Siloed operations contribute to the department not delivering a cohesive future-focused strategy and set of priorities for the organisation. This was well described by one external stakeholder who said 'they lack strategic foresight. Where is the part of the department that says, this is what's coming and how do we get in front of it?'. While the department is responsive to specific directions set by government and reacts to crises, this sometimes comes at the expense of a focus on the broader strategic direction, to ensure it can meet the challenges of the future irrespective of the government of the day. The previous command and control leadership style has not encouraged leaders to collaborate and prioritise whole-of-department strategy setting and execution.

Without a clear and cohesive strategy, the department is poorly positioned to foresee, plan and prepare for future challenges and opportunities. Without change, the focus will remain on responding to the crisis of the day rather than balancing leadership effort between reacting to issues and identifying and mitigating future risks. The review saw little evidence of existing approaches to resolve this lack of enterprise-level strategy setting and execution.

New collective whole-of-department governance arrangements will be important in driving this work forward (see page 14). Success in uplifting capability in this area will require a combination of recruiting staff with the right skills, increasing capability for existing staff, and leaders visibly embracing and reinforcing a whole-of-department strategic direction.

To create a greater shared purpose and strategy, the Senior Leadership Committee also needs to provide more effective direction setting, beyond the expectations of their immediate workgroup. There would be benefit in setting and communicating a strategy framework and process to empower staff to collaborate beyond their immediate workgroup and across the organisation around agreed strategic outcomes. This would assist the SES to address broader departmental priorities. A strategy framework, aligned with the department's new governance arrangements, would encompass both departmental enabling and policy development and execution. This will require an uplift in leaders' collective effort, visible role modelling, greater intra-agency collaboration, and capability to develop both enabling strategy and strategic policy.

Ideally, this enterprise-level strategy and planning would be informed by more than internal views, including views of the department's users, ministers, other agencies and partners. This is explored further in the Collaboration (page 27) and Delivery domains (page 32).

Leadership and governance

Collaborative and cohesive leadership, supported by strong whole-of-department governance, ensures the department can work together to deliver outcomes in the most effective and efficient way possible. Previous leadership and governance was not properly effective. As outlined in the introduction, the department is diverse. This diversity, plus arrangements for ABF within the department, makes leadership and governance more complex.

Current ways of working do not do enough to encourage and reward staff to look beyond their day-to-day operations and consider future challenges and opportunities. This is exacerbated by high turnover of senior executive staff, less experienced leaders across the department and a lack of collective leadership. As previously

mentioned, the approach to governance until recently has not delivered consistent and effective whole-of-department direction setting and oversight.

Leaders and staff consistently raised working arrangements between the department and the ABF as a common challenge. Some staff often do not consider the ABF to be part of the Department of Home Affairs. This perception has been reinforced by the separation of governance arrangements, which is now starting to change.

The models of leadership and governance have come from the organisation's history. Since its creation in 2017, the department has been led from the centre with a command and control culture, which limited collaboration and collective leadership.

> 'We went too far to command and control and a rules basis. People weren't empowered, decision-making was pushed too high. It was too risk averse.' Internal stakeholder

Challenges associated with internal cross-agency collaboration and senior executive leadership turnover and capability contribute to weak collective leadership. This reinforces a negative perception of effectiveness of SES' relationships, both internally with staff and between SES leaders. This perception extends externally, particularly among other government agencies. Senior leaders across the department have become disempowered, in part because of centralised decision-making. They are seen as hesitant to make decisions, take risks, provide a counterpoint view, share new ideas or participate in a productive debate. One internal stakeholder said, 'people's capability to make a decision wasn't developed, and now they can't make a decision unless there is a rule'. This cascades down to staff at lower levels not feeling empowered to make decisions, challenge approaches, be curious or share new ideas. Better alignment with the principle that decisions should be made by staff at the lowest practical level would help here (refer to the [Optimal Management Structures guidance](#) for the APS for further information).

Addressing the leadership and accountability challenges requires better governance and investment in key leadership competencies to deliver the transformational and cultural change needed. Clearly identifying, building and rewarding the leadership skills and behaviours valued by the department would be beneficial.

The rate of SES separations is well above the APS average for both new and experienced SES officers and is trending higher. The department's SES-only separation rate is 18.8%, which is up from 16.8% in 2018–19, and higher than the APS average rate of 16.9%. SES separations peaked in 2021–22 at 20.7%. The department needs to better understand and respond to the causes of this turnover. This may include issues relating to workloads, constant crisis management, disempowering leaders and a lack professional development opportunities. Action in this area would help improve attraction and retention of talented SES in the future.

> 'We find they are continually subjected to high turnover and changing staff. Quite honestly, we have to discuss between us who our main contacts are.' External stakeholder
>
> There seems to be high turnover ... particularly in senior roles in the last year. It's noticeable.' External stakeholder

Improved governance should improve collective and collaborative leadership of the department, and rally staff around a common purpose. But governance alone can only achieve so much and must be supported with a willingness and visible action by the broader Home Affairs and ABF leadership teams to work as a collective. Role modelling by leaders, formal mechanisms to incentivise change, developing talent and skills in leaders, and building understanding and support for the transformation change will be very important.

Steps are underway to improve governance arrangements. A new governance structure is detailed on page 14. Success of the new arrangements will partly rely on transparent communication with staff, buy-in and active role modelling by all leaders, as well as actively monitoring and fine tuning the new arrangements as they are implemented.

New governance arrangements and the associated transformation program will require careful planning, methodical staged implementation and monitoring, and a comprehensive communication strategy. Transformation experience across the public and private sector suggests there is a high risk of 'snap back' to old ways of working unless changes are carefully managed, communicated and role modelled persistently by all members of the leadership team. Staff will need to feel engaged and heard as part of the transformation process if the department is to improve staff engagement. It will take time to realise the benefits of these activities but this is essential.

Integrity, values and culture

Integrity will remain an area for attention. The department's integrity framework is not always working as needed. There has also been a heightened focus on integrity matters due to a very public integrity failure at the highest level, which may have affected public and staff perceptions of the department's integrity. It may also lead to staff questioning the use and effectiveness of the current integrity framework.

In interviews, external stakeholders said they generally trust the department to deal with them ethically and in good faith. According to an all-staff survey conducted for this review, 87% of staff agree that people in their workgroup uphold APS values, with only a small proportion of respondents disagreeing (5%). In response to the 2023 APS Employee Census, a similar proportion of staff (4%) said they had witnessed another APS employee in their department engage in behaviour they thought may be serious enough to be viewed as corruption. This proportion is in line with the result for the APS overall. Of these respondents, 57% said they did not report the potentially corrupt behaviour they witnessed, which is a lower rate of non-reporting than the APS average.

The department has a detailed integrity framework within its Professional Standards Framework. However, the Professional Standards Framework is complex, multi-layered and makes it difficult for staff to easily understand their personal obligations in a practical way. Approaches to improve its practical effectiveness and consistent application across the organisation would be highly desirable.

The department is reviewing its whole integrity system to ensure it is fit-for-purpose and appropriate, given it was set up during a different time and context. The review is focusing on achieving a best practice integrity system, improving associated processes and systems, improving accountability mechanisms for leaders, educating staff and evaluating the integrity system to ensure continued improvement. The handling of conflicts of interest has

been improved to ensure greater accountability and oversight. A key part of the integrity system review will be improving education and training to better support staff to understand obligations and corruption vulnerabilities relevant to the department.

Ongoing action will reinforce the priority on integrity, including related to procurement, probity and contract management practices. This will be important to ensure staff and external stakeholders remain confident in the department's ability to deal with the breadth of risk and complexity across its operations. For example, the Richardson review found the department needs to 'enhance its integrity risk process and culture to better inform procurement and contract decision-making for regional processing arrangements'.

Steps to improve integrity can be easily undermined. The absence of clear communications, persistent role modelling by leaders and being an integrated part of transformation agenda can rapidly unravel improvements in this area. To uphold the high standards of APS professionalism, the department's approach to integrity needs to mature from being managed as a compliance process, to being a culture of integrity, relevant to all staff and through all areas of their work. Embedding a culture of integrity will depend on consistent alignment and adherence to shared values and integrity principles.

> *'Integrity was previously treated in a one-dimensional way – find a wrong and hit people on head. It should be more about a culture of feeling safe.' Internal stakeholder*

Risk management practices are critical to integrity but remain uneven across the organisation. While some strategic enterprise risk controls appear to be effective, others need improvement. Staff turnover, role changes, and regularly transferring the ownership of individual risks between staff also creates problems, such as variable understanding of risk mitigation activities and reporting requirements. The application of risk management practices in operational areas also appears to be achieved primarily by prescriptive processes and controls, particularly in high volume processing and operational environments. This includes the use of the command, control and coordination (C3) doctrine within the ABF. While this is effective in many contexts, the management of risk in more complex and ambiguous settings, where prescriptive processes and controls cannot be rigidly applied, is problematic. In these situations, the review found there is a greater likelihood of matters being poorly handled or escalated to leaders who, at times, were ill-equipped with the technical knowledge, visibility of risks or sense of empowerment to effectively intervene.

