so that the focus is sharply on the outcome for the individual or family, rather than on the way that governments choose to organise state agencies. Ultimately, the adoption of a life events framework will require stronger collaboration between all levels of government and inter-jurisdictional cooperation.

'Starting and growing a family', for example, can be used as the focus for integrating services that a family needs when having, or planning to have, a child. It could start with providing connections to Births, Deaths and Marriages, and Child and Family Learning Centres. Through these connections, the State could facilitate access to maternity and child health services, positive parenting programs, financial planning, housing support (if required), postnatal mental health services (if required), play groups and peer support programs. Access to child safety services and Housing Tasmania may also be important for stabilising the home environment ready for a new child. Access to key information (such as standards for car seats) is also important during this life stage.

This is not new for the TSS. Twelve Child and Family Learning Centres have already been implemented across the State, and 6 more are to be introduced over coming years. The objective of these facilities is to provide an integrated service to support the needs of families of young children.

¹²⁰ See 'How to easily and consistently map life event journeys', Digital Transformation Agency (dta.gov.au)

Other jurisdictions have, however, taken up the mantle ahead of Tasmania and more can be done within the State. There can be a stronger mandate for the integration of services around the birth of the child, including increased sharing of information. The accountability for services working in an integrated way can be strengthened and there should be increased use of shared planning and service tools.

A similar focus could also be drawn for 'getting a job', 'starting school' or 'dealing with a death in the family', where there has been limited progress made in Tasmania in integrating services.

Service Tasmania's 5-year strategic plan includes presenting 'joined-up services around key life events' and contemporary 'place-based' delivery. The Review supports this direction, including its intention to present existing services in terms of life events in advance of more fundamental service redesign. To succeed, however, the shift in Service Tasmania's design will need to be supported by a shift in thinking and design of services across government. Agencies will need to understand how their services fit within a life events framework and how they can work more systematically with services across government that contribute to the management of each life event.

Consideration may need to be given to encouraging or providing some form of funding incentive for agencies and services to prioritise their limited time and resources towards greater integration. This should start with prioritisation through heads of agency, but could also include a limited budget for identifying opportunities for greater integration and facilitating the change. This process can't use a 'set and forget' approach; it will need to evolve over time through continuous improvement, an ongoing service reform and an emphasis on meeting customer needs.

Recommendation 64

That the government adopt a life events framework as the basis for the integration of services across agencies.

6.3. A renewed vision for Service Tasmania

It's hard to think now, but Service Tasmania was ... the most radical departure from conventional government service delivery and the way in which government operates, in any of the Australian jurisdictions and in most of the similar jurisdictions around the world. Because it's so mature and well established now, people forget how different it is.

Steven Haines, former secretary, Department of Premier and Cabinet

In 1997, the Premier of Tasmania and the Secretary of the Department of Premier and Cabinet visited New Brunswick, Canada, to explore new ideas for the delivery

of services in the State. Importantly, they visited Service New Brunswick. This service was the first of its kind in Canada and allowed a customer to have one contact point with government. It allowed customers to do multiple things at once, oblivious to the fact that they were dealing with completely different government agencies.

Arising out of this visit, the 1997 Directions Statement for Tasmania stated that:

new technologies ... give us the opportunity to make traditional over-the-counter transactions in shop fronts more convenient for people ... Instead of going to one place to register your car and another to get your birth certificate, all counter transactions will be able to be carried out at any physical counter and through any counter staff ... It will mean that government, not the customer, will sort out which agency is responsible for a particular licence or charge.¹²¹

The first 23 Service Tasmania shopfronts opened in 1998, and the network ultimately grew to the 27 locations operating today. In parallel, Service Tasmania developed an over-the-phone service, allowing for the payment of some bills over the phone for the first time. The new phone service also provided a 'one number for government' directory service for people seeking government information.

Service Tasmania Online was also launched in 1998 alongside its shops and phone service. Initially, the online experience was limited to application forms, a directory of government services and agencies and an email-based help desk. By 2000, however, a sophisticated (for the time) online experience had been created that allowed people to make payments online for a range of government services, and to access a broad range of applications. The then premier stated that:

... Service Tasmania Online ... showcases Tasmania's capacity to provide leadership in technology and I am sure it will serve as a blueprint for other governments around Australia.

At the time of its introduction, it clearly did!

Service Tasmania has been, and continues to be, a successful service delivery agent for Tasmania. It currently operates from 27 service centres across the State and offers close to 600 different services. As of 2020-21, Service Tasmania has an operating budget of \$16.7 million. In 2019-20, it collected approximately \$141 million in revenue through service centres. Over that period there were about 1.3 million transactions over the counter, with the website (www.service.tas.gov.au) receiving more than 1.2 million visits and the call centre (1300 13 55 13) handling approximately 332,000 calls. That said, its service offerings are now low by the standards of some other states, most notably Service NSW.

¹²¹ Direction Statement, 1997, Premier of Tasmania, Tony Rundle.

The initial drive in terms of innovation and improving the efficiency and effectiveness of service delivery seen in the early years of Service Tasmania has, however, lost impetus. The Interim Report noted that limited ongoing investment and limited success in securing support for its future direction have contributed to Tasmania falling from a position of leading to now being behind comparable jurisdictions.

NSW, Victoria and the Australian Government are investing heavily in the digitalisation of services and in broadening the range of services available through their one-stop shop. NSW is now considered to be the gold standard by some, with a strong digital agenda and an important role in the NSW Premier's agenda of 'government made easy'.¹²²

Without renewed momentum, Tasmanians will increasingly miss out on the benefits associated with a contemporary, streamlined service delivery framework. Service delivery will be increasingly seen as inefficient and fragmented compared to other jurisdictions.

The Interim Report noted that work was being finalised on a strategic plan for Service Tasmania and that the direction for this capability of the TSS would be considered further in the Final Report. The Review has considered, in detail, the finalised *Service Tasmania Strategic Plan 2020-2025*¹²³ and roadmap for transformation. The Review notes that the proposed direction, if funded, should deliver for the State a contemporary capability that may well meet the expectations of the community over the medium term. To deliver on this strategy, however, there are a number of fundamental aspects that also need attention. These are:

- providing a clear mandate for whole-of-government service delivery and customer service
- supporting its service delivery model across its 3 platforms: face-to-face, over the phone, and digital
- implementing an accountable and sustainable funding model
- adopting an alternative governance model for Service Tasmania.

Finally, the comparator jurisdictions are far from standing still. Without change in Tasmania, the gap will only widen, and quickly.

Service Tasmania's mandate

The Interim Report (Chapter 7) noted that the ongoing cost-effective provision of a true, contemporary one-stop shop model across all delivery channels requires, at a minimum, a fresh mandate for Service Tasmania and a clear direction for the TSS regarding how and by whom the full range of government services are to be delivered.

¹²² Increasing the number of government services where citizens of NSW only need to 'Tell Us Once' by 2023.

¹²³ http://www.dpac.tas.gov.au/__data/assets/pdf_file/0007/563218/Service_Tasmania_-_Strategic_Plan_2020_WCAG.pdf, last accessed 28 June 2021.

Service Tasmania does not appear to have ever had a clear mandate. While there was strong early drive to consolidate and streamline services through a single one-stop shop, the Review has not been able to identify any clear statement regarding the delineation of service delivery responsibilities between Service Tasmania and line agencies. Service Tasmania was, quite rightly, set up to innovate and evolve as solutions are found to consolidate service delivery into a single agent model. It has not achieved the original vision of every service being delivered through every counter, although it has made substantial progress towards this goal.

The next step for Service Tasmania will require a substantial investment in technologies (for digitalisation and, potentially, call centres) and relationships (for over-the-counter services). This cannot be achieved without a clear mandate from government.

The Review is less concerned about exactly where the line is drawn between Service Tasmania and agencies than that one be drawn. The importance lies in clearly defining the role and responsibility and incentivising compliance with it. Without that certainty, Service Tasmania will find it difficult to justify, obtain support for, and build the capabilities and relationships that it needs to modernise its service model. Without that certainty, agencies will quite reasonably continue to interpret their relationship with Service Tasmania independently, with continued disparity in service delivery approaches across government.

The Review considers that Service Tasmania should be the single agent for the delivery of transactional services by the TSS. Exactly which 'transactional services' are included within the scope of service delivered by Service Tasmania is a question for government. It should, however, be criteria-based, encourage an ongoing re-examination of existing services delivered by agencies and the possible merit of consolidating these into Service Tasmania's model. Service Tasmania also should be the default organisation for delivering new services (unless specifically agreed otherwise).

The government should also extend Service Tasmania's mandate in 2 important areas:

- to be the single digital service delivery agent for the TSS, requiring all digital services to be either developed on, or integrated with, a single platform to be built and maintained by Service Tasmania
- to partner with others to improve service delivery and the customer experience for Tasmanians and enhance sustainability of the service network.

These are discussed further below.

Service Tasmania's mandate should also extend beyond being an agent of government departments for service delivery. It should be charged with the

responsibility of defining and building the 'customer experience' for the State Government. This means working with agencies to determine how services are to be delivered, rather than just delivering services as defined by agencies.

A good example of the change in approach can be found in licensing. Service Tasmania currently supports the delivery of at least 12 different physical licences and other identity/accreditation cards covering a number of regulatory functions of governments (e.g. vehicle licence, personal identity card, Working with Vulnerable People card, and boat, firearms and occupational licences). All of these licences are manufactured by the same supplier.

Despite the fact that they are processed by one service delivery agent, every licence has a different renewal date, which prevents licence holders from renewing multiple licences in one transaction. Many also have different identity requirements, meaning that people can have the right documents for one licence, but fall short of the requirements for another one. All have separate cards.

Under the new model, Service Tasmania could work with agencies to streamline the State's licence delivery system. Like other states, Tasmania could introduce digital licences with multiple accreditations. Physical licences could be retained as an option, but a single physical licence could be used for multiple accreditations. Renewals could be aligned across all licences and distributed across the year to avoid peak demand for Service Tasmania. Renewal payments could be consolidated and amortised over time (for example, over 12 equal monthly payments) to make it easier for individuals to budget. Where possible, identity standards would be consistently applied across all licences, with options for online identity verification in some circumstances.

Under this model, Service Tasmania is defining the framework for service delivery based on the needs of both the customer and the agency. Government agencies would still be important stakeholders in the design, as it needs to be fit for purpose to support government business.

Recommendation 65

Designate and fund Service Tasmania as the agent for the delivery of a specified range of transactional services for the TSS, including a renewed and extended clear mandate to:

- **partner with others to improve the customer experience and enhance sustainability of the service network**
- **be the single digital service delivery agent for the TSS, requiring all digital services to be either developed on, or integrated with, a single platform to be built and maintained by Service Tasmania.**

Face-to-face service delivery

Service Tasmania is very much a face-to-face service delivery organisation in terms of the number of services offered across the different channels. Work undertaken by Deloitte in 2019 for Service Tasmania stated that it delivered 632 services through its shopfronts, 538 through contact centres, but only 56 online. While this will have changed somewhat over the past 5 years, it is unlikely that the preponderance of face-to-face and telephone services has changed.

