Australian Government

Australian Public Service Commission

Capability Review

Services Australia

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Australian Public Service Commission

Capability Review of Services Australia

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APS Commissioner's foreword

Capability reviews are an independent and forward-looking activity assessing an agency's current capability and how well it is positioned to meet its future objectives and challenges over a 4-year horizon. The aim is to facilitate discussions around the agency's desired future state, highlight organisational capability gaps and identify opportunities to improve them.

This capability review report on Services Australia is the outcome of the seventh capability review undertaken as part of the Australian Government's plan for Public Service Reform. The Australian Public Service Commission coordinates and supports the delivery of capability reviews of all Commonwealth departments and large agencies.

I thank Services Australia's Chief Executive Officer, Mr David Hazlehurst, and the senior leadership team for their leadership and commitment in participating in the capability review. I extend this thanks to Services Australia's support team, and to staff for their willingness and dedication to ensure a thorough and collaborative review process.

I would also like to thank the senior reviewers, Mr David Thodey AO, Ms Cheryl-anne Moy, Ms Nicola Hinder PSM and Mr Ben Kelly for their expertise, dedication and leadership in undertaking the review, and their support team from the APSC.

Dr Gordon de Brouwer

Australian Public Service Commissioner

Senior review team's foreword

The senior review team is proud to lead the capability review of Services Australia (the agency). The review provides a forward-facing view of the capabilities the agency needs for the future. We are grateful for the opportunity to offer findings, highlighting both strengths and opportunities to improve organisational capability, which we hope will support Services Australia in its critical role within government and in supporting the Australian people over the next 4 years.

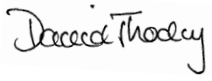
Services Australia provides a critical service supporting Australia's society. The agency has a deep presence throughout Australian communities and delivers services to help people throughout all stages of their lives.

The agency's new CEO, Mr David Hazlehurst, commenced in January this year. We thank Mr Hazlehurst, his leadership team and staff of Services Australia for their time and productive engagement in the review process. We recognise the support of the leadership team and the openness and candour of the passionate and dedicated staff of Services Australia, who provided us with valuable information for the review. We are impressed by their commitment to serve and provide services to customers. The agency's ability to respond where and when as needed by government is an impressive strength, as is the dedication of staff in supporting the Australian people.

We would also like to recognise and thank all the external stakeholders who provided input. Their perspectives generated broad and valuable insights to inform our thinking about the future of the organisation.

It has been a pleasure to work with the APSC review team and Services Australia's liaison team. We thank them for the support we received in delivering this review.

We are optimistic Services Australia can further build the organisational capability needed to successfully respond to its unique future challenges and opportunities.



David Thodey AO

Cheryl-anne Moy

Nicola Hinder PSM

Ben Kelly

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Context

About the review

The pilot Capability Review Program is an investment in longer-term capability and an opportunity to focus on strengths and development areas of Australian Public Service (APS) agencies, in the context of the anticipated future operating environment. The aim of the program is to:

- help embed a culture of continuous improvement across the APS
- ensure that APS agencies are better able to deliver government priorities and outcomes for Australian communities.

The Capability Review Framework is made up of 2 parts:

- an excellence horizon, which establishes what capabilities the agency needs now and in 4 years
- an analysis of organisational capability, which is used to identify capability gaps and opportunities across 5 core domains – leadership and culture, collaboration, delivery, workforce, and enabling functions. Appendix B has more information on the domains and associated elements.

The capability review of Services Australia assesses the agency's current capabilities and its preparedness to deliver critical capabilities over the mid-term. The review neither comments on the outcomes of the Royal Commission into the Robodebt Scheme nor critiques the agency's past performance. Rather, the review provides an evidence-based, independent assessment of actions required by the agency to deliver on current and future requirements.

A maturity rating against 19 organisational capability elements indicates the most important areas for growth and improvement, to ensure the agency is well placed to achieve outcomes over the next 4 years.

As part of the review, Services Australia completed a self-assessment of its organisational maturity to indicate its understanding of its capability, strengths and opportunities for improvement.