> *'There is a tendency to centralise and control things and that has left managers disempowered or without skills. They have always been told what to do.' Internal stakeholder*

The maturity of risk management practices should be an area of focus for mid and senior level leaders. This cohort needs to transition from an over reliance on process and compliance towards a culture that engages with measured risk and remains open to how risk may provide both opportunities and threats to their operations and strategic direction. In support of this intent, senior leaders need to also encourage and reward staff to speak up and share concerns, rather than discourage curiosity and diversity of thought. Several initiatives have begun to improve internal communications and more broadly improve risk management and strategic prioritisation. This

includes establishing the Senior Leadership Team along with the Leaders Exchange, to better enable strategic communication across all SES in the department (including the ABF) and National Emergency Management Agency. Monthly webinars open to all staff conducted by the secretary, the ABF Commissioner and deputies are another new initiative. New governance structures should generate an internal exchange of ideas and practices to improve the leadership cohort's risk management capability. In addition, a review of the department's risk management framework is due by the end of 2024. These activities are important steps, but will require both time and supporting leadership behaviours to become embedded and effective. Anything that is seen to undermine the integrity, values and culture of the department inhibits its ability to do its job effectively and maintain the trust of the government and the Australian people.

Case study: Australian Human Rights Commission Partnership with the ABF

The ABF is partnering with the Australian Human Rights Commission (AHRC) to improve workplace leadership and culture.

The 2021 APS Employee Census results for the ABF were poor and staff opinions about the workplace were low. To address this, the ABF announced a strategic 5-year partnership with the AHCR in April 2022. The AHRC's role is to ensure the ABF remains accountable, inclusive and diverse. Together the ABF and AHRC are focused on improving strategic leadership, culture, collaboration, communication and engagement.

Turning workplace culture around is not an easy task. It requires leadership commitment. The Minister for Home Affairs recently acknowledged the ABF Commissioner for his leadership in asking the hard questions to improve the workplace.

Collaboration

Element	Description	Maturity rating
Internal collaboration	The capability to engage and establish effective and collaborative internal partnerships, ensuring the agency can make best use of its collective capabilities.	Emerging to Developing
Public sector	The capability to establish enduring and collaborative relationships with other public sector agencies that support agency and government priorities.	Developing
Non-government partnerships	The capability to establish enduring and collaborative relationships with non-government entities to support agency and government priorities.	Developing to Embedded

The Department of Home Affairs relies on collaboration at many different levels to effectively deliver almost every aspect of its responsibilities. It has never been more critical to build relationships that maximise the sum of these skills and capabilities. Given the breadth of change that needs to happen, success will require extensive and genuine cross-departmental collaboration.

Internal collaboration

The review found that internal collaboration beyond immediate workgroups is not fully effective. In workshops and interviews, staff said there is not a culture of genuine engagement and collaboration across groups and functional areas. This was also recognised by external stakeholders as a concern.

The department's self-assessment recognises that internal collaboration requires improvement, and that stewardship and collaborative behaviour is not demonstrated consistently. Responses to the 2023 APS Employee Census show collaboration within teams and workgroups does not translate to collaboration between these areas. In total 86% of respondents said colleagues in their immediate workgroup cooperate to get the job done (2 percentage points below the APS overall), while only 62% said their SES manager promotes cooperation within and between 'agencies' (4 percentage points below the APS overall), and 50% said internal communication within their agency is effective (6 percentage points below the APS overall).

Several interviewees commented that engagement, collaboration and integration of work between the ABF and the rest of the department has declined over recent years, and the review observed this as often being poor.

> 'How ABF and Home Affairs work from a leadership and governance perspective? In one word "awkwardly".' Internal stakeholder

> 'There seems to be a disconnect between areas of the department.' External stakeholder

The limited collaboration is driven by a variety of factors, but the following 4 stand out:

- collaborating to achieve business-as-usual outcomes, outside of managing a crisis, has not historically been modelled or rewarded
- information channels seem designed to enable information to flow up the organisation, rather than across it – a reflection of past management styles
- senior leaders are not seen to dedicate time to collaboration
- there is evidence of 'patch protection' and internal communication is not strong.

Collaboration is further impeded by a lack of integrated systems and tools that stands in the way of easy networking across the department. External stakeholders feel that constant internal restructures and staff turnover make it difficult to locate the right people to collaborate with.

> *'This department is constantly changing who is responsible for what and it is hard to keep up.'*
> *External stakeholder*

Other reviews have noted similar concerns. For example, the Richardson review found internal collaboration was inadequate. As a result, serious integrity risks were not identified or shared in regional processing procurement and contract management processes. The Richardson review recommended the department 'foster and promote an "ask and tell" operating environment that encourages collaboration, cooperation, proactive enquiry and information sharing'.

Limited internal collaboration, and in particular collaboration between the ABF and the rest of the department, makes it harder to ensure the government's expectations, priorities and risk tolerances are widely understood. A failure to pool and leverage collective capabilities also makes it harder to achieve outcomes for the community, users and ministers. The department is also missing an opportunity to model the 'collaboration craft' to develop junior staff.

The new secretary and ABF Commissioner are making greater internal collaboration a priority focus for the leadership team. The new Senior Leadership Committee and recently established Leaders Exchange will give senior leaders a mechanism, as well as signalling permission, to act as stewards of the department, take a whole-of-enterprise approach to the delivering outcomes, and actively demonstrate collaborative behaviours. Incorporating full participation of the ABF leadership into the new governance arrangements is a positive step towards embedding this engagement, and ensuring collaborative efforts are appropriately focused and aligned. The secretary and the ABF Commissioner are proactively working together to realise these goals. More on the governance reforms is on page 14 of this report.

The establishment of a dedicated Transformation Division in March 2024 to drive reform across the organisation, including leading the response to this review, is also positive. It will be important the division is transparent and genuinely collaborates and engages with staff as its work program is settled. It will also be important for the division to regularly communicate about its progress and have genuine consultative mechanisms for staff to make suggestions and input into this reform work.

The development of a culture of collaboration will take time and training to ensure staff have right the skills and a sense of permission to reach out and work together. Improving internal collaboration will also have flow on improvements for how the department engages and collaborates externally.

Public sector

The department engages with public sector partners across a range of groups and jurisdictions including portfolio agencies, other Australian Government agencies, state and territory governments and international partners. This collaboration is variable in its intent and effectiveness. There was evidence of good collaboration in pockets of the department, though often at the operational level. The review heard cases of effective partnerships to deliver operational outcomes in areas such as Operation Sovereign Borders, Counter Terrorism and international airports. In these instances, the collective goals were clear, roles were well understood, stakeholders felt they were heard, and the department demonstrated the ability to adapt, while ensuring the relationship was maintained.

However, the review also found that genuine collaboration and working in partnership with other public sector organisations is not the default operating style in all parts of the department. The review heard that staff, including senior leaders, were not previously given licence to genuinely collaborate. 'They don't always have a good fix on whole-of-government. They are very inward focused,' said one external stakeholder.

The review also heard many public sector relationships depend on individuals, especially at the senior executive level, which leaves networks vulnerable to restructuring and high SES turnover. Stakeholders said collaboration with central agencies and the National Intelligence Community is relatively weak. This results in a lack of trust in the department, making genuine collaboration even harder, and missed opportunities to influence key strategic issues across government.

> *'We have work to do on our relationship with the centrals. We're seen as a department of smoke and mirrors.' Internal stakeholder*

A more collaborative approach internally should provide a model for collaboration across the public sector. The department is also refining a dedicated bilateral engagement plan for 2024, with a view to strengthening its relationships across government. This is a positive early sign, with leadership clearly signalling the value it places on genuine engagement and the development of this capability. There is an opportunity to build on the lessons that can be learned from areas that have been able to establish strong, enduring and collaborative relationships. These should be considered as the engagement plan and approach is finalised. As outlined above, it will also be critical that senior leaders value, reward and model good collaboration and prioritise development of this capability. Without this, any change for the department, and improvement in public sector relationships, will be much harder.

Non-government partnerships

The review found the department has good working relationships with industry and other non-government stakeholders. During interviews, feedback from external stakeholders was largely positive.

> 'They engage us as issues arise.' External stakeholder
>
> 'They are getting better at authentic engagement on the ground.' External stakeholder

In interviews, staff also pointed to positive relationships with non-government stakeholders.