As noted in the Interim Report (page 68), sustaining the shopfront model for Service Tasmania will be an ongoing and ever more costly problem given the declining use of over-the-counter services and their relatively high cost (\$9-10 compared to 50 cents per transaction for online services). The use of shopfront service has fallen with the implementation of online services such as the lodgement of birth certificates in 2018, the ability to renew a driver's licence via BPay (with existing photo) in 2020, and online renewal of recreational game licences earlier this year. Service Tasmania's over-the-counter transactions have fallen by around 11% since July 2016.

There will undoubtedly be ongoing efficiency-based pressures associated with the delivery of ongoing face-to-face services. However, much greater efficiency will be hard to achieve, particularly given that, as simple transactions move online, the trend for face-to-face services will be for longer, more complex transactions.

More importantly, Service Tasmania needs to accelerate its current program of broadening the service mix delivered through its shopfronts. This could include more services delivered currently by other state government agencies (such as Business Tasmania), but should also involve partnering with local government and the Australian Government to consolidate services into a single shopfront.

The *Service Tasmania Strategic Plan 2020-2025* includes an action to 'embed effective service partnerships with the Commonwealth, local government and Non-Government Organisations...'. The Review understands that there have been ongoing discussions with the Commonwealth and local government about shared service delivery and that it be implemented, to a degree, in a number of locations (see Box 21).

The Review has discussed the co-location of Commonwealth and Tasmanian services with Services Australia and there is support for expanding the existing relationship and considering Service Tasmania delivery of Commonwealth services (particularly in regional locations). The Review is also aware of ongoing discussions between Service Tasmania and a number of councils, which represents an opportunity to further leverage the role that shopfronts play in local communities.

Service Tasmania has previously acted as an agent for the private sector. The Triabunna Service Tasmania shop incorporated banking through a partnership with Westpac between 1998 and 2016. This arrangement was discontinued following an announcement by Westpac in 2015 that it would be ceasing all its 'in store' banking services nationally, including those provided by Service Tasmania in Triabunna. The decline in face-to-face service provision by private entities in some Tasmanian communities raises the possibility of Service Tasmania continuing this role on behalf of others.

Box 21: Service Tasmania, working collaboratively

Service Tasmania is co-located with **State Government** (Libraries Tasmania, Tasmania Police or Child and Family Centres) in 7 locations.

In 3 locations it is co-located with the **Australian Government**, with Service Tasmania and Services Australia staff working in the same space. In a further 13 locations, Service Tasmania provides services on behalf of the Commonwealth, with Service Tasmania staff trained in Centrelink activities and supporting public use of self-service equipment. Further, all Service Tasmania shopfronts provide certain services on behalf of the Commonwealth Department of Veterans Affairs.

Service Tasmania is co-located with **local government** in 3 permanent locations (Oatlands, Beaconsfield and Devonport). It also has agreements with 6 councils to deliver services on their behalf at any Service Tasmania shopfront.

Finally, in the Devonport *paranple* Convention Centre, which is a more developed example of integrated service delivery, Service Tasmania acts as the first point of contact and service deliverer for most Devonport City Council customers.

When a service (such as banking) cannot be economically delivered to a regional community by the institution, it could possibly be delivered through an existing Service Tasmania facility. Providing these services through a Service Tasmania outlet would be an option under these circumstances, but should be considered carefully and only where there is no local competition (or likely competition) and full cost recovery applies. Delivery of private sector services through Service Tasmania shops would not usually be as high a priority as the already underway partnerships with the Commonwealth and local government.

Recommendation 66

That Service Tasmania accelerate the current actions under its Strategic Plan 2020-25 to enhance service delivery partnerships with the Commonwealth, local government and, where appropriate, the private sector.

Delivery of services over the phone

Phone services figure predominantly in the service model for Service Tasmania and are likely to continue to do so. As mentioned previously, Service Tasmania receives approximately 330,000 calls per year for a wide range of government services through the Tasmanian Government Contact Centre. The contact centre is primarily used as an information service, and is also able to take basic payments via a third-party payment gateway.

Service Tasmania does not deliver all phone services across government. For example, Emergency Services (Police, Fire and Ambulance) still maintain call centres; the Monetary Penalties Enforcement Unit still manages a call centre with the Department of Justice; and the Department of State Growth administers the Business Tasmania hotline.

The Review has not considered, in detail, the case for the further consolidation of these services into Service Tasmania. As noted in the Interim Report, however, the Review heard support for the concept of a true 'one number for government' service, which would integrate all government call centre functions and provide capacity to scale up for emergencies or other short-term initiatives. The response to COVID-19 may provide a roadmap to achieving this vision.

As part of the COVID-19 response, the State built a new call-centre capability to respond to the COVID-19 related demands for the Public Health Hotline. This new centre has a capacity for around over 70 call takers and, for redundancy and scalability, is built across 2 sites. Given the shared business continuity related risks associated with COVID-19, the redundant facility built for the Public Health Hotline also provides a redundancy for Tasmania Police, Tasmania Fire Service and Ambulance Tasmania.

What COVID-19 has demonstrated is that the State can share capability and infrastructure across call centres without the need to fully consolidate these services into one line. Multiple services can use common facilities, reducing cost for infrastructure (including for facilities such as uninterruptable power supplies) and potentially enhancing the ability to surge at short notice.

These lessons should be captured formally by government and used to take the call centre capability in Tasmania to the next stage of maturity. From this foundation, the State should revisit the business case for further consolidating call centres into a unified (not necessarily single) capability to support 'one number for government'.

Recommendation 67

Formally capture the lessons learnt from establishing and expanding call centre capabilities in response to COVID-19 and develop a business case for the possible consolidation of call centres into a unified capability for the State.

Digital service delivery

Digitalisation presents the greatest opportunities and greatest challenges for Service Tasmania. Digitalisation of services provides the opportunity to redefine the way that government relates to individuals and families, presenting services that are easier to access, more effective and more efficient in terms of costs to government and cost/time for the 'customer'. To achieve this end, Service Tasmania needs to move beyond being a portal through which Tasmanians access digital services from agencies. Service Tasmania needs to be the owner and the driver of digital service delivery for the State. It is important to emphasise that although a digital approach may be used, this does not mean that the focus should be on technology or ICT. Essentially this is a service delivery matter that requires reform of underpinning systems and processes that will then be digitally enabled.

Other states and territories are reforming the way that individuals can interact with their governments. Service Victoria is developing an increasing range of digital end-to-end services, allowing people to interact with government wherever they are. Service Victoria has created ways in which people can perform complex transactions online, including:

- digital identify verification at the highest online level (reusable for 10 years)
- national criminal history checks
- online loan applications and repayments
- digital licences with touchless technology.

NSW has also developed an app, which allows NSW residents to:

- store a digital driver's licence and scan other licences to check they are valid and the owner is over 18 years of age
- incorporate other personal credentials (such as a boat licence, working with children check, recreation fishing permits, responsible service of alcohol competencies, and digital construction induction cards)
- manage registrations and fines.

The NSW and Victorian apps also incorporate the COVID Safe Check-in function.

The Australian Government continues to invest heavily in digitalising services through the MyGov portal, which now integrates a broad range of services, including Medicare, the Australian Taxation Office, Centrelink, the Department of Veteran Affairs, the National Redress Scheme and more.

Digital identity is an important feature of the MyGov platform, allowing users to confirm their identity at varying levels of 'identity strength'. A Basic identity strength allows access to a limited number of government online services, while a Standard identity strength allows access to all participating online services.

The Tasmanian Government and the TSS will face increasing pressure to change the way that it delivers services as the community sees increasing differences between Tasmania and other jurisdictions (particularly the Commonwealth) in terms of service offerings, ease of access and breadth of services available online. The gap between Tasmania and the Commonwealth will be particularly challenging, given that Tasmanians routinely access services from both governments.

Tasmania has some advantages in terms of being able to adapt to the new environment for the delivery of services. Service Tasmania is already delivering a range of services so is well placed to support their digitalisation and integration, and it can learn from others that are further advanced.

What Tasmania lacks, however, is a clear mandate and the authority for someone to drive the TSS towards the delivery of a contemporary, high-quality customer experience for Tasmanians. As a result, agencies are developing their own digital service offerings independently and there is limited integration or coordination of effort. For example, in the Department of Justice, Births, Deaths and Marriages has proceeded with online birth and marriage registration; Consumer, Building and Occupational Services provides licensing for some professions; and access passes for some of Tasmania's parks are available directly via DPIPWE. This is in no respect a criticism of any agency. It is simply the inevitable result where no functional lead is available to coordinate effort.

As will be discussed in Section 6.5, the Review considers that the State Government should assign functional lead responsibility to Service Tasmania for driving a contemporary digital customer experience for the TSS. Assigning functional leadership for digital service delivery to Service Tasmania will create the accountability and authority to define, collaboratively, a strategy for digital service delivery and, with government endorsement, drive its implementation. Service Tasmania has the relationship with the Tasmanian community and the infrastructure. It has many of the skills and capabilities, but will need to build more.

As part of Service Tasmania's mandate, the State Government should require all digital services to be accessed through Service Tasmania via an integrated customer experience platform. Digital services developed outside of Service Tasmania's platform should be developed so that they integrate with the single customer experience platform.

Centralising responsibility for creating the digital customer experience will maximise the opportunity for services to be integrated around the needs of the customer, as opposed to being restricted within agency boundaries.

Funding and costing model for Service Tasmania

Service Tasmania is currently resourced through a combination of funding provided through the consolidated fund and through service fees charged to government agencies, local government and the Commonwealth. In 2019-20, Service Tasmania received approximately \$12 million in consolidated revenue funding and \$3.3 million in revenue generated from services.

The approach to resourcing Service Tasmania through a mixed funding model is not inconsistent with funding models for integrated service delivery agents in other jurisdictions. Service NSW and Service Victoria are resourced both through central funding and revenue from services. It is understood that Access Canberra is funded largely through a central appropriation and Service SA is funded largely through an administration fee collected for licensing and registration.

The Review does not have a strong view on whether the government funds Service Tasmania directly or whether the funding is provided through revenue collected from government departments. What is critical, however, is that Service Tasmania develops a clear understanding of its costs and how they are apportioned across the services that it delivers. Without a robust costing model, it will be difficult to provide accurate advice to government on the cost of service delivery options and it will be difficult to cost services provided to clients outside the TSS (such as local government and the Australian Government). It will also discourage agencies from having Service Tasmania deliver their services.