To further inform the evidence base, between July and October 2024, the review conducted:

- almost 40 interviews with internal and external stakeholders, including agency senior leaders, the Minister, other Australian Government agencies, non-government organisations and industry stakeholders
- 11 staff workshops with close to 280 staff across all staff classification levels and all states and territories
- an all-staff survey, hearing from close to 5,980 staff (close to 18% of the agency)
- 1 regional site visit (Wagga Wagga) and 3 metropolitan site visits (Liverpool, Parramatta and Canberra), to better understand the work of frontline services and operations of Services Australia.

The evidence collected by the reviewers was supported by desktop research and best practice analysis of the latest APS workforce data sets, including the APS Employee Database, the APS Employee Census and the APS

Agency Survey. The quotes highlighted in the report reflect consistent views and evidence captured during the review. Quotes are de-identified to protect the privacy of individuals and organisations.

About the agency

Services Australia is one of the largest and most diverse organisations in the Australian Government.

Its guiding purpose is to support customers by efficiently delivering high-quality and accessible services and payments on behalf of the Australian Government. It does this by providing advice to the government on the delivery of government services and payments, and by collaborating with other agencies, providers and businesses to deliver critical services to support individuals, families and communities, as well as providers and businesses.

These services include, among others, income support payments and services, aged care payments, Medicare payments and services, and child support services. Services Australia also delivers social and health related payments and services on behalf of other Commonwealth entities, including the Department of Social Services and the Department of Health and Aged Care, which are recognised within each policy agency's financial statements.

Services Australia provides over 100 shared services to 62 Australian Government agencies. These services include, but are not limited to:

- people services – payroll, travel, onboarding and Indigenous Apprenticeship Program
- financial services – accounts payable, accounts receivable and credit card management
- information and communications technology (ICT) services – cyber security, gateway, standard operating environments, desktop software and telecommunications
- corporate services – records management, procurement, fleet, property services and e-invoicing.

Services Australia performs regulatory functions to monitor, promote and enforce legislative compliance for the payments and services it delivers on behalf of other government agencies and the administration of the child support scheme. Effective regulatory approaches are required to maintain public trust and achieve desired outcomes. Services Australia protects the integrity of the government services and payments it administers through appropriate fraud prevention, detection, investigation and reporting mechanisms.

The Australian Government Digital ID system (AGDIS) is delivered by Services Australia, the Australian Taxation Office and the Department of Finance. As a system administrator of AGDIS, Services Australia performs functions to monitor its availability, performance and integrity as well as managing digital ID fraud and cyber security incidents. Services Australia also provides the underlying infrastructure to support accredited Attribute Service Providers under the Trusted Digital Identity Framework. This infrastructure enables Australians to share their identification with participating organisations. Presently, customers can use the digital ID system to access over 150 Commonwealth, state and territory services.

Each day, Services Australia provides services that support the Australian community. At some point in life, from having a baby to entering aged care, almost every person in Australia is touched by the services that Services Australia provides.

Importantly, members of the Australian community seek support from Services Australia at times of their greatest vulnerability and need, such as during family and domestic violence events, losing a partner or income, or being affected by natural disaster. For many people, the most direct interactions they will ever have with the Australian Government are through Services Australia.

Services Australia was established on 1 February 2020, as an executive agency within the Social Services Portfolio. It was previously the Department of Human Services established in 2004 and expanded in 2011 to include Centrelink, Medicare Australia, and the Child Support Agency, becoming one of the biggest agencies in the Australian Government.

Services Australia is accountable to the Minister for Government Services, the Hon Bill Shorten MP.

The agency is organised into 7 groups, led by the CEO and a team of 7 Deputy CEOs (Senior Executive Service (SES) Band 3). These groups are: Corporate Enabling; Customer Service Delivery; Payments and Integrity; Program Design; Service Delivery Excellence; Strategy and Performance; and Technology and Digital Programs.

Its enterprise operating model is designed to embed ways of working across the organisation, including how Services Australia is organised and operationalised (business, people and technical processes) to achieve agency goals. A new service model (called Customer 360° Strategy and Service Model, discussed further from page 36) is under development to deliver a more unified and structured approach to providing services to customers. This model will contribute towards the Data and Digital Government Strategy's 'tell us once' goal to put customers at the heart of Services Australia delivery.