> 'We put a lot of effort into our relationships with industry. We have formal industry engagement groups, and we engage frequently.' Internal stakeholder

There are many examples of mature engagement networks, such as Immigration Community Liaison Officers, Business, Industry and Regional Outreach Officers, Settlement Network Officers, the Trusted Information Sharing Network, the National Committee for Trade Facilitation, National Passenger Facilitation Committee and National Sea Passenger Facilitation Committee – all are valued by industry and the community. However, the review also heard staff and stakeholders would like to see more co-design and genuine partnerships.

External stakeholders did raise some areas for improvement. For example, frequent turnover of staff, particularly at senior levels, resulted in a loss of corporate knowledge and affected the sustainability of relationships, especially on long-term and complex projects. Some stakeholders also said they did not feel they understood who does what, given the breadth of the department and the frequent structural changes. They also feel it is often up to external partners to repeat the same message to different areas of the organisation, including when engaging with both the broader department and the ABF.

> 'They are cumbersome as an agency ... parts don't have an understanding of what other parts do. Important information doesn't get shared.' External stakeholder

The review found the department sometimes lacks the maturity to reflect on collaboration processes and is not always open to modernising or making the process more efficient.

> 'The department is not known for its adaptability – it is more about sticking to the process.' External stakeholder

There is also an opportunity now for the department to review its engagement strategies, such as the *Industry Engagement Strategy 2020 – Trade, Customs and Traveller* and *Industry Engagement Strategy 2020 – Migration and Mobility,* which were published in 2015.

The recent invitation to the Secretary of the Department of Agriculture, Fisheries and Forestry (DAFF) to co-chair the ABF Commissioner's Advisory Board is a good example of using convening power to bolster relations between government and industry. Similarly, the secretary's proposed approach to minimise future restructurings will make continued contact easier for external stakeholders.

The department must continue to prioritise building collaboration, including over the longer-term. In the process of achieving better internal and cross public sector collaboration, it will be important to not let the already good collaborative work with industry slip.

Case study: Outreach teams leveraging community networks

A range of dedicated outreach teams promote understanding of and participation in the department's immigration programs.

The Business, Industry and Regional Outreach (BIRO) officers engage directly with business, industry and regions across Australia to promote Skilled Visa Programs and discuss visa options to fill employment gaps. They have a presence in all states and territories.

BIRO activities vary from running small business meetings, large industry events or sector-specific education activities to improving understanding and use of skilled migration programs. They have established location-specific forums and conferences to meet the needs of their various partners.

A network of Community Liaison Officers is dedicated to working with specific migrant communities. They deliver official information to multicultural communities, and act as a mechanism for community members to share information about their priorities and concerns. They conducted 9,100 engagements in 2022–23.

Outside Australia, Global Skills Attraction officers based in key overseas locations promote Australia's Migration Program in an effort to attract more skilled migrants.

Delivery

Element	Description	Maturity rating
Strategy	The capability to understand the system/s the agency operates in, the government's agenda, and to develop high-quality advice to deliver outcomes for Australians.	Developing
Implementation	The capability to deliver efficient and effective services, programs and other initiatives.	Embedded
User focus	The capability to use an understanding of the people and organisations affected by the agency to deliver effective and fit-for-purpose outcomes for them.	Developing
Review and evaluation	The capability to use review and evaluation activities to maintain performance and drive improvement.	Emerging
Ministers and parliament	The capability to meet the needs of ministers and the parliament.	Developing

The department's challenging and complex responsibilities can be subject to crises and disruptions, which are only expected to become more frequent in future. The department will need to use all available delivery levers to be resilient to future shocks and operate in a sustainable and effective way the longer-term.

Strategy

The capability review found the department does not have a well-integrated or effective strategic policy capability. This capability has not been adequately prioritised and there has been limited investment in developing and maintaining this function. The department acknowledges it has given limited focus on long-term strategic planning and believes this partly stems from spending time on the next urgent task and crisis.

> *'We are constantly planning for the year we're in, not the year ahead.' Internal stakeholder*
>
> *'They need to put in place some capacity, what is coming up over the horizon and what are they going to do about it. Instead of looking at crisis management skills.' External stakeholder*

The review heard there are pockets of strategic policy capability within specific workstreams. This is reflected in the work to develop the *2023–2030 Cyber Security Strategy* by the Cyber Policy and Programs Branch and the *Migration Strategy* by the Migration Reform Taskforce. The review also heard some whole-of-department environmental scanning is being undertaken in the Intelligence Division and Data and Economic Analysis Division.

Despite these efforts, strategic policy work is not joined-up across the organisation, and opportunities to effectively influence decision-making across government, and at the enterprise level, have been missed. A strategic foresighting and policy capability was previously deprioritised and requires rebuilding. The review

understands the department is considering ways to establish an internal strategic policy capability to help plan for the risks that it faces. This is a positive step. Such a capability has potential to accelerate the development of whole-of-enterprise insights and an integrated understanding of downstream impacts and changing community expectations. It would also provide the opportunity, at an enterprise level, to coordinate horizon scanning and improve the application of lessons learned from past crises, to identify opportunities where crises could have been avoided or mitigated to limit future disruptions and crises.

If done well, this will signal permission for more strategic policy work to occur and drive the development of this capability. The new capability could be fully centralised or organised around a hub and spoke model, where a small central team coordinates and adds value to distributed capabilities. The latter is likely to be more effective. It will, however, need strong support from the leadership team to ensure a high degree of cross-department cooperation. As the dedicated team will be small, to maximise impact it will be important to form strong links with other areas of the department. A two-way flow of information and data must occur with the dedicated team acting as type of broker or community of practice. Clear parameters around who owns which strategic policy work will need to be established, and the work of the strategic policy function should also be set and prioritised by Senior Leadership Committee. To achieve this rebuild, there is a need to invest in people and capability development, including skills uplift for emerging senior leaders in the craft of strategic policy development. Ultimately this capability would encourage a more systematic approach when providing advice to government and give the department an opportunity to proactively, rather than reactively, shape, inform and influence the direction of the government's response to complex social, economic, environmental, and geopolitical challenges. It will also help the department manage some of the risks it faces.

Implementation

Home Affairs is a large, primarily operational department. Its operational functions include immigration, citizenship and settlement services, facilitation and regulation of travellers and trade, maritime surveillance and immigration detention. Based on responses to the 2023 APS Employee Census, at least half of the employees are in operational roles.

Evidence suggests the execution of operational functions is sound. According to the 2022–23 Annual Report, the department:

- met/substantially met 8 out of 10 performance measures
- delivered 195,004 Migration Program outcomes against a planning level of 195,000
- maintained or improved processing times in 8 of 10 visa categories despite a 152.4% increase in the volume of visa applications, compared with the previous reporting period
- facilitated more that 17 million air and sea travellers arriving in Australia, as well as over 86 million air cargo and over 6 million sea cargo consignments
- conducted more than 2,182 patrol vessel days, while contracted surveillance assets delivered 12,691 flying hours
- seized 4.78 tonnes of cocaine

- through the ABF-led Illicit Tobacco Taskforce, detected 168 instances of revenue evasion worth around $522 million.

The design and delivery of many of programs have been independently assessed as largely effective. For example, a 2023 Australian National Audit Office (ANAO) audit of the Family Migration Program, which accounts for about 30% of annual visa places, found the department's design and delivery of the program was sound. In addition, a 2023 ANAO audit of the Implementation of the Government Response to the Black Economy Taskforce Report also found the department is implementing its recommendations effectively. Like several other capabilities throughout this report, however, delivery capability varies across the organisation.

Staff consider delivery to be one of the department's strengths. The review witnessed this dedication while meeting with staff in Sydney and Canberra. External stakeholders also commented on the commitment and dedication of staff. 'They have been given missions that are incredibly hard and they are focused on the delivery of those,' said one external stakeholder. The department, and particularly the ABF, rely on detailed standard operating procedures to enable large-scale delivery at a consistent standard, and employ subject matter experts with deep technical expertise built up over many years. The regular need to respond and divert resources to manage unforeseen events or crises does, however, draw attention and capability away from the delivery of key departmental outcomes and has meant limited scope to focus on exploring future delivery approaches.

The department also needs to ensure it considers the operating model used and prioritises addressing risks and issues as they come up to avoid and mitigate challenges and crises. This was not observed during the review, and interviews highlighted the lack of prediction and mitigation of issues. Workforce, enabling systems and the intelligence function present challenges and opportunities to delivering the most efficient and effective operating model.

The department should consider whether its Intelligence Division requires stronger connections and feedback loops with operational and community-facing areas, particularly the ABF, to both leverage and input into on-the-ground intelligence and to make sure staff have a deep appreciation of tactical intelligence needs. The ABF needs specific intelligence to help target its operations and enhance its results. Without it, the success rate of their activities will decline. The importance of the department's intelligence area providing information to help with this targeting is hard to overstate.