On balance, the Review believes that the best mix would be to provide Service Tasmania with a clear appropriation base with additional funding to support the ongoing development of contemporary capabilities (e.g. digitalisation). The amount of funding for existing and new services to agencies and others should be based on an agreed costing/pricing model, allowing Service Tasmania to fully recover its costs. This remains the case whether Service Tasmania is funded directly or through other government agencies.

Currently, some services delivered by Service Tasmania (not all) are charged out to clients. They are, however, priced through a range of methods.

There is a notional charging rate for delivering services to government departments either face to face or over the phone. Some services are charged based on the volume of transactions, others are charged an annual fee. Local government and external clients (notably Aurora) are generally charged a transactional fee negotiated when the service commenced. The Australian Government pays a standard agent fee for the delivery of Commonwealth services.

There are 3 significant problems with the current approach of Service Tasmania to cost recovery. First, the notional charging rate for services delivered to government departments has not been changed for almost 10 years, making it no longer relevant to the actual cost of delivering services. The fact that it still influences the

rate at which services are charged makes little sense and is misleading in terms of understanding the cost of services.

Second, not all services or activity of Service Tasmania are costed or included in its revenue stream. This significantly impacts on its costs and revenue. For example, Service Tasmania has progressively seen the level of face-to-face transactions through service centres decline. Under the current model, activities that are increasingly necessary to deliver services, such as online services and payments, and advice given to customers away from a counter (concierge or assisted self-service) do not attract any revenue, and indeed contribute to reduced revenue by directing people away from more traditional face-to-face services.

Finally, the absence of accurate costing makes it very difficult to assess whether the revenue collected from other parties, including local government and the Australian Government, actually covers the costs of the service. The Review heard that it is likely that in some areas it does not, meaning that the State Government may be subsidising the service delivery obligations of external parties.

The Review recommends that Service Tasmania develops a robust costing model and ensures that all costs are attributable to a service that it provides. This includes internal (such as design and capability development) and external services.

The costing of services can't be the responsibility of Service Tasmania alone. Service Tasmania (as a monopoly service provider) needs to be accountable for the efficiency of its services. To achieve this, the Department of Treasury and Finance should be allocated the responsibility for accrediting and regularly reviewing the costing/pricing model for Service Tasmania. It would be playing a similar role to a pricing authority for other monopoly (or non-market-based) services.

Recommendation 68

That Service Tasmania develop a robust costing model apportioning all costs to an internal or external service delivery function and the Department of Treasury and Finance regularly review and assess the reasonableness of the model's assumptions and results.

Governance of Service Tasmania

The Governance of Service Tasmania, most notably the placement of the service within government, has been a difficult issue for the Review. Some stakeholders expressed the view that Service Tasmania should not be located with the Department of Premier and Cabinet as this agency is not focused on service delivery. The Department of Premier and Cabinet will always be primarily focused on managing the strategic issues for the government of the day and so will struggle to give Service Tasmania the attention it needs.

An alternative view was that the Department of Premier and Cabinet was the appropriate place for Service Tasmania, as it allows for a separation of Service

Tasmania from its client agencies. This allows for Service Tasmania to focus equally across all clients, avoiding any perception that it gives preferential treatment to the host agency.

The Review considers both views have some merit. Service delivery is not the core business of central agencies and, ordinarily, it is not ideal that it be distracted by it. Placing Service Tasmania in a line agency also increases the risk that it will be driven more heavily towards the particular priorities of that agency, rather than maintaining a whole-of-service focus.

Similar service delivery agencies are variably located in central government agencies and line agencies in other jurisdictions. Service NSW is located in a discrete government agency, the Department of Customer Service. At a national level, Services Australia is an executive agency in the Social Services portfolio. Service SA is established under the Department of Planning, Transport and Infrastructure, and Access Canberra sits in the central Chief Minister, Treasury and Economic Development Directorate. Service Victoria is also managed centrally by the Department of Premier and Cabinet.

Tasmania is too small to justify the creation of another department and other sections of this Final Report assert that duplication of capability should be reduced, not increased through the creation of another department.

One option for government is to establish Service Tasmania as a state agency in the portfolio of agencies supported by the Department of Premier and Cabinet. In essence, Service Tasmania would be led by a head of agency with independent accountabilities and under separate performance management arrangements. It would, however, rely fully on shared corporate services to be provided by the Department of Premier and Cabinet. The arrangements for Service Tasmania would be similar to the current arrangements for Brand Tasmania.

Prior to July 2015, Service Tasmania was governed by a board, chaired by a Deputy Secretary in the Department of Premier and Cabinet, with different agencies performing different roles:

- Department of Premier and Cabinet – policy, strategy and contact centre responsibility
- Department of Education – Service Tasmania online
- Department of Primary Industries, Parks, Water and Environment – service centres.

Under a state agency model, Service Tasmania could once again be supported by an advisory board. This advisory board should be skills based (not representative of agencies), assisting Service Tasmania to meet the significant reform challenges that have been discussed earlier.

A reference group of some form, including all client state agencies and external representatives with service delivery expertise, should be established to ensure they can contribute to Service Tasmania's strategy, capability development, charging model and policies. The transition to a state agency should only occur after the governance arrangements and the new costing model are in place. They are the initial priority.

Recommendation 69

Establish Service Tasmania as a state agency supported by an advisory board, following the development of a new costing model and governance.

6.4. Integrating services around people and places

A key principle that runs throughout this report is that the State Service can deliver better outcomes for government and the Tasmanian community if it works more effectively across government. The last 3 parts of the Report have, in part, explored what this means for leadership, capability and workforce development.

For service delivery, working across government means putting people and places at the centre of our service delivery system. It means delivering services that are less about the way that government organises them, and more about the way individuals need to access them. This is an important principle for all services. It is critical if the State wants to make inroads into addressing so-called 'wicked problems'.

It has been almost 50 years since Horst Rittel and Melvin Webber first coined the term 'wicked problem' to describe difficult social challenges for governments (e.g. poverty, homelessness or social exclusion)¹²⁴. Since then (and before), governments have sought to 'modernise' the way they deliver services to address these problems and to deliver better outcomes for their citizens. The Tasmanian Government seeks to address complex or 'wicked problems' via whole-of-government priorities. These reforms have generally centred on 'joined-up government' approaches to improving the way that services understand and respond to people (e.g. person-centric planning) and/or places (e.g. place-based initiatives).

This section considers the role of people and places in the delivery of service in the TSS.

Integrating services for common clients

The factors impacting on the lives of people are complex and interrelated. Therefore, providing support that actually makes a difference in people's lives requires interventions that usually extend well beyond the boundaries of any single service, and sometimes cross the boundaries of different tiers of government.

In 2014, the State Government commissioned a preliminary analysis of the human services system data to assess the degree to which individuals were using multiple services. The report estimated that, at that time, about 1% of clients used around 12% of services and accounted for nearly 10% of all service interactions. More specifically, the analysis of mental health services data, for example, showed that over 60% of clients used 3 or more services, and over 20% used more than 5 services.

The report highlighted the merit of engaging with complexity in clients by building:

...a system that is person and family centred, that links, coordinates and integrates supports and services and that combines the capacity of formal services with the capability of communities and people themselves to gain and sustain resilience and independence¹²⁵.

Person-centred practice is a term often used to describe the delivery of services that meet the individualised needs of people (particularly in health and disability services). It differs from individual planning, which tends to focus on what a particular service can offer to an individual, by focusing on helping an individual to achieve their aspirations, irrespective of what the system currently offers. It achieves this by working closely with the client to identify their needs and by working across services to broaden the scope of the responses.

A 2018 review for the Australian Commission on Safety and Quality in Health Care found that, while the evidence is relatively immature, the potential benefits of person-centred initiatives are widely recognised. The report stated that:

the implementation of person-centred initiatives and practices can lead to significant improvements in patient satisfaction, as well as improved perceptions of healthcare organisations from the community.

It also stated that improvements in patient satisfaction were associated with improvements in safety, quality and clinical outcomes (including improved mortality, reduced readmission, reduced length of stay) and can improve efficiency and reduce service costs.

¹²⁴ H Rittel and M Webber, 'Dilemmas in a general theory of planning', 1973, Policy Science, 4(2): 155–169.

¹²⁵ Joined up human service support for vulnerable Tasmanians, 2014, unpublished.



Figure 27: Extract from *Person-centred planning: a review of the literature*¹²⁶

The use of person-centred approaches in Tasmania is not new. Primary Health Tasmania promotes the use of person-centred care and tools to understand how people's quality of life is affected by health and illness¹²⁷. Person-centred planning also features in the delivery of State Government services. 'Respect, dignity and person-centred care' is a principle embedded in the Tasmanian Palliative Care Community Charter.

The Review has identified a number of examples across the TSS where service providers are seeking to improve the integration of service across portfolios in a person-centred way. The departments of Health, Education and Communities Tasmania have been progressing work across the 3 portfolios for the integration of service delivery, including sharing of information, for the wellbeing of children.

The Strong Families, Safe Kids initiative of the State Government included the delivery of the Child and Family Wellbeing Assessment Tool, a

...flexible wellbeing assessment tool able to be used by all service providers working with children, young people and their families. The tool uses the 6 domains of wellbeing for the Tasmanian Child and Youth Wellbeing Framework to define the components of child and youth wellbeing and assist practitioners to identify area where a child, young person or family is doing well and areas where they may need some additional assistance¹²⁸.

¹²⁶ Australian Commission on Safety and Quality in Health Care (2018). Review of key attributes of high-performing person-centred healthcare organisations. www.safetyandquality.gov.au (last accessed 29 May 2021).

¹²⁷ <https://www.primaryhealthtas.com.au/for-health-professionals/programs/person-centred-care/> (last accessed 29 May 2021).

¹²⁸ <https://strongfamiliesafekids.tas.gov.au/child-and-youth-wellbeing-framework/child-and-family-wellbeing-assessment-tool> (last accessed 29 May 2021).

The State Government has also committed to a trial of the Youth Connectors program to address youth unemployment. Under this program, individualised support will be provided to young people aged 16 to 25 to ensure they are better prepared for work, undertake relevant training for local work opportunities, have strong entry-level skills, are connected to employers and local jobs, and receive support to stay employed. The program will provide specialised skills to meet the needs of young people, as defined by young people. They include:

- co-designing services with the young people
- helping them to overcome individual barriers to employment
- tailoring services to meet the needs and interests of young people
- helping young people to connect with mentors and other young people in similar situations.

The Youth at Risk Strategy is one of a number of government reforms that consider young people and their families/caregivers through a more holistic lens. Other important reforms occurring across government include:

- Safe Homes, Safe Families, Tasmania's first Family Violence Action Plan
- Tasmania's Affordable Housing Strategy
- strengthening of the Out of Home Care (OOHC) system
- the Youth Suicide Prevention Plan.