Services Australia is led by the CEO, Mr David Hazlehurst, who commenced on 8 January 2024. In addition to leading Services Australia, the CEO also fulfils the statutory roles of Chief Executive Centrelink, Chief Executive Medicare, and Child Support Registrar under relevant legislation.[1]

Services Australia's enterprise governance committees support the CEO and executive's decision-making processes. The agency has a tiered committee structure. The CEO is Chair of the Executive Committee, which comprises the Deputy CEOs and senior advisors – the Chief Counsel, Chief Financial Officer, General Manager Communications, and General Manager Enterprise Strategy and Governance.

The Executive Committee is part of the 'tier 1' committees structure, which also includes the Customer Committee and the Portfolio Management and Investment Committee. These committees have oversight of Services Australia's strategic and operational performance, customer and staff outcomes, and portfolio and financial management. While the Audit and Risk Committee is also considered a tier 1 committee, it does not

[1] Relevant legislation includes: *Human Services (Centrelink) Act 1997*, *Human Services (Medicare) Act 1973*, *Child Support (Registration and Collection) Act 1988* and *Child Support (Assessment) Act 1989.*

have oversight for strategic and operational performance. Rather, it has an independent chair providing independent advice to the CEO.

The tier 1 committees are supported by tier 2 sub-committees: the People Committee; the Security Committee; and the Digital Capability and Automation Committee. As directed by the tier 1 committees, these tier 2 sub-committees may have oversight and/or management of key priorities and strategies along with other regular operational forums.

A further internal review of the enterprise governance committees is underway to identify opportunities to strengthen the agency's governance structures. This review will include an assessment of gaps, purpose, membership and cadence of the current committees.

Budget

The agency's departmental resourcing for 2024–25 is $5.9 billion, as published in the Social Services 2024–25 Portfolio Budget Statements. The agency will receive $2.7 billion in administered funding related mainly to its management of the Child Support program. Services Australia supports millions of Australians each year by delivering services and payments on behalf of the Australian Government. In 2023–24, the agency processed $241 billion in payments for Medicare, Centrelink and Child Support.

Over the forward estimates period to 2027–28, the agency's departmental resourcing reduces by $1.4 billion (24%) due to the impact of terminating budget measures, in particular 'Services Australia – additional resourcing', approved as part of the 2024–25 Budget.

	2023–24 Actual ($ million)	2024–25 Budget ($ million)	2025–26 Estimate ($ million)	2026–27 Estimate ($ million)	2027–28 Estimate ($ million)
Departmental operating expenses	4,188.91	5,312.26	5,163.32	4,139.88	4,156.40
Departmental capital	184.756	159.277	161.201	163.154	164.881
Equity injection	89.722	224.286	115.548	13.836	6.468
s.74 External Revenue	282.724	174.59	146.45	141.212	135.072
Total departmental annual appropriations	5,369.11	5,870.42	5,586.52	4,458.09	4,462.82

Source: Services Australia

Staffing profile

Services Australia employs approximately 20% of the APS workforce. An additional workforce of approximately 2,400 non-APS workforce (labour hire, contractors and outsourced providers) provides greater flexibility to engage short-term specialists or meet increases in demand. The agency engages its non-APS workforce in accordance with the APS Strategic Commissioning Framework requirements.

Staff numbers

Number of employees (ongoing and non-ongoing*)	33,554

**Non-ongoing employees includes irregular/intermittent staff.*
Source: Services Australia 2023–24 Annual Report (as at 30 June 2024)

Staff locations

ACT	NSW	VIC	QLD	SA	WA	TAS	NT	Overseas
4,426 (14.2%)	7,859 (23.4%)	6,418 (19.1%)	7,490 (22.3%)	2,981 (8.9%)	2,444 (7.3%)	1,522 (4.5%)	414 (1.2%)	0 (0%)

Source: Services Australia 2023–24 Annual Report (as at 30 June 2024)

Distribution of classifications

APS1–3, Trainee and Graduate	APS4	APS5	APS6	EL	SES
6,188 (18.4%)	14,672 (43.7%)	3,248 (9.7%)	5,713 (17%)	3,570 (10.6%)	163 (0.5%)

Source: Services Australia 2023–24 Annual Report (as at 30 June 2024)

Diversity

Characteristic	Percentage of total staff
Women	68.3%
Men	30.7%
Non-binary/other	1.0%
First Nations	5.5%
Employees with disability	8.3%
Culturally and linguistically diverse (CALD)	25.8%

Source: Services Australia 2023–24 Annual Report (as at 30 June 24)

Excellence horizon

The excellence horizon reflects the major trends in Services Australia's strategic operating environment and, based on those trends, forecasts potential changes over the next 4 years. The excellence horizon aims to help Services Australia understand and shape the areas of organisational capability it needs over the next 4 years.