There are also many ageing enabling and ICT systems, which are a potential risk until they are replaced and decommissioned. Staff highlighted the potential of upgraded systems, and a more data-driven approach to boost productivity and to gain efficiencies. The use of emerging technologies may also provide opportunities to more effectively and efficiently deliver and scale the scope of operations (more on this in the Enabling functions domain on page 45). Maximising the efficiency and effectiveness of this large-scale operational delivery capability should be a long-term priority and it will require investment and uplift in other enabling capability areas, such as strategic policy, long-term budgeting, collaboration and workforce planning.

User focus

The *Royal Commission into the Robodebt Scheme* (2023) reinforced the importance of a user-centred approach to policy and program design and service delivery. Having a consistent focus on users will help the department gain a deeper understanding of who its users are, what motivates them to use its services, and any pain points in the user experience. Though some areas demonstrate a user-centred mindset, including in the Immigration Group and ICT Division, at an enterprise level there is a tendency to focus on the process rather than the user. Recognising the organisation's many regulatory functions, there is always an appropriate time and place to follow operational policy and procedure. However, there is also a role for considering a more systematic approach to user-centred design. The review considers there are opportunities for greater focus on the long-term benefits of designing services with users in mind. As staff design and administer new laws, regulations, policy, programs and services, they must not lose sight of their impact on their user community.

> *'They need to think not about the process but the people who are caught up in the process.'*
> *External stakeholder*

Feedback throughout the review suggested the department is not making the most of its user data, or deep knowledge of users held in community-facing functions, to inform policy, service and regulatory design. Greater use would add significant value, as is explored in the case study on page 31. There is a real opportunity to harness the expertise of staff in areas that regularly engage with the community and industry to sharpen the focus on the user across the whole department. The APS *Charter of Partnerships and Engagement* and associated good practice guide can help inform ways to improve putting people and business at the centre of policy, implementation and delivery.

Review and evaluation

A culture of continuous improvement is critical to ensuring that an organisation, particularly one as large and diverse as Home Affairs, builds on its successes and learns from its mistakes. However, the review found there is no systematic approach to evaluation. Evaluation is treated as a secondary focus in many parts of the department. It is highly reliant on informal networks and tacit knowledge of individuals rather than more systematic approaches to review, discover and share knowledge. Of particular concern is the inconsistent approach to capturing, sharing and incorporating lessons learned from crises or even ongoing business activities. The department has not sufficiently prioritised or invested in review and evaluation. This sort of activity is rarely costed into New Policy Proposals (NPPs).

> *'There is a lack of intrinsic learning. They start from scratch all the time.' External stakeholder*

The department does have a small team dedicated to evaluation activity (3 full-time equivalent staff), providing evaluation advice for NPPs and working on an evaluation framework for the *Cyber Security Strategy*. However, a team this size cannot be expected to deliver evaluation capability on the scale required to embed this into departmental practices. The department is also redrafting its *Enterprise Performance Evaluation and Monitoring*

Policy Statement and its *Business Planning Policy Statement*, which creates an opportunity to build on. There is also a dedicated evaluation function specifically targeted at development of ABF-led NPPs as well as policy evaluation in the ABF more broadly.

This capability requires significant improvement to embed a culture of evaluation and knowledge sharing, both internally and externally, and continuous improvement. The department would benefit from more systematic analysis of operational and delivery outcomes and challenges, considering what worked well or what went wrong and identifying ways to prepare for and anticipate future challenges. This will also contribute to better risk management.

Ministers and parliament

The capability review spoke to stakeholders from the department, the broader public service and ministers about the department's relationship with portfolio ministers and their staff. While there is a sense that interactions are improving, there are areas where the organisation could improve this capability.

The review heard the department should be more proactive in the delivery of new ideas, well-informed policy options, recommendations and risk mitigations for decision. This is tied to comments elsewhere in this report about the need to build strategic capability and a sense of permission to voice creative solutions. Similarly, staff should ensure they are presenting ministers with a full range of options and associated risks to address an issue, without being constrained by assumptions about their risk appetite.

The department should also ensure it is fully leveraging its data, experience and community contact in advice to ministers. Ministers want the department to take a whole-of-system view and develop relationships with other stakeholders in that system. Advice should be informed by environmental scanning, both inside and outside the APS, and harnessing the insights of staff in areas that regularly engage with industry and the community, such as the Business, Industry and Regional Outreach units or the Critical Infrastructure Partnerships team.

The review heard that a small number of committed, high-performing staff are regularly called on to respond and deliver policy advice to ministers. Trusted relationships with ministers, their staff and departmental officers are valuable but should be broadened to avoid single person risk. At times the structure and breadth of the department made it challenging for ministers and their staff to understand who to go to for advice, and at times it was unclear what the desired outcome was and who was responsible for delivering it. Broader engagement with both senior staff and subject matter experts would also help better meet ministers and their office's needs. The department would also benefit from regularly re-evaluating whether routines of engagement between SES and ministers and advisory staff in each minister's office are sufficiently transparent, coordinated, aligned and effective.

The department could also review how it works with, responds to and supports parliament and its processes. As it has responsibility for challenging issues, undertakes considerable legislative activity, and is regularly called on to give evidence at parliamentary committees, this warrants focus.

The new secretary is focused on collaboration and improving the organisational culture and relationship with ministers. She has made it clear this is one of her highest priorities. Senior staff need to take her lead and model similar behaviours. This is something that cannot be done overnight. The challenge will be to build on this early work and repeatedly deliver and improve over time.

Case study: Automating administrative processing

The department is leveraging Robotic Process Automation to make repetitive tasks easier.

An example of this is the work done to streamline freedom of information (FOI) processing and reduce processing time, particularly for personal FOI requests. In February 2023, a client waited 185 days on average for a response to their personal FOI request. This has been reduced to an average wait time of 52 days.

One of the key tools was the use of automation for simple FOI processing tasks, through the use of FOIBOT dubbed 'Bob'. Bob is now also being used to process invoices and triage emails.

In the first 3 months of 2024, Bob completed 955 transactions with an average processing time of 1.6 minutes. This includes processing 205 invoices and verifying 750 final bills alongside 325 FOI registrations and triaging 2,160 FOI emails in the same period.

As the department received over 16,800 FOI requests in 2022–23, this creates a significant opportunity to improve finalisation timeframes.

Workforce

Element	Description	Maturity rating
Staff culture and inclusion	The capability to develop and maintain an inclusive working environment that gives staff a sense they belong and are valued.	Developing
Strategic workforce planning	The capability to understand and act on current and future operating and workforce requirements, including critical job roles, succession management and recruitment/retention strategies to prepare for future needs.	Developing
Staff performance and development	The capability to develop staff in ways aligned to the future needs of the APS, and to improve the performance of individuals and teams.	Developing
Staff safety and wellbeing	The capability to maintain a physically and psychologically safe working environment for staff.	Developing

Over the next decade, the department will need different skills and capabilities than it requires today. However, capability takes time to develop and it is necessary to begin preparing for the workforce of the future today. This review considered workforce strengths and capability gaps to assess whether the department is adequately developing its workforce, and to identify workforce changes that will position it to realise the goals of its organisational transformation and government priorities.

Staff culture and inclusion

The review has been impressed by the staff across the organisation and their connection to its mission. This came through strongly with staff in frontline operational areas but was evident across the whole department. During engagements with staff through site visits, interviews and workshops, the reviewers were impressed by the professionalism and dedication displayed in dealing with an array of issues such as complex visa cases, immigration detainees, passenger processing, handling of illegal goods and other challenging scenarios. It is an organisation that is often asked to respond to challenging circumstances.

While staff are connected to the department's mission, 2023 APS Employee Census results show this has not translated to a workforce that is as proud to say they work at Home Affairs, as staff at other APS agencies – with 69% agreeing with the proposition 'I am proud to work in my agency', 7 percentage points below the result for the APS overall.

The department has stated its commitment to reforming its culture and processes, and the senior executive have been working to address staff feedback. While this is positive, and results have been improving over the past 5 years, there is still a way to go. Staff pride, a willingness to recommend the department as a good place to work and a sense of personal attachment to their agency all remain below the result for the APS and other extra-large agencies (2023 APS Employee Census). While 57% of staff recommend the department as a good place to work

(8% percentage points higher than the previous year), this remains 11 percentage points below the APS overall and 8 percentage points below the result for larger operational agencies (2023 APS Employee Census). A total of 70% of staff agree that the department supports and actively promotes an inclusive workplace culture. This is a 6 percentage point improvement on the previous year's Census result but remains 9 percentage points below the APS overall and 8 percentage points below the result for both larger operational agencies and extra-large sized agencies. To maintain a sustainable workforce the department will need to ensure can attract and retain the best and brightest talent to tackle the challenges of the future.

> *'We were already on a pathway to shift culture.'* Internal stakeholder
>
> *'There needs to be a cultural reset. It's critical to be clear about what that means. Top brass has to show a commitment to it.'* Internal stakeholder

As identified in the Leadership and culture domain, staff are committed to the mission of their individual workgroup but demonstrate less understanding of how this connects to the broader departmental purpose and strategy.