Despite these efforts to address complex issues by working collaboratively across government and with local communities, the Review has heard that many areas of service delivery across the State Service are working largely in silos, with limited integration with other services, even where there are common clients. Of the 136 TSS employees that provided a response to the Review using the online consultation tool, over 90% agreed or strongly agreed that the TSS can get better outcomes when staff and business units are able to work across boundaries. Only 26% of those respondents, however, agreed with the statement that *'Different parts of the TSS work well together to achieve outcomes for the State'*. A total of 40% of respondents disagreed or strongly disagreed with that statement.

Comments from frontline workers in Review consultation focus groups included:

Collaboration for us is confined to our workplaces, where it works well. Beyond that there is no sense of working together within [our service] let alone as part of the Tasmanian State Service.

If the Education and Health Departments were more connected there might be more opportunities to provide health services to schools and to take up some of the extraordinary burden placed on teachers.

Taking a person-centred approach across the TSS can be a key driver for the important principle of working across government as discussed throughout this report and for breaking down a siloed approach to service delivery in the TSS.

It will, however, require a system-wide approach to move, over time, from service focused on individual planning to more person-centred practices.

The capability review and improvement framework outlined in Section 4.2 is considered to be a sound place to start in terms of understanding the current level of person-centred practice in the TSS and for incentivising its increased adoption across the service. This could be achieved by developing specific standards for person-centred service delivery against which agency capability would be assessed or programs reviewed, if relevant.

The capability review framework for both New Zealand and the Australian Government include references to person-centred practice. In New Zealand, the review of operating models for service delivery includes the question ‘How well do the agency and its strategic partners integrate services to deliver value to customers?’ Collaboration and building a common purpose is a key feature of the Australian Government’s capability review framework, including the need for leadership to ‘empower and incentivise the organisation and its partners to innovate and learn from each other, and the front line, to improve delivery’.

Recommendation 70

Develop standards for person-centred service delivery for use in the TSS.

Place-based service delivery and co-design

Increasingly, governments across Australia are looking to local solutions for complex social problems. According to Marsh et al. (2016), place-based approaches

... seek to break down the ‘wickedness’ of broad and complex problems – like poverty for example – by dealing in detail with its different manifestations in different places at a very fine-grained local level.¹²⁹

The WA Review of its State Service observed that, together with co-design:

...place-based models allow for a tailored approach that puts communities’ needs at the centre of service design. Place-based policies and programs are framed around the needs of the area in which they are to be applied, rather than the needs of the majority of the State, and can take into account differences in demographics, geography, environment and economy in the regions.¹³⁰

There are a number of examples of place-based service delivery in Tasmania.

The final report for the Premier’s Economic and Social Recovery Advisory Council recommended the creation of Jobs Tasmania local networks that are led by a local network board, and are sensitive to local conditions of employment demand and the strength of existing employment services.

¹²⁹ Marsh, Ian, Crowley, Kate, Grube, Dennis, Eccleston, Richard (2016). Delivering public services, locality, learning and reciprocity in place-based practice. Submission to the 2016 Productivity Commission study ‘Identifying Sectors for Reform’. Available at Submissions – Human Services Productivity Commission (pc.gov.au) (last accessed 30 June 2021)

¹³⁰ WA Review, p 39.

This initiative builds on the successful evaluation of a 2017 Tasmanian Employment Partnership – Jobs Action Package that identified the South-East as a region with substantial, localised pockets of intergenerational and youth unemployment, lagging levels of education attainment and ‘not insignificant number of residents doing it tough’.

The SE Employment Hub (SEE Hub) funded under the program is a community-led service that supports individuals to achieve their job ambitions, with a focus on barriers to employment. In the 20 months from July 2019 to February 2021, the SEE Hub facilitated the employment of 283 job seekers, interviews for 305 individuals, supported 47 people into training and referred 348 jobs seekers into other services.

This is a good example of place-based service delivery. The approach is highly sensitive to local conditions and has a deliberate focus on understanding local job markets and building on what already exists.

Child and Family Learning Centres in the Department of Education are another positive example of placed-based programs. A recent evaluation of the program found that users of the Child and Family Learning Centres had increased use of most early childhood support services, including playgroups, Launching into Learning, child health nurses, parenting programs, vocational education and training, and community/neighbourhood houses. Moreover, users of centres rated their experience of services more positively compared to parents that did not use the centres.¹³¹

The evaluation reported that:

parents reported that involvement in training and learning opportunities through the Centres had led to increased confidence, skills and knowledge; and education and employment opportunities. For some participants, involvement in training and learning at the Centre had led to re-engagement with formal education.

The Department of Education is also leading Connected Beginnings, which is an Australian Government funded project to support Aboriginal children to be ready for school. The project is using a place-based, collective impact approach to support community-led change in Bridgewater and Gagebrook.

Initiating future place-based programs is beyond the scope of this Review. What is within its scope, however, is ensuring that the TSS captures the learnings from the range of place-based initiatives currently underway and uses those lessons to continue to build capability across the TSS.

The Victorian Government has developed a framework for place-based service delivery. The framework promotes place-based approaches across 4 key areas:

- planning for change or new initiatives
- adapting existing programs based on advice from communities

¹³¹ Telethon Kids Institute (2015). Engaging, supporting and working with children and families in Tasmania's Child and Family Centres. Available at tas-cfc-evaluation-report-web.pdf (telethonkids.org.au) (last accessed 30 June 2016).

- enabling communities to act in places where locals are already mobilising change
- partnering with community to deliver on priority local solutions.

There is merit in the State building on the framework developed by Victoria and lessons learnt from local place-based initiatives to produce a localised framework for place-based initiatives in Tasmania.

The Review and Evaluation Unit in the Department of Premier and Cabinet (outlined in Section 4.2) should play a key role in ensuring that key lessons regarding the approach to and outcomes from place-based and co-designed initiatives are reflected in the new framework.

The Framework



This framework is about understanding your work—not boxing it in. A single initiative or reform might involve both of these approaches or over time, evolve from one type of approach to another.

Figure 28: Excerpt from the Victorian Government's framework for place-based approaches

The APS Review observed that doing things with people and communities, not to them, is a simple concept and often integral to achieving better outcomes¹³². Despite this, and for many years, governments (locally, nationally and internationally) have struggled to partner with others, whether with the private and non-profit sectors, with academia, with communities, with Aboriginal and Torres Strait Islander peoples or marginalised population groups. Governments are often perceived as engaging on their own terms with stakeholders – how and when they want. Often consultation and engagement are viewed by stakeholders as tokenistic, where governments only seek to have predetermined decisions rubberstamped. Consultation often occurs too late in the decision-making processes, which does not enable a genuine exploration of options or the co-design of solutions.

This Review understands there is a great deal of untapped expertise and capacity in the community, which could lead to improved decision-making, policy development and service design, as well as a significantly increased level of community confidence and trust in government decision-making.

Input from stakeholders has indicated support for co-design practices in service design and delivery, calling for new ways of working together to deliver better services built on lasting partnerships, rather than services delivered to people and communities without their input or voice being heard.

Co-design depends on trust, shared understanding and compromise and, done well, can achieve more effective outcomes for all partners. Figure 29 represents the co-design process.

A number of current projects across multiple portfolios in the TSS are emphasising a co-design approach of working collaboratively with community to develop and implement solutions:

- Burnie Works is a place-based, collective impact initiative being undertaken in Burnie. Its focus is to create long-term positive change in the community in the areas of education, families and employment.
- George Town initiatives are funded by Strategic Growth within the Department of Premier and Cabinet to build community resilience and overcome identified barriers to employment and low participation rates, with a particular focus on youth and those who are long-term unemployed or underemployed.
- Connected Beginnings is an Australian Government funded project to support Aboriginal children to be ready for school. The Department of Education is leading the project, which uses a place-based, collective impact approach to support community-led change in Bridgewater and Gagebrook.

¹³² APS Review, p 118.

Alongside co-design, an approach known as ‘collective impact’ is sometimes used to address complex social issues. Essentially, collective impact brings people together from different sectors to use a formal and structured approach, which consists of 5 elements: a common agenda; continuous communication; mutually reinforcing activities; backbone support; and shared measurement.

In Queensland, the Logan Together initiative is using a collective impact approach. The initiative is widely regarded as a highly successful program that involves collaboration between the Australian Government, the Queensland Government, research and academic institutions, and private sector and community sector organisations working collaboratively with community to undertake multiple projects to address early childhood development.

Co-design and collective impact approaches are not without risk and should not be entered into without a clear understanding of the commitments and trade-offs they require. A co-design approach may be resource intensive and time consuming; however, the resultant level of stakeholder and community support can justify the process. The Review notes, however, that genuine co-design relies on a level of operational maturity and capability, risk acceptance and flexibility that may not currently exist across TSS.

Recommendation 71

That the TSS capture the learnings from successful place-based initiatives and develop a framework for place-based and co-designed initiatives in Tasmania.



Figure 29: The co-design process (source: WA Review)

Creating opportunities for shared infrastructure

The TSS has sites and facilities spread across the state. The Review heard that in some locations there are multiple government premises, near each other, delivering services provided by different government agencies. There may, at times, be a perfectly rational explanation for this in terms of the need to separate different functions and roles (e.g. it may not be appropriate to co-locate a police station with a school etc.). However, there are instances when co-locating, linking or better integrating services to meet the needs of population groups or within particular geographic locations would yield positive benefits for TSS employees and Tasmanians alike.

There are a number of examples in Tasmania where services from different parts of the State Service have co-located. For example, Child and Family Learning Centres are currently co-located with Child and Family Health nurses in a number of locations. Ambulance and fire services are co-located in many communities. Across the state, 9 libraries operate from the same premises as Service Tasmania shops.

Co-location of services is a positive step for the TSS. It has the potential of reducing the cost of infrastructure, particularly in regional communities, and promotes increased collaboration of services. Co-locating services in regional areas may provide additional opportunities to create office hubs, opening up employment opportunities for people who want to stay connected with their communities.

The Review considers there would be benefit in the TSS undertaking a comprehensive audit to map the premises that are owned or leased by the State Service to identify options for the better integration of both services and programs and the co-location of staff across agencies. This work would be best led by the Department of Treasury and Finance in collaboration with Department of Premier and Cabinet and relevant agencies. Colocation should not occur unless it is financially viable to do so.

Recommendation 72

That the Department of Treasury and Finance undertake an audit to map the premises that are owned or leased by the TSS and identify options for improved integration of services and programs and the co-location of TSS employees over time.

6.5. Functional leadership for system management

Nearly \$900 million in grants and subsidies are administered by State Government departments. A significant proportion of this funding is directed through contracts or grants paid to external organisations to deliver services on behalf of government.

Communities Tasmania is the most prolific funder of services provided through external organisations. Services outsourced to the community sector include family support services, housing and homelessness services, gambling support programs, and sport and recreation programs.