Macro trends affecting the broader Australian Government operating environment include:

- Advances in artificial intelligence (AI), emerging digital and automated technologies, and the adaptability of the public service to the rate of ICT change.
- Changing social attitudes placing new demands and expectations on government and the services it provides, and on the APS that delivers polices and functions on the government's behalf.
- Changing expectations of workers, both in the APS and the private sector, about how they work (e.g. flexible working arrangements and the new 'right to disconnect').
- Changing climate, social expectations regarding climate and environmental change, and moves to net zero.
- Increasing foreign interference and state actor and criminal-based cyber security risks to privacy of citizen and government data, and the integrity of operating systems.
- Increasingly unpredictable, nuanced and complex global political environment, represented in geopolitical economic shifts.
- The potential convergence of political, social, environmental, health and economic crises (occurring individually or simultaneously).

Government agencies are seeking to become more agile, connected and forward looking in their operations to adapt and deliver effectively in a rapidly evolving world.

Services Australia is a critical institution of government. It aims to deliver high-quality, accessible services and payments to customers, in line with its core principles of 'simple, helpful, respectful and transparent'. For many people, contact with the Australian Government is through Services Australia as a part of their daily life. The timely, accurate and seamless delivery of government services is central to building and maintaining confidence in democracy and trust in government.

Given this environment, the senior review team considers that Services Australia will need to focus on the following over the next 4 years:

1. **Enhancing the customer experience** by planning for and adapting to an environment of social change, increased frequency and severity of natural disasters, and advancements of new technologies such as AI driving automation and digital delivery.
2. **Improving the quality of government services and payments** to customers by attracting, developing and retaining a skilled workforce in a highly competitive labour market, sharing service delivery and program implementation expertise across the APS and using data insights in partnership with other government agencies and non-government sectors.

3. **Continuing organisational strategy development and driving cultural change** to break down barriers to effective internal coordination and collaboration, embed a collaborative relationship with partner and client departments and agencies, and create a 'one Services Australia' approach that visibly and effectively operates during times of crisis and business as usual.
4. **Advancing digital and technological capabilities** – for both Services Australia and the shared services it provides to client agencies – to streamline services, improve data management and processing functions and build staff capabilities. While doing so, ensure the benefits of new technologies are realised and clearly communicated while inherently managing risks (e.g. governance, privacy and ethical considerations).

> *'Government services have to deliver for all Australians to enhance trust – with reliability, capability, integrity and compassion.' Minister for Government Services, August 2024*[2]

A collaborative leadership culture across government that keeps human decision-making at the heart of customer services is critical. Technology is driving expectations but also opportunities for more connected and personalised services to generate the best possible customer outcomes. Organisations like Services Australia need to be imaginative, engaged with trends and ambitious, but grounded by adaptive leaders who are innovative and appropriately manage risk. Leaders need to be connected across the government, non-government and industry sectors, and be proactive or responsive as circumstances require.

The following environmental and contextual trends will shape the opportunities and organisational capabilities Services Australia will need to meet the expectations of the government and customers over the next 4 years.

Trends	Opportunities and organisational capability needs
Accelerating digital technology will require organisational agility to grasp the opportunities to improve service delivery. Progress in digital technology will continue to create opportunities for service delivery improvements through emerging technologies such AI. Technology is an enabler driving new seamless delivery expectations from customers. New opportunities may include digital engagement platforms to improve personalisation of the client experience (including language translation), reduce manual processing to	Opportunities: • Opportunity for Services Australia to lead the way in providing Australian Government digital services (e.g. systems know the customer and their needs, consistent with the 'tell us once' principle). All services are backed up with personalised approaches to suit the most vulnerable. • Opportunity to design multi-use service delivery platforms to suit cross-government (national, state and territory) deployment and use.

[2] Minister for Government Services, the Hon Bill Shorten MP, speech delivered at the National Press Club, 13 August 2024, https://ministers.dss.gov.au/speeches/15616.