> *'At a local team level it can be great, and very supportive. At a department level it verges on being actively harmful.'* Internal stakeholder
>
> *'Lots of indications of an "us and them" mentality – not just between ABF and the rest of the department, but between all kinds of work units.'* Internal stakeholder

The new leadership team's commitment to cultural change is an important and a positive first step towards changing the department. However, this will take time, careful planning and careful implementation to realise improvement. A dedicated culture change program to address shortcomings in the existing culture requires resourcing and genuine leadership engagement with staff. This includes paying particular attention to building a thriving culture of inclusivity, curiosity and innovation, as well as connecting local workgroup activities with the broader organisational priorities and addressing existing challenging ways of working to empower staff. Establishing a new People, Culture and Safety Committee is an opportunity to help align leadership with this commitment.

Clearly articulating how the command, control and coordination (C3) doctrine works alongside other models of leadership and management in the department, and how and when it should operate, will be important to working at scale while also encouraging curiosity and innovation. Leadership is already reviewing and removing rigid process that are barriers to delivering outcomes. This should continue. Just as importantly, leaders need to role model desired behaviours to demonstrate that the command and control approach, all too synonymous with the agency's past, can be reconciled with creativity.

The leadership has not consistently encouraged or rewarded curious and innovative thinking. During the review there was evidence of incremental process innovation occurring across aspects of the department, however, the

curiosity and thinking required for more disruptive innovation is not evident. The department sits 5 percentage points below the APS overall in the proportion of staff who agree that one of their responsibilities to continually look for new ways to improve the way they work, and 6 percentage points below the APS overall average in the proportion of staff who agree their immediate supervisor encourages them to come up with new or better ways of doing things (4 percentage points below the result for extra-large sized agencies) (2023 APS Employee Census). Leaders necessarily have a disproportionate role to play in shaping the future culture of the department. Senior leaders need to model and reward innovation and curiosity to strengthen this capability. It is critical they do this through all areas of the organisation.

The review found limited mechanisms for staff at all levels to raise ideas and have them considered and/or resourced. While some such mechanisms had ceased in recent years due to budget constraints, in September 2022, the Immigration Group opened an online ideas form that any staff member could use to submit an improvement idea to enhance immigration delivery. Since that time, staff have contributed 240 ideas – with more than 50 implemented or being explored and tested. More recently, an Innovation Coordination team has been set up to field innovative ideas submitted by staff for possible implementation. This is a good sign in one area of the organisation. The department should explore how the lessons from this experience might be adapted for improvements in the broader organisation.

Strategic workforce planning

To deliver on its outcomes, the department must ensure it has staff with the necessary capabilities for their current and future work. Strategic workforce planning is an essential business process to effectively recruit, develop and retain the diverse talent required over the short- and long-term.

The existing workforce planning is not sufficient and some of the current workforce allocation practices are counterproductive. A lack of strategic planning, prioritisation and foresighting limits the ability to create informed long-term workforce plans and exacerbates annual cycles of tactical and reactive resource allocation.

The department acknowledges it has significant workforce capability gaps, and its People and Workforce Plan aims to address this. However, the plan and related activity is limited in its effectiveness. While the department has developed workforce guides and templates, workforce planning does not generate a systematic connection from strategy through to budget allocations.

> *'Workforce planning is ad hoc. There is little time and space for workforce planning. The organisation more broadly needs to do better.' Internal stakeholder*

Embedding strategic workforce planning into broader capability planning and prioritisation processes would enable the department to identify emerging skill needs and set up training and development programs to address them, so it can access necessary skills and resources when needed.

Currently, staff have limited visibility of recruitment and planning decisions and feel workloads and resourcing are not always balanced, leading to a concern that some workgroups are expected to carry heavy workloads

compared with other areas. As future strategic workforce planning is developed, communication and transparency can help staff understand future workforce changes, including the rationale for workforce levels and structures.

> 'How ever we are structured, it is about the right people in the right place and with the right capabilities.' Internal stakeholder

The department has already begun addressing workforce planning by establishing a new People, Culture and Safety Committee, to provide a forum for senior leaders to focus on workforce challenges. In addition, a recently established Leadership Development Council has already made good progress reducing the number of SES vacancies and working on development and management skills of senior staff.

The department needs to prioritise the explicit coupling of workforce planning with departmental strategic planning, investment and budgeting processes. As new measures to better integrate the ABF are implemented, there is an opportunity to learn from its defined career pathways and identify aspects that could benefit the whole organisation. This should be supported with appropriate investment in the workforce planning function, along with senior leader buy-in to the value of workforce planning. The current department and ABF's workforce plans expire in 2025, and this provides a timely opportunity to renew both, including identifying future skills requirements to target the department's efforts.

Staff performance and development

Staff development and performance management is another way the department can address capability gaps. The review found that while the People and Workforce Plan and the equivalent ABF people strategy (Realising Our Full Potential) do address staff development, additional effort is required.

In an all-staff survey conducted by this review, staff were asked to identify what they think the department should focus on improving. A total of 38% of staff selected learning and development opportunities and 36% of staff selected workforce planning. In response to the 2023 APS Employee Census, 50% of staff said there are current skills or capability gaps in their workgroup, which is 4 percentage points above the APS average. A total of 70% of staff said they were able to access relevant formal and informal learning and development when and where required, which is up 10 percentage points from 2022 and in line with the APS overall. However, through workshops and staff interactions, the review heard that staff perceive senior leaders had reduced the priority and reduced budgets for development and training. 'Here you learn by doing. The department has not had the money and investment in staff development,' said an internal stakeholder.

There is a significant difference between the ABF and the rest of the department when it comes to training and development. The ABF has specialised requirements for its workforce. This includes entry level roles where training is managed in-house by the ABF College. The challenge for the ABF is retaining entry level specialist staff especially after investing in 12 months of training on top of the security clearance processes.

> *'The ABF has different training and staff requirements, which can be perceived as being difficult or expensive. For example, things like use of force, operational requirements, C3, college curriculum and training re-certification are different and costly special requirements.'*
> *Internal stakeholder*

In positive signs for the broader department, the new Leadership Development Council will identify, develop and manage the SES cohort. Further work is needed to identify and deliver on the future training needs of the remaining cohorts. The department needs to prioritise investment in its people and leaders to create the skilled workforce it needs and as a signal to staff that leaders value them and their development. It should consider greater emphasis on mentoring and dedicated training, in addition to recruiting and on-the-job training as the primary model for capability development.

The department needs to continue to develop APS craft skills training, including policy development, as well as focus on increasingly high demand skills including data analytics and intelligence. A continuation of leadership training for middle and senior leaders will enhance the overall leadership of the organisation and support improvement to the culture. The SES leadership would benefit from development programs focused on key leadership competencies, including those necessary to deliver the transformational and cultural change. This will build on efforts by the new Leadership Development Council to uplift SES capability, including through a pilot talent development program based on the work of the APSC-led talent councils.

There also needs to be a renewed focus on managing performance. Staff feel high performance is often taken for granted, while poor performance is not properly managed. In the current cycle, only 58% of staff across the department had completed a formal performance development agreement on time and 10% of staff still do not have a current performance development agreement in place. Formal performance management numbers are also relatively low given the workforce size, with the 2023 APS Agency Survey reporting 14 staff undergoing performance management, well below the average of extra-large agencies (28). This may be due to a lack of leadership competencies to engage in difficult conversations on poor performance.

> *'We have a way to go empowering managers and investing in their capability. We lost sight of basic training for performance management, having difficult conversations etc.'* *Internal stakeholder*

The department should review its awards and recognition framework to ensure it appropriately reflects key behaviours and skills identified in this review as currently being undervalued, including curiosity, innovation and collaboration. In doing so, the department will recognise and reward behaviours in support of the culture it is seeking to create.

Staff safety and wellbeing

The department is exposed to a broad and complex safety risk profile given its work across a diverse range of locations and operational tasks. Staff, contractors and outsourced service providers work in environments that pose high physical and psychosocial risks, such as user-facing roles at airports, detention and immigration processing centres, and in remote environments dealing with industrial equipment, dangerous weather conditions and potentially hazardous materials. Just over half of staff (53%) said they believe the department cares about their health and wellbeing, a 6 percentage point increase from the previous year, but still 8 percentage points below the APS overall (2023 APS Employee Census). Frequently responding to a crisis and poorly managed change across the department adds uncertainty and complexity. Only 36% of staff believed change is managed well, 7 percentage points below the APS overall and that of other extra-large agencies (2023 APS Employee Census).

Staff told the review they feel burned out by constant change, unrealistic delivery expectations and the nature of the work. More than half of staff (54%) felt they aren't always or often consulted about change at work, 3 percentage points higher than for the APS overall (2023 APS Employee Census).