The Department of Health is the second highest funder of outsourced services relevant to this Review¹³³. Services funded through the Department of Health include alcohol, tobacco and other drug services, home and community care (HACC), mental health services, health promotion and general practitioner recruitment.

Given the scale of investment in service delivery outside government, it is imperative that the government and the TSS ensure the right outcomes are achieved for the Tasmanian community, and that the community gets value for money for those services – that they represent a worthwhile return on investment.

In 2014 the then Department of Health and Human Services developed the *DHHS Funded Community Sector Outcomes Purchasing Framework* to enable the use of an outcomes measurement approach instead of the more traditional activity monitoring. This framework drove the development of a 'results-based accountability' approach to outcomes measurement for a range of grant programs administered by the department.

In 2016, a further *Review of the Purchasing Framework for Outsourced Services* recommended, among other things, that the department further implement the outcomes purchasing framework by developing a common hierarchy of population outcomes that can be used by the department and the community sector to articulate the outcomes being sought across the broad range of grant programs.

That review also recommended that the duration of grants should be considered using the following principles:

- **1 to 2 years** where uncertainty exists about the ongoing service or need
- **3 years** where the service profile is likely to be reviewed in the near future
- **4 to 5 years** where the organisation has a strong history of service delivery success and there is confidence that the existing service model will continue.

The recommendations of the 2016 review were not implemented, due, in part, to the disaggregation of the Department of Health and Communities Tasmania. They remain relevant, however. This Review also notes recommendation 43 of the Premier's Economic and Social Advisory Council's final report. It recommended reviewing funding models for community service organisations to implement a number of principles, including:

- being long term
- having clear deliverables and outcomes
- enabling the delivery of flexible and adaptable services
- requiring appropriate transparency and accountability.

¹³³The Department of State Growth funds a significant program of grants and subsidies, the significant majority of which goes to transport concessions and subsidies and TasTAFE. These are outside the scope of this Review.

The duration of grants for community services in Tasmania is considered beyond the Terms of Reference for this review. The ability of the TSS to work with others on targeted outcomes is, however, considered well aligned with the Review's Term of Reference to identify '...opportunities to improve the delivery of government services, programs, projects and other initiatives more efficiently or effectively'.

Implementing an outcomes framework for human services

Having a shared understanding of, and commitment to, outcomes is a valuable feature of a high-performing service system, particularly where the system is delivered by a complex network of public and non-government services. Common outcomes support a shared approach to outcomes measurement which, in turn, allows for an increased understanding of where effort is placed across a system, and how effective that system is in securing better outcomes for Tasmanians.

The 2016 *Review of the Purchasing Framework for Outsourced Services* noted that a robust purchasing framework for the then Department of Health and Human Services needed to include the consistent implementation of the 2014 Outcomes Framework and that '...common outcomes will provide the foundation for [the then] DHHS to continue to move towards this standardised approach'.

Common outcomes feature centrally in programs such as the National Disability Insurance Scheme. They have also been developed to focus the efforts of human services systems in Western Australia, New South Wales, Victoria and the ACT.

The Western Australian Outcomes Framework '... provides the scaffolding to support the move to an outcomes focus in community service delivery'.

As shown in Figure 30, the framework maps the outcomes sought by its human services system to the domains of safe, stable, healthy, equipped, connected and empowered.

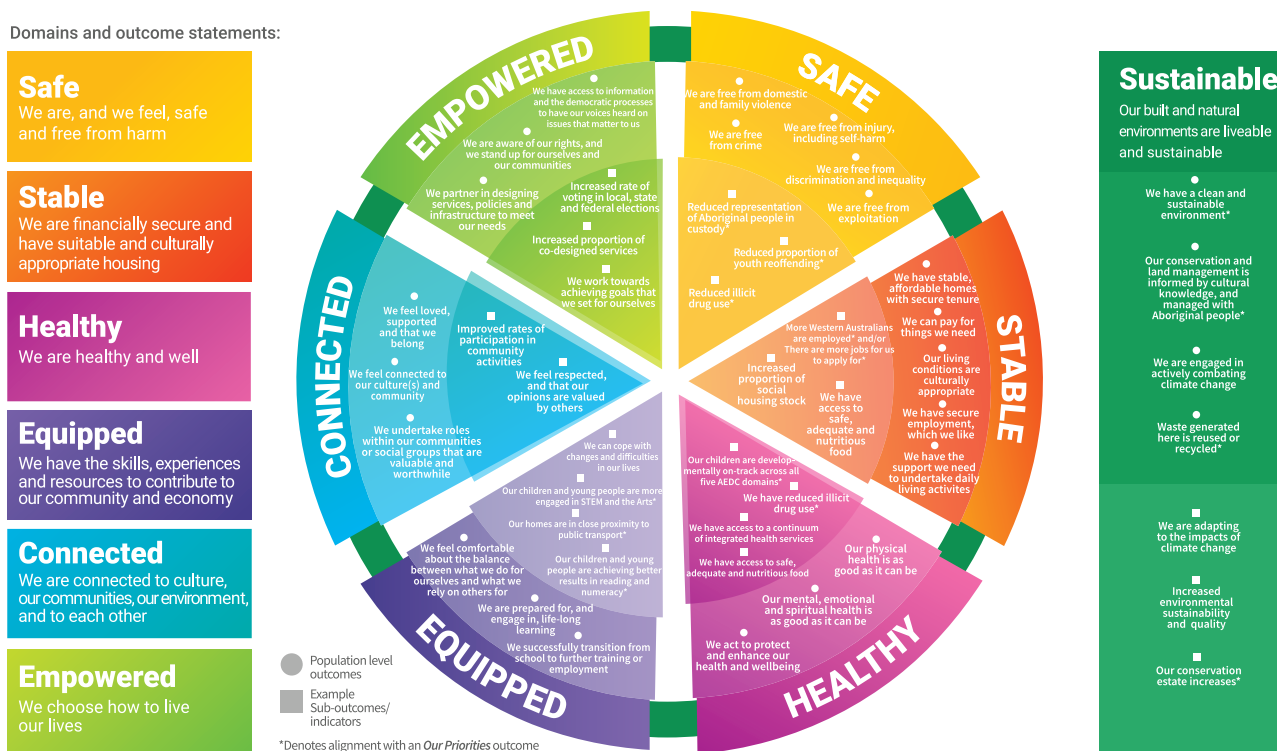


Figure 30: Western Australia's Outcomes Measurement Framework

Similarly, the NSW Human Services Outcomes Framework is intended to:

- build a common understanding of the outcomes which are priorities across NSW Government agencies and NGOs
- support human services agencies and NGOs to adopt an outcomes-focused approach
- promote consistency of measurement and evaluation of human services outcomes and activities
- foster innovation, learning and improvement
- encourage government agencies and other organisations which deliver human services to work together more effectively
- assist operational staff to understand how their roles contribute to broader human services outcomes.

NSW maps outcomes against the domains of social and community, education and skills, empowerment, economic, safety and health.

In its submission to the Review, TasCOSS recommended that the TSS consider the 9 key domains of a *good life*, which include:

- a healthy mind and body
- a place to call home
- being able to afford the basics
- feeling safe
- learning for life
- getting where you need to go
- feeling valued, included and heard
- knowing you're not alone and
- hoping for the future.

The Tasmania's Child and Youth Wellbeing Framework provides a form of outcomes framework, mapping outcomes to 6 wellbeing domains: being loved and safe, having material basics, being healthy, learning, participating, and having a positive sense of culture and identity.

The Review is agnostic as to the exact form of outcomes framework adopted for the delivery of human services in Tasmania. The strength of an outcomes framework is its consistent adoption and application across the service system and a commitment to using the common framework to measure progress, to learn and to continuously improve.

The outcomes framework should, therefore, be developed in partnership between the State Government and the non-government sector. The Review has suggested that TasCOSS take a lead role in working with the TSS on this work and they have agreed in principle.

Recommendation 73

That the TSS work with TasCOSS to develop a shared community sector population outcomes framework.

Functional leadership for community sector purchasing

Defining outcomes is just part of the picture. Driving real improvement in the outcomes achieved through community services requires a strong and mature capability in government to purchase services (both internally and externally). The Review, however, understands there are varying levels of capability and maturity across the TSS in relation to the commissioning and performance measurement/management processes that are used across the public sector.

While there may be some variation in defining key concepts associated with the outsourcing of services, the following information suitably distinguishes commissioning from contracting and outsourcing. Essentially, commissioning is a strategic framework for determining needs and aspirations and then developing ways to achieve these; contracting involves a range of tools that join 2 or more parties together; and outsourcing is a tool that is used when government moves specific in-house services to external providers.¹³⁴

The 2016 *Review of the Purchasing Framework for Outsourced Services* found that across the then DHHS there was:

- limited agency-wide direction about what the agency intends to purchase from the community sector through the grants program
- siloed funding and purchasing processes, which restricts collaboration and flexible funding arrangements across program areas and limits the agency's capacity to have an overarching view of all its funded services and make cross-program funding decisions
- confusion about delegations and authority for funding allocation
- differing approaches to writing business cases and funding agreements, including outcomes and performance measures
- inconsistent approaches to the management of funding agreements (and sector relations more generally), including service delivery reporting and site visits
- different interpretations of standardised commissioning frameworks, policies and procedures across the agency
- poor coordination of relationships with multi-funded organisations, which often have to navigate different DHHS funding processes and administrative requirements
- a lack of standardised data to assist with agency-wide planning and analysis

¹³⁴ ANZSOG, 2030 and Beyond: getting the work of government done, March 2019, p 14.

- a limited capacity to compare similar services across program areas to identify where the best outcomes and value are being achieved with available funding.

There have been ongoing efforts to improve purchasing arrangements across the Department of Health and Communities Tasmania. The Review has heard, however, that many of the issues identified in the 2016 review continue to persist across the entire TSS.

Section 4.4 discusses the role of functional leadership in detail and identifies a number of functions that would benefit from the development and adoption of a functional leadership framework in the TSS. Further to that recommendation, the Review recommends that a functional leadership approach be adopted in relation to commissioning, procurement and contract management (the system management of outsourced services). Under this model, one agency would take responsibility for both the development of the outcomes framework discussed previously, as well as using the framework to underpin the development of a contemporary purchasing framework for community services. The framework should consistently apply to the purchasing of services internally and externally.

As part of this work, the functional leader should also explore a contemporary commissioning framework beyond the current approach to funding community sector services. This work should be informed by experts in the field to ensure that Tasmania learns from similar work being progressed nationally and internationally.

Communities Tasmania would be well placed to lead this work along with the Department of Treasury and Finance.

Recommendation 74

That the government designate a functional leader for system management of externally provided services and establish an expert panel to support the development and delivery of contemporary outcomes-based purchasing models.