Trends	Opportunities and organisational capability needs
speed up payment processing, customer contact management and dispute resolution, and generate insights through big data set analysis and improved problem solving to inform policy and service design improvements. In moving towards improved digital delivery, it will be important to ensure no customers are left behind and all customers can still access the services they need. In addition, advancement in digital identification is helping to connect government services across portfolios to improve the customer experience, reduce the amount of data stored and provide customers with greater control over the use of their data.	Capability needs: • Ensure Services Australia's agility to adapt to the technological environment, adopt new technologies and innovation, and support cross-agency collaboration to deliver in a way that meets customer expectations of reliable and easier service delivery access. • Safely embrace AI and other process automations for efficiencies in back-of-house processes, such as the use of big-data sets to improve service design and policy outcomes; noting this needs to be coupled with appropriate organisational capability to successfully take advantage of the benefits and manage the risks of these opportunities. • Recognise that advances in AI and other automation technologies will impact the volume and type of work undertaken. As more work is automated, staff could work on specialised roles, including partnering with providers to deliver 'whole-of-client' services. This would ensure greater support for vulnerable people and those with complex needs, while keeping human decision-making at the centre of customer outcomes.
Cyber-attacks, fraud and other forms of interference will escalate pressure on governments to protect systems and citizen data. Deliberate fraudulent activities, cyber-attacks and other forms of foreign interference are expected to increase over the next 4 years. Risks include cybercrime, criminal interference with payment systems for financial gain, state actor interference and major attacks on critical infrastructure. Large data holdings are not just a benefit for policy development and delivery insight, but can be a significant attraction	Opportunities: • Opportunity for Services Australia to design digital services and data management practices that reduce risk and give confidence to customers, improving community trust in digital government services. Capability needs: • Ensure ongoing uplift of cyber security capability to safeguard critical systems and data.

Trends	Opportunities and organisational capability needs
to those who want to exploit the data for other ends. Data breaches in public and private sectors, along with scams, already affect millions of people and create risks of ongoing harm to the community. The government aspires to make Australia the 'world's most cyber-secure country by 2030'. This will require new levels of capability and leadership across all government agencies including Services Australia.	• Support strong ongoing collaboration and partnerships across government to maintain the integrity of cyber security defensive systems. • Invest in and uplift fraud detection and prevention capabilities to protect citizen data and government systems. • Increase Services Australia's role in the government's digital identity ecosystem to enable improved access to services by customers and to better respond to fraud.
Australia's changing social landscape is likely to increase demand for social services. Australia's social landscape is changing. Australian people are expecting higher standards from governments, better services and greater support for the most vulnerable. An ageing population is expected to re-shape Services Australia's customer base over the coming years and decades. Customers are seeking ease of engagement, access to information, and support through the channel that best suits them during life events. The government has initiated strategies to address social inequalities and major social issues affecting the most vulnerable, which may drive changes in services such as greater 'wrap-around' support for customers experiencing crisis and/or with more complex needs.	Opportunities: • Opportunity for Services Australia to harness value in its large data sets, using appropriate privacy considerations, and to co-design with, and influence, partner agencies in the development of policies impacting service delivery. Capability needs: • Enable secure and connected services that are customer-centric, and regularly improved by actively seeking and responding to customer feedback. • Ensure no one is left behind and services are accessible by all, as more government services move online. • Ensure cohesive leadership across government programs so implementation of new technology is focused on achieving a balance between customer experience and policy outcomes. • Ensure the master programs (Centrelink, Medicare and Child Support) each benefit from available skills, processes and technology to deliver a more seamless customer experience.