> '...there is a sense of operating at crisis level permanently and it is a problem. I have faith in the resilience of our people but it is relentless. I won't be surprised if there is a disaster and the root cause is fatigue and people being stretched too far.' Internal stakeholder
>
> 'It is a hard place to work. They live in the world of wicked problems.' External stakeholder

The department needs to identify key change activities and affected staff, and more genuinely engage staff in supporting the effectiveness of future change activity. It may look to work by the Australian Human Rights Commission with the ABF for lessons learned (see the case study on page 26). It is important to recognise the zero tolerance on some risks the ABF includes in its risk assessments. As mentioned earlier, the review recognises the department is starting a transformation program, including by establishing a Transformation Division and culture reset activity to drive the development and delivery of the reforms.

In terms of work health and safety (WHS), there was evidence of safety reporting and sound WHS practices in parts of the department, particularly within the ABF. However, the review agrees with the department's self-assessment that additional attention is required to improve WHS systems to enable staff to easily report and manage investigations and enhance safety reporting to leaders.

In deciding how minimise and manage physical and psychosocial risks, it will be important the department continues to engage with potentially affected staff. A people-centric approach to safety will not only ensure appropriate mechanisms are put in place to manage safety but will be symbolic of how senior leaders value their people and will support more effective change management.

Case study: disposing of confiscated vapes

Some of the department's activities are far more complex than they seem on the surface.

New laws taking effect on 1 January 2024 prohibit the importation of disposable vapes into Australia, subject to very limited exceptions. This required the ABF to add vaping products to the scope of its detection activities at the border.

Detecting these devices is a new capability for the ABF, as is the destruction of the confiscated items. For example, between 1 January and 12 March 2024, over 358,000 vaping products were seized by the ABF, including over 100,000 seized in a single day.

Vaping devices comprise a battery, a nicotine and/or nicotine pods and often packaging. All of these component parts must be removed by hand before the seized goods can be destroyed. This is currently completed by a contracted provider but must be witnessed by 2 ABF officers at all stages.

These volumes are likely to increase following the expansion of regulation on 1 March 2024 to prohibit the import of all vaping products, unless importers have a relevant import licence and permit.

Enabling functions

Element	Description	Maturity rating
Financial management	The capability to deliver financial plans that support the agency's strategic objectives, and to ensure the use of public funds is transparent, accountable, and fit for purpose.	Developing
Technology and data	The capability to make efficient, effective and forward-looking use of technology and strategic data assets to support the work of the agency.	Developing
Core enabling functions	The capability to effectively identify, design, resource and deliver whole-of-agency shared functions to internal customers that are most important to the agency and its work.	Developing

A contemporary and strong strategic core underpins the success of other organisational capabilities. It is imperative that the department can rely on strong enabling functions to help implement and embed the kinds of change required through its transformation agenda. This section considers the effectiveness of the design and operation of current enabling functions to assess whether they are fit-for-purpose, sustainable and can effectively deliver in a changed and uncertain future.

Financial management

A lack of attention to budget and financial management has hampered the department's ability to deliver its priorities. These challenges have produced budget uncertainty, difficulty planning, regular budget reworks within financial years, and challenges to funding changing priorities. Poor financial management follows poor financial governance. The review has found a tendency for budgets to be handed down from 'on high' with little discussion among other senior leaders, and little opportunity for leaders throughout the organisation to have a voice in the investment and budget setting processes. The result has been limited buy-in and a lack of budget ownership. In an all-staff survey conducted for this review, only 52% of staff agreed there is a planned approach to managing funding/spending within the department.

> 'Previously the budget was set from the top down and people were not really held to account.'
> Internal stakeholder

The operating budget issues are compounded by a challenging budget situation for capital assets. Major capital upgrade are required in the coming years, for both ICT and operational capital assets. This needs to be managed through the development of a prioritised capital management plan that is executable over a reasonable period (including beyond the forward estimates). It should be aligned with both the department's enabling strategies and government's priorities, and tailored to available funding. While the department's self-assessment noted that

processes and governance for its Capital Investment Program (CIP) are sound, the review did not encounter widespread awareness or effective application of this process.

> *'The organisation needs to go back and prioritise what it wants to do and live within its means.'*
> *Internal stakeholder*

Individual managers have not always been held accountable for their budget outcomes. This has been exacerbated by restructuring, changes in senior leadership and the prospect of regular MYEFO 'top ups'. The Chief Financial Officer (CFO) does not appear to have had the senior leadership support required to help embed financial discipline. This has contributed to individual groups, divisions and branches lacking budget certainty, making it difficult to commit to plans. Continual in-year budget revisions have resulted in further redistribution of resources, making it harder for workgroups to find the resources they need to respond to changing priorities. Budget management through staffing caps has created perverse incentives and a perception among some managers that they need to have staff in place or have spent funds at the end of a financial year to maximise the chance of obtaining future funding.

> *'Funding has always been contested ... SES have no accountability for budget management.'*
> *Internal stakeholder*

Staff feel the department continually takes on new priorities without additional resources, and that it has not been sufficiently funded to deliver its remit since its inception. They feel frequent shifts in priorities have come at the expense of properly delivering other, pre-existing, outcomes. Poor financial management has diminished confidence in the department's ability to prioritise and deliver on its budget, particularly among central agencies. It will take a more transparent approach and time to rebuild this confidence.

> *'They are running hand to mouth. They have no ability to invest and build a robust capability.'*
> *External stakeholder*
>
> *'They need a long-term budget where centrals are involved...It needs to be transparent.' External*
> *stakeholder*

The leadership team is taking steps to improve financial management capability, initially by improving budget accountability. It is addressing a prospective 2023–24 budget deficit by instilling budget discipline as a key leadership priority along with a range of measures to bring the budget to balance. It will also build budget management skills and capability into the department's leadership development program. Time and consistent attention will be required to change past behaviours.

There is also a need to address broader financial management weaknesses identified in this review and build a culture of stronger financial management and accountability. It is currently conducting a deeper and separate

examination of its budget and resourcing processes, and its level of funding, to identify improvements. As mentioned on page 14, a re-design of enterprise governance structures aims to improve internal cross-collaboration and strategic oversight, which will be critical to achieving a more coherent investment and budget process.

New governance arrangements should include the CFO in all appropriate forums. The CFO needs to be properly empowered and supported to do their job. The Senior Leadership Committee also needs to pay sustained attention to budget discipline and financial management to achieve enduring reform in this area. This will also contribute to rebuilding the central agencies' confidence in the organisation's financial management capability, which will be critical to gaining traction in future budget processes and financing decisions.

Development and execution of a capital management plan will also require buy-in from central agencies. A revised plan should be an immediate priority and should focus, where feasible, on incremental delivery of major developments. The department should embed capital management considerations into its strategy, investment and budget process. It should develop this plan in collaboration with central agencies and partnering delivery agencies. Transparent review and updates on the delivery of funded capital items will help build confidence in the department's ability to deliver on capital projects.

The capital plan and budget require urgent attention to deliver essential operational, physical and ICT assets. This is a major priority as it feeds into other capabilities described in this review, such as strategy, workforce planning, implementation and collaboration with its stakeholders.

Technology and data

The department depends on a significant ICT footprint to undertake its day-to-day operations, including SmartGates and kiosks, CCTV cameras, communications satellites, detection and inspection technology units, wearable defence equipment units, desktops, applications, servers and data centres. Over 40% of the 480 distinct business systems have already reached end of life, and the department carries significant risk of failure and increasing costs to sustain its technology environment. Resources required to sustain, and in future replace, these assets are yet to be fully funded. This technical backlog is preventing the department from establishing more efficient operations and capitalising on emerging technologies.

There department does not have a single, shared and executable plan for the future of its ICT or data assets, despite this risk exposure. The endorsed Technology Strategy is 4 years old and focuses on addressing the findings of a review conducted in 2016. It sets out a roadmap to re-architect and rationalise the existing technology environment down to a streamlined set of platforms and to decommission legacy ICT capabilities over a 5 to 10 year timeframe.

The Technology and Major Capability Group faces resourcing challenges supporting the existing ICT footprint, in addition to almost 200 active projects. It relies heavily on a contractor workforce to support this activity, with a ratio of approximately 50:50 contractors to APS staff. Notwithstanding the existing Technology Strategy and the recently revised governance arrangements, the department does not have effective mechanisms in place to collectively and transparently prioritise its existing work program.

The past failure to address legacy technology creates cycles of reactive activity and inefficient workarounds for staff. On a visit to the department's offices, the review team observed visa processing staff switching between multiple systems to finalise an application, and in one case using a 39-year-old visa system to process humanitarian visa claims. In workshops, staff pointed to IT as a major impediment in their day-to-day work.