PART 7 – **IMPLEMENTATION**

Part 7. Implementation

The 77 recommendations outlined in this Report are intended to be practical steps towards meaningful reform in the TSS. If implemented in full, the benefits for Tasmania, the government and the TSS will be very substantial. Partial implementation will be less valuable for all three.

The Reviewer acknowledges some of the recommendations identified are major ones and will require significant commitment and investment to implement over time, while others are less complex and able to be executed with greater ease. However, all recommendations interlock, and if implemented collectively, the TSS will be a more contemporary and capable state service that is better equipped to meet the current and future challenges facing Tasmania.

While the number of recommendations may be considered large, fewer recommendations would not have addressed the issues properly and would have done a disservice to all involved.

Implementation will require substantial change to how the TSS operates, a considerable effort for both the government and the TSS leadership, and all of the support for change as shown by TSS employees in the consultation process.

Implementation of reports such as this is fraught with shortcomings, even when the recommendations are all accepted. This is no silver bullet solution to the problem but several steps can help. Successful implementation needs the following:

1. Strong support for the Premier (as both Head of Government and Employer of the TSS) and Cabinet in agreeing to the recommendations and setting the implementation task
2. A similarly strong commitment from heads of agency and the leadership of the TSS to both the spirit and substance of the Report and the recommendations, and to implementing it
3. The establishment of a small taskforce in the Department of Premier and Cabinet to oversee the implementation, acknowledging that much of the work will still have to be done by agencies
4. Regular reporting to the Premier and Cabinet on progress by the Head of the State Service on behalf of heads of agency
5. While all heads of agency as a team will need to be involved in implementation, a sub-committee of say 3-4 heads of agency, chaired by the Head of the State Service, should provide more regular oversight and day to day direction to the task
6. Finally, the implementation program needs to be one that engages and take all members of the TSS on the journey.

Recommendation 75

That the Head of the State Service chair a small subcommittee of heads of agency that oversees the implementation of recommendations and informs and advises heads of agency as a whole, and provides regular updates to the Premier and Cabinet.

Recommendation 76

That the government provide funding for the Department of Premier and Cabinet to establish a designated unit to monitor and support the implementation of recommendations across the TSS.

Implementation milestones

Following the government's response to the Review, the first step will be to establish the Implementation Unit and develop a reasonably detailed implementation plan. That should be available for Cabinet to consider within 3 months.

The implementation of the Review should be largely completed in 3 years from the government's response (although many recommendations will take longer to have their full impact). This should see legislation developed and passed, resource allocation (including staff) in place, and work on all recommendations well underway. Some recommendations will be completed, others will be well down the track and a few will be getting going. The full implementation should be completed within 5 years, but the last 2 should see mostly activity building on the results of the first 3 years. Without the vast bulk of the work being done in the first 3 years, the likelihood of drift and non-completion will be very real. Table 8 at the end of this section provides some guidance on the prioritisation of key reform activities outlined in this Report.

Cabinet should receive a short independent report on implementation progress after 2 years, and again after 4 years.

Finally, no matter what reporting arrangements are put in place, the most important factor in successful implementation will be the commitment of both the TSS leadership and the TSS itself. A realisation by the public service that it needs to change and a willingness to do so are, in the Reviewer's view, the most important factors in public sector reform.

Recommendation 77

Implementation should be largely complete within 3 years and fully complete within 5 years.

A short independent review of progress should be undertaken after 2 years and again after 4 years.

Funding recommendations in the Review

A small number of recommendations in the Review (9 out of 77) suggest that the government should provide additional funding to implement the recommendation. The Review does not, however, stipulate levels of funding or a period for the funding to apply. This is because:

- i. The Review considered there were no hard and fast amounts required to implement many of the recommendations suggested, and it was therefore a matter for government rather than the Review, to determine how much should be provided, and against what other priorities.
- ii. As the Review did not have the ability to provide budget quality estimates, specific funding suggestions could easily become a source of difference rather than a clarification for consideration of the Review.

The Review nevertheless considers that a modest investment in the TSS, in the areas suggested, will deliver a significant investment over time.

Savings from the Review

The Interim Report noted that the Review had not been established to produce budget savings from the TSS. It did, however, indicate that the increased efficiency expected to result from implementing the recommendations would reduce the cost of providing a given level of TSS capability over time. Finally, it noted that the government could choose to harvest some or all of the estimated savings, but savings would only be available over time and this would conflict with the overriding objective of the Review to build TSS capability and capacity for Tasmania (Interim Report Chapter 8).

Considering the final package of reforms proposed in this report, the Review is more strongly of the view that the efficiency of the TSS will improve significantly over time if most or all of the recommendations are implemented. However, the Review is also of the view that the need to reinvest in the TSS is even greater and more important than earlier thought. Should fiscal circumstances require the government to harvest some of these efficiencies, this should only be done slowly over time, beginning at a modest level in year 3 or 4 of the forward estimates period. There will be little to harvest before then.

Table 8: Suggested prioritisation of the implementation of the roadmap for the review

	Early (12 months)	Medium (24 months)	Long (36 months)
Principles and values			
Promote and work more as a single Tasmanian State Service			
Rewrite the State Service Principles to provide more contemporary, directional and engaging values and principles for the TSS.			
Measure progress towards implementing the values			
Leadership			
Broaden the functions and accountabilities of heads of agency to include cross-agency policies and programs			
Increase the focus of the TSS on whole-of-government priorities and create the governance to drive them			
Promote the principle of stewardship across the TSS			
Design and implement a talent development program for leadership in the TSS			
Capability			
Develop a whole-of-service capability review and improvement framework			
Enhance the State's data sharing and analysis capability			
Assess the business case for a shared service for transactional corporate services			
Introduce a functional leadership model for capability across the TSS			
Build momentum in the digitalisation of the TSS			
Continue to build intellectual partnerships with others			
Workforce			
Delegate all operational employment decision to heads of agency and increase accountability for decision-making			
Re-write employment directions to be standards-based directions with supporting guides and policies			
Undertake workforce planning across all agencies and at a whole-of-service level			
Develop a whole-of-service capability framework for the TSS and use it as the foundation for increased capability development and more effective performance management			
Increase the efficiency of recruitment through the increased use of group recruitment			
Develop and promote communities of professional practice across the TSS			
Promote increased mobility in the TSS			
Promote and manage flexible working arrangements, including increasing consistency and facilitating regional employment			
Service delivery			
Use life events as an organising principle for services			
Renew Service Tasmania's mandate and enhance services across shopfronts, phone and digital services			
Develop standards for person-centred service delivery in government and a framework for place-based and co-designed initiatives in Tasmania			
Audit existing TSS premises and identify options for improved integration of services and programs and the co-location of TSS employees.			
Develop a shared community population outcomes framework and invest in system management capability			

Glossary

The following words and acronyms have specific meaning in this Report.

the Act	<i>State Service Act 2000</i> (Tasmania)
agency	Government agency established under section 11 and listed at Schedule 1 of the <i>State Service Act 2000</i> . Note the term ‘agency’ includes both government departments and state authorities (see relevant entries in this glossary).
ANZSOG	Australia New Zealand School of Government
APS	Australian Public Service as defined under section 9 of the <i>Public Service Act 1999</i>
APSC	Australian Public Service Commission
COVID-19	Novel coronavirus
DCDD	South Australian Department of Corporate and Digital Development
DPAC	Tasmanian Department of Premier and Cabinet
employment directions	Issued under section 17 of the <i>State Service Act 2000</i> . Note that, following changes to the <i>State Service Act 2000</i> made in 2012, employment directions replaced commissioner’s directions and ministerial directions; but currently, six ministerial directions remain in place to be progressively transferred into employment directions or other instruments. For the purposes of this report, ‘employment direction’ also refers to those ‘ministerial directions’.
FTE	full-time equivalent
GBE	government business enterprise
government department	Established under section 11 and listed at Part 1 of Schedule 1 of the <i>State Service Act 2000</i> .
head of agency	A person holding office under section 30 of the <i>State Service Act 2000</i> . There are 18 heads of agency: heads of government departments are generally known as secretaries, while heads of state authorities are typically chief executive officers, or sometimes chairpersons.
holder of prescribed office	Those appointed under section 31(1)(b) of the <i>State Service Act 2000</i> . Prescribed offices are prescribed in the <i>State Service Regulations 2000</i> , regulation 5 and listed in Schedule 1 of the regulations. Examples include the Crown Solicitor, Director of Housing and Valuer General.
Head of the State Service	As appointed under section 20 of the <i>State Service Act 2000</i> .

HR	Human Resources
HRIS	Human Resources Information System
NSW	New South Wales
OECD	Organisation for Economic Co-operation and Development
performance agreements	The process by which the performance of state servants is managed and developed under section 51A of the <i>State Service Act 2000</i> .
PESRAC	Premier's Economic and Social Recovery Advisory Council
the Review	Independent Review of the Tasmanian State Service
R&E	review and evaluation
Senior Executive	Senior Executive Service members, appointed under section 29(4) of the <i>State Service Act 2000</i> . 'Senior Executive' denotes those who have executive leadership responsibilities, other than heads of agency and holders of prescribed offices. Typical examples include deputy secretaries, directors or division heads and chief operating officers.
SSMO	State Service Management Office
SSSA	Shared Services South Australia
state authority	Established under section 11 and listed at Part 2 of Schedule 1 of the <i>State Service Act 2000</i> . Note state authorities are sometimes known as 'statutory authorities'.
TasCOSS	Tasmanian Council of Social Service Inc
TSS	Tasmanian State Service. This term is used to refer to all persons employed under the <i>State Service Act 2000</i> , as well as the overarching 'organisation' or entity those persons constitute.
UTAS	University of Tasmania as constituted under the <i>University of Tasmania Act 1992</i>



APPENDICES

Appendix A Final Terms of Reference

Review of the Tasmanian State Service

Final Terms of Reference

January 2020

Objectives

The *Review of the Tasmanian State Service* (the Review) will ensure the Tasmanian State Service (the TSS) is fit-for-purpose for Tasmania today and into the future. The Review will make findings and recommendations to the Premier and Treasurer for consideration.

Background

The TSS and its nearly 30,000 employees, need an operating environment that supports development and can meet the requirements of governments and the community. The *State Service Act 2000* and other laws, policies and procedures establish the framework for management and employment of the TSS. These arrangements determine the structure of the TSS and govern its ways of working.

The novel coronavirus (COVID-19) pandemic of 2020 sparked a whole-of-service response and triggered a number of workplace changes throughout the TSS. This impacted both the physical environment and working pattern of TSS employees and the ways of working both within and across agencies.

Scope of the Review

This Review will focus primarily on the governing framework of the TSS. It will identify structural, legislative and administrative improvements that will transform current structures, services and practices to deliver a more efficient and effective public service and reflect on lessons learned during the COVID-19 pandemic to identify improved ways of working.

This is primarily a structural review. However, it is anticipated that broader findings related to operational and cultural improvements may arise in the process.