Trends	Opportunities and organisational capability needs
	• Focus service design more on delivering proactive and tailored services, where, for example, customers are provided with customised, personalised information and reminders about services they may need or actions they are due to complete.
Convergence and compounding impacts of multiple crises will increase pressure on the government's preparedness and ability of services to meet demand. Multiple shocks are likely to impact social cohesion, citizen health and the Australian economy. The demand and flow-on effects for services across multiple domains in the short- and long-term are likely to increase as a result of global conflicts, international economic and political shifts, domestic cost of living pressures, cyber security incidents, social media increasing the reach of extremist minority groups spreading mis- and dis-information to negatively influence public discourse, workforce availability pressures, health crises, a larger ageing population, and the forecast of severe weather events. Many people who live in flood, storm and/or bushfire prone areas may experience repeated events requiring multiple types of government assistance over extended periods. The impacts of climate change may also increasingly affect parts of Australia not previously exposed to adverse weather events, requiring increased levels of support services and a strain on the economy.	Capability needs: • Reinforce competencies to better handle unpredictable work and rate of change, such as planning, collaboration and foresight with other agencies (both policy and service delivery), and build flexibility in resource and skills allocation to support decision-making in a fast-moving environment. • Drive robust partnerships, planning and preparedness exercises across government agencies and non-government partners to support effective policy design and implementation. • Continue to develop more efficient and effective surge and emergency management preparedness, coordination and response capability, to minimise impacts of natural or man-made disasters on Services Australia's business, and ensure customers can get the services they need, when they need them most. • Develop a strong strategic plan, underpinned by business and delivery plans that accommodate shocks to the service delivery and policy environment and guide Services Australia through crisis to a planned return to business as usual.
The workforce profile of Services Australia will need to match the new challenges and outcomes of government services. Services are expected to become increasingly more digital, designed around the customer experience and integrated across government services and portfolios.	Capability needs: • Build staff skills to: ○ develop partnerships to increase Services Australia's proactive contribution to government policy design

Trends	Opportunities and organisational capability needs
Empathy, curiosity and creativity are expected to become increasingly important capabilities. Innovation at scale and creating learning environments and career opportunities will be essential to maximise staff productivity, attraction and retention. Leaders will need to adapt to changing expectations of the workforce – providing greater meaning, fulfilment and flexibility in employment, and supporting an increase in highly educated workers from international backgrounds.	○ manage workload demand and staff supply to maximise services across all agency administered programs ○ understand, navigate and communicate the digital environment with customers. • Establish data and information management systems to inform continuous improvement of service delivery and program/policy design. • Ensure the agency is a safe and appealing place to work, to attract and maintain an appropriately skilled workforce into the future. • Ensure capacity to develop staff for more complex in-person and telephony roles, as more simple services are automated or online. • Ensure staff are committed to the strategic vision for the agency, with commitment to reform extending beyond the CEO. • Strengthen staff commitment to 'Services Australia' over the master programs it operates (Centrelink, Medicare and Child Support), while continuing to embed a commitment to customer focus.

Executive summary

Services Australia plays an important role supporting Australian society by delivering programs and services and making payments to those entitled to access services. This support helps people at all stages of their lives both during and outside times of crisis, often when they are at their most vulnerable.

Much more than an assessment of its current capabilities, the capability review of Services Australia considers the agency's preparedness to successfully meet future objectives and challenges over a 4-year horizon. The review is not to comment on the outcomes from the Royal Commission into the Robodebt Scheme nor a critique on the agency's past performance. The forward-looking commitment of the review is to enable the agency to further consider those areas of organisational capability for uplift, so it is well positioned to deliver critical services into the future.

We note that a range of recent challenges in the agency's environment have warranted much of its focus – including responding to the recommendations of the Royal Commission into the Robodebt Scheme as well as supporting customers through a number of external crises (in particular, the impacts of the COVID-19 pandemic and numerous natural disasters).

In meeting these challenges, the agency has demonstrated remarkable strengths across the organisation, which were consistently expressed by staff, leaders and external stakeholders throughout the review. Its ability to deliver programs and services at scale for the Australian people is supported by a geographically dispersed, large and diverse workforce, which reflects a culturally diverse nation. Staff have a strong commitment to the agency's purpose and genuine passion to serve its customers. The agency's substantial and well-established operational capacity to deliver on a large scale and respond effectively to significant crises and emergencies is a considerable strength. Services Australia operates in one of the largest and most complex operations and technology environments in Australia and is considered one of the leading providers of government payments, social services and 'front doors' among western democracies.

The agency is delivering a wide range of services at scale extremely well. Day after day, the agency ensures its customers receive support payments and access programs to help them get on with their lives. An impressive place-based infrastructure enables the agency to have a strong presence throughout Australia (remote, regional and metropolitan) supported by specialised service officers who deliver tailored support into the heart of communities. We are seeing progress in providing more stable systems to support frontline staff and innovative approaches in service centre designs focused on customer and staff safety. The agency also has significant potential through its systems capability to aggregate and hold vast amounts of population-level customer and corporate data across its programs.