> *'A visa processing officer will navigate up to 15 systems to process a complex case. We are incredibly efficient at being inefficient – people will flick between systems.' Internal stakeholder*

The department needs to modernise to capitalise on opportunities to make tasks and processes more efficient. The number of separate systems also inhibits information sharing and prevents the department from realising the full potential of its considerable data holdings. The breadth and scale of the data it holds is a major asset, which could be better leveraged for assessing and forecasting risks and generating insights for the department's operations. However, the department lacks an endorsed data and analytics strategy. The capability to effectively access, share and analyse this data across the enterprise is critical for the department to be more effective in the future.

Ageing ICT also increases the risk of failure. Risk exposure will increase over time as legacy systems become increasingly vulnerable to cyber security incidents and system outages. While there have been initiatives to leverage both data and analytical capabilities across the department in recent years, these agendas have experienced setbacks with wavering support, both in terms of leader sponsorship and resources. Two attempts to modernise visa platforms (Global Digital Platform and Permissions Capability) have been terminated since 2017. Both programs ultimately did not proceed.

As mentioned earlier, the department is committed to initiating an enterprise-wide transformation. Without greater attention on its current and future ICT and data capability, it will miss the opportunity to enable future effectiveness, efficiency and scale. The department is currently not positioned to deliver beyond 'maintenance', let alone improve its ability to radically transform its technology and use of data.

A newly established Major Projects and Investments Committee, with a remit to examine major technology investments, represents an opportunity to re-prioritise technology modernisation and drive a more strategic approach to long-term planning for the department's ICT footprint. An organisation-wide business transformation creates an opportunity to refresh its ICT roadmap, consider a data strategy to exploit and protect its data holdings, and uplift data and analytics skills across the organisation.

This forward planning is a priority and should be incorporated into new governance structures and future investment processes.

Core enabling functions

The core enabling functions (for example, finance, legal, research, procurement, ethics, technology, property) are seen as transactional and process driven. However, there is no strategic approach to delivery of enabling functions across the department. Historically, leaders in corporate areas have not always been empowered to

exercise this level of strategic influence due to a lack of endorsed and sponsored enabling strategies and limited governance mechanisms to effectively enact their roles. In the absence of effective enabling strategy and governance, core enabling functions have had to rely on ad hoc sponsorship and influence from senior leaders to achieve broader department outcomes.

An orientation towards process has an impact on staff in the broader department who do not always feel supported by corporate areas. In response to an all-staff survey conducted for this review, only 56% of respondents agreed they can find the support they need from enabling services to deliver their work effectively.

Procurement and contract management is an area that will require particular focus, due to the scale of outsourced capability, operations and the high-risk nature of this work. The Richardson review found significant shortcomings in the way the department managed high-risk contracts. The capability review also heard from interviewees that the department (including the ABF) does not start to think about contract expiry early enough, resulting in reactive action to manage near-term risk to delivery. Procurement processes have begun for several major commercial agreements, including the multi-billion-dollar onshore detention contract and department-wide ICT managed services arrangement. According to contract information from AusTender, the ABF alone will need to renew contracts for support of its vessels, aerial surveillance, container handling and transport this financial year, and one of its contracts for civil maritime surveillance services (Rotary Wing) will expire in June 2024 after being in place for 19 years.

The department is undertaking a review of its procurement capability and use of the Capability Management Framework. It will look at whether the central procurement structure, processes and workforce are fit-for-purpose for managing contract lifecycle risk, integrity and due diligence, and creating a culture of accountability and responsibility among decision-makers. This review should not be viewed in isolation from other efforts to improve risk management and crisis mitigation, as it forms one piece of this broader cultural shift.

There are examples of the department bolstering its enabling functions to manage emerging risks. The legal area has recently been strengthened with new senior executive leadership and proactive activity to help mitigate adverse outcomes, in recognition of the volume and complexity of its caseload. This workgroup handles the highest litigation caseload in the Commonwealth, with over 17,000 migration and citizenship cases alone. Similar attention to other enabling areas of increasing importance to departmental priorities may be warranted.

The corporate functions form a critical role balancing the operational requirements of the organisation while also collectively working as a strategic centre to form a common departmental view. Supporting a strong strategic centre remains important to identifying and delivering cross-departmental outcomes, which may not otherwise be identified or led within individual groups, divisions or branches. New governance structures also include senior corporate leaders, which is a positive step towards enabling strategic input from these areas.

Case study: A new generation of SmartGates

Third generation SmartGates are being installed at 8 Australian international airports, with rollout to Australia's busiest international airport, Sydney, due to be completed in June 2024.

The 'Gen 3 Arrivals SmartGates' will provide an improved experience for travellers, increase the reliability of the technology, and provide a stable technological base for future enhancements.

The overall 'cycle time' for the passenger through the kiosk and gate has been reduced – 38.78 seconds (for Gen 3) compared with 41.58 seconds (for Series 1).

The Gen3 technology is also more accessible, allowing wheelchair users and people of short stature to use a dedicated accessible self-service kiosk.

Enhanced biometrics facilitate improved matching, reducing the opportunity for non-genuine travellers to circumvent border processes and improving facilitation for genuine travellers.

The new technology base provides a foundation for future enhancements, including contactless travel and a digital incoming passenger card.

The department's response

The Capability Review has come at a seminal moment for the Department of Home Affairs. Over the past several months we have managed a leadership transition, begun a significant transformation program, and responded to major disruptive externally-driven change. I am extremely grateful to the Senior Review Team for working with us on this journey, and for their support for our reform efforts. It is no small feat to review an agency of this size and complexity in a steady state, let alone to assess both its current capabilities and its emerging direction. I thank the Team not only for their collaborative and supportive approach, but for what I believe is a fair and balanced assessment of the department as it is and as it is becoming.

I am particularly grateful to see the Team's recognition of the dedication and resilience of our staff, their 'can-do' attitude, and their focus on delivery. I thank them too for leaning in to the Review. One of the things that makes Home Affairs stand out is the passion of our staff, and their connection to mission. We deal with complex issues that impact individuals, whether that be through their migration journeys, their trade interests, or their security and sense of belonging. In our challenging and rapidly evolving geopolitical environment, there's never been a more important time to have a highly capable, collaborative and innovative department as we work to help keep Australia prosperous, secure and united.

I accept and am taking concrete action to address the recommendations of the Review. Our efforts will be spearheaded by a newly established Transformation Division, which will shape and drive our agenda to strengthen core capability and transform our culture. In this context, I am giving particular emphasis to the need for strong strategic policy direction. Together with our strengthened governance arrangements and focus on building leadership and workforce capability, this will ensure we are anticipating and preparing for the challenges of the future. It will position and drive us to identify gaps, integrate our efforts, enhance collaboration internally and externally, and build in effective review and evaluation mechanisms. Strong fiscal discipline and active management of performance and risk will also be critical enablers of success.
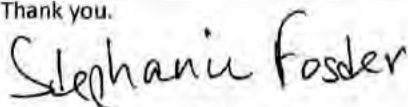
The Review identified the importance of doing more to integrate the work of the ABF and the department. We agree, and are making good progress on this, balancing the need for us to work seamlessly together in delivering the Government's agenda with the unique role played by the ABF within the department.

While much remains to be done, it was heartening that the Review identified and acknowledged the recent positive shift in our culture. This is a major focus for us, and we are working hard to ensure that every Home Affairs leader is communicating our vision, living our values and listening to our staff. As the report notes, this is an opportunity to 'leverage the collective wisdom of the department's large and diverse workforce'.

A core element of our future success will be our capacity to work in partnership with others. We agree with the Review's assessment on both the strength of our external relationships, and on the need for a significant uplift in the way we collaborate internally and across the APS. Our capacity to work with others and build coalitions is fundamental to the success of all our endeavours, most acutely in our security functions, but also in our immigration and border functions.

Commissioner Outram and I have engaged with staff across the organisation and know that many of the findings resonate with them. The Review will be enormously beneficial in ensuring we are fit for the future.

Thank you.