The Independent Reviewer will examine the following key areas of focus:

1. Facilitating public service change and innovation that improves the delivery of public policy and services to support the aims of government and meet the needs of the community;
2. Identifying opportunities to improve the delivery of government services, programs, projects and other initiatives, including information technology platforms;
3. Identifying ways to promote collaboration and partnerships including to support more flexible movement of employees between the private sector, non-government and community organisations, and the public sector;

4. Achieving greater economies and efficiencies in TSS administration, including opportunities to streamline bureaucracy and services where suitable;
5. Examining the effectiveness and efficiency of government services, including the appropriateness and feasibility of further decentralisation;
6. Facilitating areas of cultural change within the TSS (e.g. promoting risk-based decision-making, increasing diversity, promoting innovation, improving accountability and identifying ways to enhance performance);
7. Identifying ways to help develop the long-term capability and agility of the TSS;
8. Implementing enhanced workforce management processes across the employee life cycle, including opportunities to implement improvements to how the TSS recognises, develops and manages employee performance; and
9. Attracting, developing and retaining a skilled public sector workforce with the capacity to meet emerging economic, social, environmental and technological opportunities and challenges. Having considered the above focus areas, the Review will then provide proposed changes to the State Service Act and associated administrative arrangements to ensure that the governing framework is fit for purpose, and meets the current and ongoing requirements of the TSS.

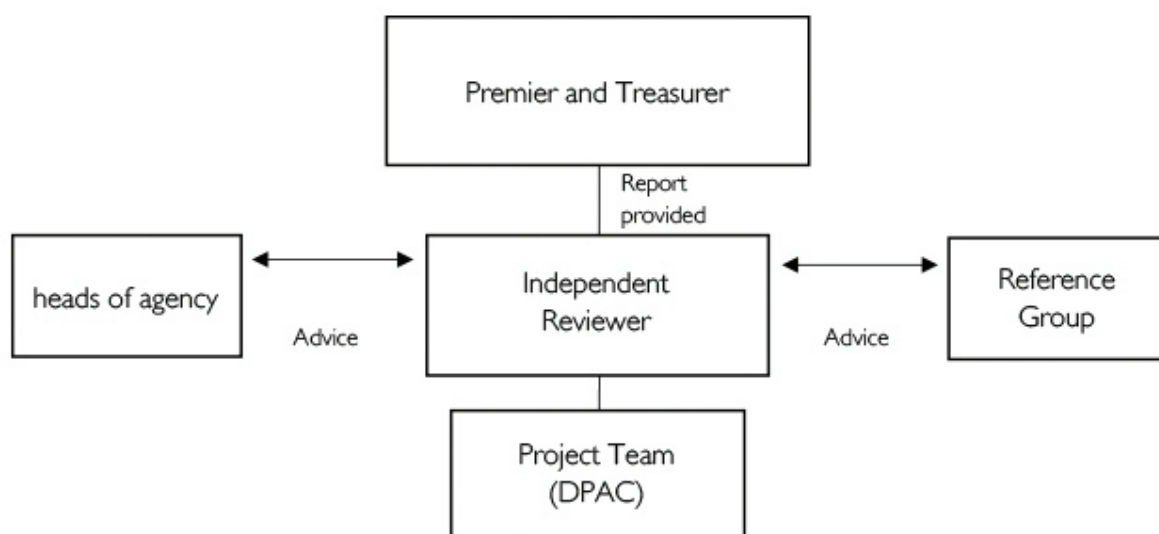
The above issues are to be considered in the context of relevant previous reviews and experiences, in Tasmania, other states and territories, nationally and internationally; and to consider how such reviews may inform a future TSS.

The following items are outside the scope of the Review:

- Employment matters relating to Tasmanian Government employees who are not covered by the State Service Act such as Government Business Enterprises and State-Owned Companies;
- Cultural and operational matters unrelated to the governing framework of the TSS;
- Wages policy and conditions for public sector employees that are negotiated through awards and agreements;
- The role of trade unions to advocate for public sector employees; and
- The introduction of either a minimum or maximum target for the total numbers public sector employees in Tasmania.

Governance

The governance of the Review is set out in the diagram below:



- The Independent Reviewer will lead the Review and provide their report to the Premier and Treasurer.
- The Reference Group will provide advice, community views and industry best practice to the Independent Reviewer to inform their deliberations and comprise 6 to 8 members with public and private sector experience, together with a representative from the unions and the not-for-profit sector respectively.
- Heads of agency will have the opportunity to provide advice and suggestions to the Independent Reviewer, as will stakeholders.
- A project team based in the Department of Premier and Cabinet (DPAC) will support the Review.

Deliverables

- A report will be provided to the Premier and Treasurer before 31 October 2020. A further report will be provided to the Premier and Treasurer before 31 May 2021.
- The government will then consider the findings and recommendations of the Review and associated implementation, including any legislative amendments, in 2021.

Appendix B Proposed legislative and regulatory amendments

Section	Proposed Amendment
New – Object	<p>Include an Object in the Act defining the state service that the Act is seeking to create. For example, a state service that is:</p> <ul style="list-style-type: none"> accountable for the delivery of high quality, reliable advice and services for the Tasmanian community responsive to the needs of government fair and equitable in its treatment of members of the community collaborative in terms of the development and delivery of services.
7 – State Service Principles	Replace the existing <i>State Service Principles</i> with <i>State Service Values</i> that set the foundation for the service's culture and the <i>Principles</i> should prescribe a set of standards upon which the Employer (and delegates) should manage the service.
8 – Heads of agency must promote the State Service Principles	Amend reference to State Service Principles to align with the new Values and Principles.
15 – Functions of the Employer	Amend reference to State Service Principles to align with the new Values and Principles.
34 – Functions and powers of heads of agency	<p>Amend to include reference to whole-of-service responsibilities such as 'to contribute to the development of capability across the State Service and deliver programs in collaboration with other heads of agency'.</p> <p>Remove reference to Performance Management Plans. Heads of agency should be responsible for implementing a performance management system within their agency.</p>
50 – Review of Actions	Limit the ability to make application to the Tasmanian Industrial Commission for a review if the matter has been considered under section 29 of the <i>Industrial Relations Act 1984</i> .
51 – Determination of a Review	Include a power to make a regulation for the timeframe for notifying an intention to apply for a review under section 50(1).
Part 7A	Remove reference to Performance Management Plans.

State Service Regulations

Regulation	Proposed Amendment
29 – Termination of employment for permanent employees	Add the power to terminate a permanent employee for reasons of serious misconduct as defined by the Fair Work Regulations.
30 and 31 – Timeframes in relation to reviews	Add the timeframe required for the notification of intention to apply for a review.

Industrial Relations Act 1984

Section	Proposed Amendment
19AA – Commission to Review matter under the <i>State Service Act 2000</i>	Limit the ability to apply to the Tasmanian Industrial Commission for a review if the matter has been referred to the Commission under Section 50 of the <i>State Service Act 2000</i> .
29 – Hearings for settling disputes	

Appendix C Review Secretariat

Ilise Bourke (January 2020 – November 2020)

Meg Clements (March 2021 – May 2021)

David Gardiner (January 2021 – July 2021)

Mathew Healey (March 2020 – July 2021)

Susie Howell (March 2020 – March 2021)

Bridget Hutton (October 2019 – January 2020)

Sue Kennedy (October 2019 – January 2020)

Sophie Muller (October 2019 – January 2020)

Padraig Pearce (February 2020 – July 2021)

Leone Stephens (January 2021 – March 2021)

Victoria Stevenson (March 2020 – June 2021)

Appendix D Reference Group role and membership

The Reference Group was appointed by the Premier to provide advice, community views and industry best practice to the Independent Reviewer to inform his deliberations. It comprises members with public and private sector experience, together with a representative from the unions and the non-profit sector.

Michael Bailey

Michael Bailey is the Chief Executive Officer of the Tasmanian Chamber of Commerce and Industry, a position he has held since 2013.

Michael's previous roles include the Executive Officer for the Launceston Chamber of Commerce, and the Marketing Manager at the Country Club of Tasmania and Australian Maritime College.

Jane Beaumont

Jane Beaumont is General Counsel and Executive Director, Risk at the University of Tasmania and a Fellow of the Governance Institute of Australia.

Jane was previously Deputy Secretary, Corporate and Governance at the Department of Treasury and Finance in the Tasmanian Government and has practised law in private firms, in-house and in the Commonwealth, Victorian and Tasmanian jurisdictions.

Professor Rufus Black

Professor Rufus Black is the Vice-Chancellor and President of the University of Tasmania.

Rufus has done extensive work for governments at Commonwealth and state levels, held a range of board roles in the corporate, social and university sectors and been a partner at McKinsey & Company. Prior to his current role he was Master of Ormond College and an Enterprise Professor at the University of Melbourne.

Tom Lynch (public sector union representative)

Tom Lynch is the Assistant Secretary of the Community & Public Sector Union (CPSU). Tom has been nominated by public sector unions as their representative to the Reference Group.

Jackie McArthur

Jackie McArthur is an experienced senior executive in the private sector both in Australia and internationally.

Jackie is currently a Non-Executive Director of ASX-listed Inghams Group, import and export logistics services provider QUBE holdings, and aquaculture leader Tassal Group. Jackie has also served on the Boards of Blackmores and Invocare. In 2016, Jackie was awarded Australia's Corporate Telstra Business Woman of the Year.

Adrienne Picone (community services industry)

Adrienne Picone is the Chief Executive Officer of the Tasmanian Council of Social Service (TasCOSS). Adrienne is the representative of the community services industry on the Reference Group.

Helen Silver AO

Helen Silver AO is the Deputy Managing Director of Allianz Australia.

Prior to joining Allianz, Helen spent over 25 years in executive roles within the Victorian and Australian public sectors, including as Head of the Victorian Public Service while in the position of Secretary of the Department of Premier and Cabinet.

Appendix E Submissions to the Review

Submission Number	Name (Organisation or Individual)	Date Received
1	Mr Graham Gourlay & Mr Gil Sawford	17/04/2020
2	Mr James	27/04/2020
3	Ms Janice Lipscombe	22/09/2020
4	Anonymous	22/09/2020
5	Ms Deborah Gaby	22/09/2020
6	Ms Gina Porter	23/09/2020
7	Anonymous	30/09/2020
8	Ms Sue Howard	05/10/2020
9	Ms Jocelyn Phillips	07/10/2020
10	Anonymous	07/10/2020
11	Ms Linda Seaborn	07/10/2020
12	Health and Community Services Union – Tasmania Branch	08/10/2020
13	Ms Toni Rowley	08/10/2020
14	Unions Tasmania	08/10/2020
15	Mr Michael Giudici	08/10/2020
16	United Workers Union	09/10/2020
17	Tasmanian Council of Social Service	09/10/2020
18	Australian Education Union – Tasmania Division	09/10/2020
19	Australian Nursing and Midwifery Federation – Tasmania Branch	09/10/2020
20	Australian College of Emergency Medicine	09/10/2020
21	Mr Henry Maxwell	09/10/2020
22	Mr Jack Davenport	09/10/2020
23	United Firefighters Union of Australia – Tasmania Branch	09/10/2020
24	Community and Public Sector Union – Tasmania Branch	09/10/2020
25	University of Tasmania	09/10/2020
26	Premier's Health and Wellbeing Advisory Council	10/12/2020
27	Health and Community Services Union – Tasmania Branch	23/02/2021
28	Community and Public Sector Union – Tasmania Branch	26/02/2021
29	United Workers Union	26/02/2021
30	Tasmanian State Archivist	01/03/2021
31	Tasmanian Council of Social Service	10/03/2021
32	Local Government Association of Tasmania	20/05/2021
33	Greater Hobart Strategic Partnership Team	04/06/2021
	Confidential (10)	

Appendix F The key success factors for shared services

The following 7 key success factors were identified through research conducted in the Review:

1. Clear understanding of the benefits of co-design

Agreeing a clear vision, strategy and role for the shared service arrangement, before proceeding with implementation, is paramount to success. Clear and united direction is required regarding the role of the shared service and the benefits that are being targeted through the consolidation processes. Co-designing the role of shared services, along with effectively communicating the vision and alignment with TSS and agency strategic objectives, is a pre-requisite for success.

2. Leadership sponsorship

Strong, united and visible leadership, supportive of the agreed direction, is required in both the political and administrative realms. A reinforced commitment and willingness to jointly change, alongside buy-in from key stakeholders, is pivotal for the success of shared services arrangements. Buy-in ensures not only a culture of collaboration but also works to retain institutional memory and knowledge in staff transferring into a shared service, a critical factor in translating a previously siloed staff culture to one of a shared service.

3. Identify commonalities between agencies

Commonalities between agencies entering a shared services arrangement significantly increase the likelihood of successful integration. For example, agencies with staff operating under the same EBA have a far greater prospect of successfully integrating payroll and HR. Shared IT platforms between departments/agencies greatly reduce the volume of workarounds and manual adjustments should a shared service agreement be pursued.

4. Change management and model design

Stakeholders consulted throughout the Review emphasised the need to recognise that agencies are not homogeneous. They have different purposes, service delivery models, cultures and values and, at best, function as a federation. In view of those differences, a detailed change management plan and target operating model is essential once a direction is decided on to ensure effective implementation of the shared service platform.

5. Effective governance and service management

Effective program governance and management arrangements are key, both in terms of the establishment of shared services, but also for the ongoing management of the services. Equally, attention must be cast both through the strategic and operational lenses, ensuring alignment between the two, and that progress is kept on track towards the agreed goal.

6. Establish baseline performance standards and costs

The collection of detailed meaningful data both pre and post-implementation is essential in providing an accurate baseline for determining future investment in terms of the services on offer by the shared services arrangement. This would form an essential part of the analysis in the development of a business case.

7. Clear roles and accountabilities

A clear service-level agreement that defines agreed accountabilities to the customer agencies, in hand with a matched obligation by the agencies to accept mandated services, is required to ensure ongoing commitment to the shared service model. While the shared service provider must be held accountable to service-level agreements, it is also important that customer agencies understand their roles and accountabilities in being 'good customers'. Loss of trust through poorly defined service-level agreements creates risk of 'grow back' and the likelihood of ongoing tensions in the relationship.

Appendix G International and national approaches to capability reviews

United Kingdom

In 2005 the United Kingdom (UK) civil service was the first to introduce a formal means of assessing how readily agencies were positioned to meet current and future challenges. This framework was applied to 17 departments over 5 years, and was later refined to focus on delivery and 'value for money'. From 2008 a more explicit focus on delivery and value was adopted, and in 2010 capability reviews were renamed and revised as Capability Action Plans, based on self-assessment with no external review. This in turn was replaced in 2012 by Departmental Improvement Models and Departmental Improvement Plans (ANZSOG Developing Agency Capability, page 10). These were perceived by some key players as having limited credibility due to the shift away from external, independent reviewers.

Developing Agency Capability (2021), Australia and New Zealand School of Government

New Zealand

The New Zealand Performance Improvement Framework (PIF) was introduced in 2009 to determine how well placed a government agency is to deal with short and medium term issues. It identifies gaps and opportunities around 5 key elements: leadership and direction; delivery for customers and New Zealanders; relationships; people development; and financial resource management. The model is forward focused, undertaken by two independent lead reviewers selected by the Public Service Commission, supported by a Commission staff member, with results published. The model is widely perceived as a success, attributable to a number of factors, including support from the chief executives and other senior agency leaders, a strategic focus and open and honest engagement.

<https://www.publicservice.govt.nz/our-work/performance-improvement-framework/>
(last accessed 13 June 2021)

Canada

The Government of Canada has the Management Accountability Framework (MAF) accompanied by an annual assessment of management practices and performance in most Canadian departments and agencies. The MAF is used by the Treasury Board of Canada to help ensure that federal departments and agencies are well managed, accountable and that resources are allocated to achieve results. The process sets out expectations in specific areas of management and measures organisational performance against each expectation.

<https://www.canada.ca/en/treasury-board-secretariat/services/management-accountability-framework.html> (last accessed 13 June 2021)

Australian Government

The 2010 report 'Ahead of the Game – Blueprint for the Reform of Australian Government Administration' called for the introduction of capability reviews based on the UK model. The Commonwealth's original program of reviews began in 2011; however, impetus faded after the change of government in late 2013. The 2019 Independent Review of the Australian Public Service (the Thodey Review) recommended the revival of capability reviews reasoning that 'the APS had lost an opportunity to incentivise agency Heads to build agency capability over time'. Capability reviews in the APS today focus on 3 key areas: delivery, leadership and strategy. They are led by 3 independent experts with extensive public and private sector experience – 2 external to the APS and one serving SES Band 3 officer seconded from another agency.

Developing Agency Capability (2021), Australian and New Zealand School of Government

Western Australia

The 2017 Service Priority Review of the Western Australian Government recommended the introduction of a regular cycle of agency capability reviews to drive ongoing improvement across the WA public sector. Since then, the WA Public Sector Commission has been working on the establishment of a proposed agency capability review framework that is future focused, led by one Independent Reviewer and undertaken every 4 years in close collaboration with the review agency.

Working Together. One Public Sector Delivering for WA (2017). Service Priority Review. Final Report to the Western Australian Government

Victoria

The Victorian Public Service Commission (VPSC) oversees the capability review process within the Victoria State Service. Reviews are intended to be typically undertaken with the support of Lead Reviewers with extensive experience and expertise leading complex organisations. Using a model of organisational capability developed by the Australian Public Service Commission and based in models from the United Kingdom, Canada and New Zealand to guide the review team ensures a consistent approach to assessing organisational capability in 3 priority areas: leadership strategy and delivery. At the end of the capability review, the VPSC provides the organisation with a report which details the findings of the review and organisations use these to inform development of action plans for lifting capability.

THE VPSC conducts a broad range of organisational reviews which, according to the Victorian Auditor-General, are 'effective and highly valued'. Examples of organisational capability reviews include the Department of Health and Human Services in 2015, Ambulance Victoria in 2017 and Forensicare in 2019.

Effectiveness of the Victorian Public Sector Commission (2017). Victorian Auditor-General's Report

Queensland

The Queensland public service introduced the 'Capability Blueprint' in 2017 based on the framework and capability model widely used in the United Kingdom and more recently in the APS and New Zealand. It was developed to focus attention on organisational capability and to drive increased organisational performance. As part of the program, each department is expected to analyse their own capability within a common framework, and develop a Capability Blueprint that identifies areas of organisational strength and opportunities for improvement.

Queensland Government 'Capability Blueprint' Factsheet - <https://www.forgov.qld.gov.au/file/34696/download?token=qQvFAMhl>

Appendix H Results of online submission tool

	Strongly Agree	Agree	Neutral	Disagree	Strongly Disagree
Different parts of the TSS work well together to achieve outcomes for the state	0%	26%	34%	32%	8%
The TSS can get better outcomes when staff and business units are able to work across agency boundaries	43%	47%	7%	2%	1%
The TSS and its leaders are actively thinking about and planning for the future	2%	31%	31%	25%	11%
The TSS provides opportunities for people to develop the skills and experiences to become future leaders	2%	28%	26%	34%	10%
The TSS leadership has a critical role in creating positive change across the TSS	48%	35%	11%	5%	1%
The TSS makes good use of the resources and expertise available to it outside of government	1%	16%	43%	31%	8%
The TSS actively builds mutually beneficial and purposeful partnerships outside of government	2%	27%	47%	20%	4%
The TSS is focused on reviewing and evaluating its work to ensure it is achieving outcomes for the government and community	1%	30%	26%	32%	12%
The TSS is accountable for achieving outcomes for the government and community	13%	44%	22%	14%	7%
There should be more emphasis on review and evaluation within the TSS	31%	44%	18%	5%	3%
The TSS has the right governance arrangements to support agencies working together where needed	0%	17%	36%	32%	15%
The TSS manages its human resources (staff) efficiently and appropriately	0%	13%	20%	44%	23%
Employment rules and processes in the TSS generally provide for fair, safe and equitable employment decisions	2%	32%	24%	33%	8%
Recruitment and appointment processes in the TSS support getting the right people into the right jobs at the right time	1%	12%	27%	44%	16%
The rules and processes in the TSS allow people to move between jobs when its needed	2%	29%	30%	25%	13%
People in the TSS are supported to develop the skills and behaviours they need to perform well.	1%	23%	34%	26%	17%
The people comprising the TSS appropriately reflect the diversity of the Tasmanian community	3%	32%	23%	29%	13%
Diversity and inclusion are visibly supported in the TSS	4%	40%	29%	18%	8%
The TSS would benefit from its workforce being more geographically dispersed across the state	22%	29%	29%	14%	5%
The TSS would benefit from sharing its systems and capabilities more efficiently and effectively	46%	43%	10%	1%	0%
The TSS has the ICT and digital capability and know-how to do its job well, into a more tech-heavy future	3%	21%	24%	28%	24%
The TSS does a good job of making government services available to Tasmanians	4%	51%	28%	14%	3%
The TSS does a good job of making government services accessible for Tasmanians	4%	43%	32%	15%	7%
It is important to ensure the TSS is able to deliver services to Tasmanians in an efficient and contemporary way	60%	33%	6%	0%	1%
The current TSS is the TSS Tasmanians need and deserve	0%	14%	36%	40%	10%



INDEPENDENT REVIEW OF THE
TASMANIAN STATE SERVICE
FINAL REPORT

JULY 2021