Stephanie Foster

Stephanie Foster PSM
Secretary
Department of Home Affairs

Appendix A: Abbreviations and acronyms

Abbreviation or acronym	Description
APS	Australian Public Service
APSC	Australian Public Service Commission
ABF	Australian Border Force
ANAO	Australian National Audit Office
ASIO	Australian Security Intelligence Organisation
C2	Command and control
C3	Command, control and coordination
CCTV	Closed circuit television vison
Census	APS Employee Census
CFO	Chief financial officer
CIP	Capital investment program
COVID	Coronavirus disease
DAFF	Department of Agriculture, Fisheries and Forestry
Department	'department' means the Department of Home Affairs including the Australian Border Force (ABF)
EL	Executive level 1 or Executive level 2 job classification in the Australian Public Service
Enabling strategy	Enabling strategy translates overarching organisational level strategic direction to those structures and support systems that facilitate an organisation's operations. Examples include workforce, data, asset and IT strategies
ICT	Information and communications technology
MYEFO	Mid-Year Economic and Fiscal Outlook
NPP/s	New policy proposal/s

Abbreviation or acronym	Description
SES	Senior executive service job classification in the Australian Public Service
Senior Leadership Team	Senior Leadership Team includes the Secretary of the Department of Home Affairs, ABF Commissioner and deputy secretaries and deputy commissioners of the Department of Home Affairs
Strategic policy	Strategic policies serve as guardrails for managers and employees, ensuring that their choices are aligned with the organisation's overarching goals and values.
User	Someone who uses a product or service.
Richardson review	*Review of Integrity Concerns and Governance Arrangements for the Management of Regional Processing Administration by the Department of Home Affairs*
Thodey review	*Our Public Service, Our Future. Independent Review of the Australian Public Service*

Appendix B: Capability Review Framework

Leadership and culture

Element	Description	Characteristics
Integrity, values and culture	The capability to embed integrity and APS values in the work of the agency. The agency engages with risk appropriately and embodies integrity in everything it does.	• Agency can monitor, measure and address integrity and cultural issues as needed • Agency ensures third party providers also embed integrity and APS values in their work for the agency • Leaders model the APS values • Staff are committed to the APS values • Staff balance risk and opportunity in a way that is consistent with the agency's risk appetite
Purpose, vision and strategy	The capability to articulate a purpose, vision and strategy based on government priorities and legislative responsibilities, and successfully communicate this to staff and stakeholders.	• Agency has meaningful strategy that aligns with government priorities • Staff can link the purpose, vision and strategy to their work • Agency is future focused and anticipates changes to its operating environment • Purpose, vision and strategy can adapt to external change
Leadership and governance	The capability to provide cohesive leadership and direction, and to establish organisational structures that are efficient and effective.	• Leadership team is of a high quality • Leadership team works together effectively • Agency has effective and efficient organisational structures, including optimal management structures for the agency's needs • Effective governance is in place (including cadence of meetings, membership, meeting discipline, and documentation) • Leaders are identified and developed at all levels to meet emerging agency needs

Collaboration

Element	Description	Characteristics
Public sector	The capability to establish enduring and collaborative relationships with other public sector agencies that support agency and government priorities.	• Agency identifies and acts on opportunities to collaborate with local, state, Commonwealth and international bodies • Agency has mechanisms in place to ensure relationships are sustainable • Consultation with public sector agencies is systemic and built into standard processes • Agency's collaboration reflects agency strategy • Agency's collaboration supports the public sector to operate more effectively and efficiently • Agency has a track record of delivering outcomes in partnership with other public sector agencies • (for departments of state) Department has clear lines of communication and works collaboratively with portfolio agencies
Non-government partnerships	The capability to establish enduring and collaborative relationships with non-government entities to support agency and government priorities.	• Agency identifies and acts on opportunities to collaborate with business, not for profit organisations, academia and peak bodies • Agency has mechanisms in place to ensure relationships are sustainable • Agency assesses the value of collaboration on an ongoing basis • Agency's collaboration reflects agency strategy • Agency's collaboration supports entities within the sector to operate more effectively and efficiently • Agency chooses appropriate methods to establish and maintain relationships based on their purpose and audience, drawing on APS, Australian and/or international standards
Internal collaboration	The capability to engage and establish effective and collaborative internal partnerships, ensuring the agency can make best use of its collective capabilities.	• Agency presents a whole-of-agency view that reflects cooperation across different functions • Agency teams share their expertise to benefit the whole organisation • Consultation with internal partners is systemic and built into standard processes • Staff report it is easy to find help or the answers they need internally • Agency encourages innovation through systems that enable engagement at all levels

Delivery

Element	Description	Characteristics
Ministers and parliament	The capability to meet the needs of ministers and the parliament.	• Agency sustains effective working relationship with ministers and offices • Agency demonstrates an understanding of the different roles of the APS, government and parliament • Agency provides impartial, evidence-based advice and information that is responsive to the needs of government and the parliament and consistent with APS values • Agency engages effectively and appropriately with parliamentary processes (Senate Estimates, Questions on Notice, inquiries, legislative processes, reporting etc.)
User focus	The capability to use an understanding of the people and organisations affected by the agency to deliver effective and fit-for-purpose outcomes for them.	• Agency regularly engages with the people and organisations it serves in an open and authentic way • Agency understand the needs of the people and organisations it serves, including at the cohort level • Agency designs and updates services and policies to reflect feedback and research into user needs • Agency anticipates and responds to changing needs of users • Agency considers the views and needs of a diverse range of stakeholders • Agency chooses appropriate engagement methods for their purpose and audience, drawing on APS, Australian and/or international engagement standards
Strategy	The capability to understand the system/s the agency operates in, the government's agenda, and to develop high quality advice to deliver outcomes for Australians.	• Agency understands the system/s it participates in, including trends and likely changes, the levers for reform, and the government's vision • System participants, roles and responsibilities are clearly articulated and understood by staff and stakeholders • Agency's advice is timely, clear, well-reasoned, forward looking and provides relevant context • Agency provides advice on different delivery options (e.g. technologies, engagement models, uses of data), including assessing risks • (for departments of state) The portfolio has the strategic policy capability to consider complex, whole-of-government issues

Element	Description	Characteristics
Implementation	The capability to deliver efficient and effective services, programs and other initiatives.	• Agency implements government policy, programs and services effectively and efficiently • Agency designs performance indicators to track progress for any services or programs • Agency routinely improves implementation methods • (where relevant) Agency can efficiently and effectively use third party providers to deliver outcomes for the Commonwealth
Review and evaluation	The capability to use review and evaluation activities to maintain performance and drive improvement.	• Agency routinely reviews and evaluates policy advice and implementation • Review and evaluation findings inform policy advice and implementation • Review and evaluation practices are embedded in agency processes and are sustainable

Workforce

Element	Description	Characteristics
Strategic workforce planning	The capability to understand and act on current and future operating and workforce requirements, including critical job roles, succession management and recruitment/retention strategies to prepare for future needs.	• Workforce planning activities are consistent with agency's vision, purpose and strategy • Agency understands the expertise of its workforce at individual and whole-of-organisation levels and applies them effectively • Agency understands its future skill needs and strategically uses recruitment, retention, succession management, mobility, reskilling and other activities to meet those needs • Agency proactively manages the talent pipeline for the agency
Staff performance and development	The capability to develop staff in ways aligned to the future needs of the APS, and to improve the performance of individuals and teams.	• Agency identifies and supports high value staff development activities based on workforce planning activities and individual needs • Managers understand, value and enable staff development as a core responsibility • Agency measures the effectiveness of skills development • Agency effectively encourages high performance and remedies low performance • Managers encourage and enable staff development and learning relevant to their role and the future needs of the APS
Staff culture and inclusion	The capability to develop and maintain an inclusive working environment that gives staff a sense they belong and are valued.	• Agency recruits, retains and values a diverse workforce • Agency encourages diverse ideas, cultures and thinking • Agency staff are empowered to take risks and experiment • Staff engagement is high
Staff safety and wellbeing	The capability to maintain a physically and psychologically safe working environment for staff.	• Agency meets its work health and safety obligations • New policies and initiatives consider the health and wellbeing of staff in their design • Staff consider their workplace to be physically and psychologically safe • Agency takes proactive measures to improve safety • Responses to incidents are effective in reducing risk

Enabling functions

Element	Description	Characteristics
Financial management	The capability to deliver financial plans that support the agency's strategic objectives, and to ensure the use of public funds is transparent, accountable and fit-for-purpose.	• Investment and resourcing decisions are aligned with agency priorities • Financial planning is effective and appropriate across all parts of the agency • Agency can provide a single source of truth on budget and spending • Agency understands its economic environment and likely financial trajectory • Resources can be adapted and shifted as priorities change • Agency can identify, investigate, report on and address financial issues
Technology and data	The capability to make efficient, effective and forward-looking use of technology and strategic data assets to support the work of the agency.	• Technology capability meets staff needs • Agency maintains and monitors the use of technologies • Agency has mechanisms to ensure a pipeline of contemporary digital and technology expertise • Agency makes strategic decisions about the comparative value of different technologies, including when to use whole-of-government or in-house solutions • Agency proactively improves the agency's technologies and considers emerging technologies to meet future needs • Agency ensures the quality of information and data held by the agency and enables its use internally as well as share appropriately with external stakeholders. • Agency manages data ethically and confidentially • Agency ensures the security of agency data and systems
Core enabling functions	The capability to effectively identify, design, resource and deliver whole-of-agency shared functions to internal customers that are most important to the agency and its work.	• Agency actively decides which staff-facing functions will be delivered centrally (for example finance, legal, research, procurement, ethics, technology, property etc.) • Agency manages the tension between central and distributed functions effectively • Core functions are adequately resourced and supported by leadership • Core functions meet staff needs