Services Australia is entering an exciting period of significant transition, with the appointment of the new CEO, the completion of several reviews of the agency, significant additional funding to increase staff to deliver better services, and the changing technology landscape. This presents a unique opportunity for the agency to implement significant change.

The positive impact of the new leadership on workplace culture and relationships with external stakeholders, as well as the adoption of more innovative approaches, adds to Services Australia's strengths. Our hope for the agency is for the leadership team to build on current strengths and drive the necessary changes to successfully meet the challenges the agency will face in the years ahead.

To assist Services Australia in this significant transition, we have identified a number of priority areas for capability uplift. These areas are not intended to diminish the strengths and opportunities for organisational capability uplift raised in the detailed assessments that follow (from page 20). Rather, the purpose of identifying them here is to highlight where the agency might consider focusing its efforts, at least initially. Like the domains under the Capability Review Framework, these priority areas are interrelated and interdependent. The agency is encouraged to think that organisational capability uplift will be more effective when a whole-of-organisation approach is taken with appropriate sequencing. A piecemeal approach will be less effective. The agency will continue to be faced with macro challenges related to the provision of government programs and services it is responsible for delivering. Implementing change will be a significant challenge but sound planning and initially focusing on the highest value areas will ensure the agency can deliver programs and services effectively over the next 4 years.

Priority areas for capability uplift

1. **Alignment of the service delivery business to the agency's vision**

   Promote a clear position to staff and external stakeholders on service delivery core business, giving confidence to the government, and positively influencing understanding among policy partners and other external stakeholders of how the agency delivers social policy and other outcomes. Develop, publish and track the implementation of a clear strategy and an operating model that can flex with changing priorities, optimally aligning the agency's master programs (Centrelink, Medicare and Child Support) to give clarity to staff and external stakeholders on how their role supports achieving the agency's vision.

2. **Capability of the SES to achieve the agency's vision**

   Ensure SES capability has the breadth and depth of service delivery knowledge and understanding of the agency's strategy to constructively, cohesively and collaboratively manage operations, and make competent and credible decisions. SES staff would also benefit from applying a rigorous and disciplined approach to stakeholder management. Together, this would ensure senior leaders represent a united leadership that is best placed to achieve the agency's vision.

3. **Culture of trust internally and externally, driven by all Services Australia's leaders**

   Build and role model trust by proactively engaging with staff and external stakeholders, creating staff feedback loops and adopting a 'learn from each other' approach. More systematic engagement and communication up, down, across and outside the agency will provide opportunities to improve policy, programs and services, informed by staff and customer experiences.

4. **New skills and capabilities for programs and services in a digitally enabled world**

   Work across the APS to professionalise service delivery as a core capability for government and recognise Services Australia's staff capability at all levels. Continually identify the people, skills and knowledge to support a future Services Australia achieving its vision.

5. **Core technology and data systems to enable the agency's vision**

   Identify new technology to support the agency's optimum operating model, closely informed by user needs, to make the necessary transformations. Apply a continuous and nimble approach to making enhancements to systems while transitioning from legacy systems that are no longer future proof, ensuring automation and emerging technology such as AI are enablers for employee productivity and improved services.

Due to the scale and breadth of the Services Australia's remit, it was a challenge for the review to provide assessments of maturity that account for all levels of capability across the organisation and within different elements of the Capability Review Framework. As with any organisation of this size, there will be both pockets of very good capability and areas for uplift. For the purposes of this review, we have adhered to the Capability Review Framework and provided an assessment of capability we feel best reflects the overall level of organisational maturity of the agency. We acknowledge this can obscure some of the inherent variability and diversity of a workforce of over 33,000 people. We particularly note, for many elements in the Framework, there were aspects of the agency's capability that met the descriptions of maturity ratings above and below the overall rating assessment made by the senior review team.

While the focus of this report has been on assessing the organisational capability of Services Australia to deliver on its priorities now and into the future, we also note the agency faces several cross-cutting 'whole-of-APS' challenges.

Services Australia has much to offer in the quest for policy simplification and improved enabling legislation, including to facilitate enhanced data sharing and transparency for better customer outcomes. We discuss in this report the opportunity for Services Australia to build leadership capability and embed proactive practices to better influence policies, so they are practical to implement, and their costings more accurately reflect true delivery costs. This would also help to provide greater funding certainty to the agency so it is not left to absorb the costs of policy proposals, which can also impact the delivery of existing priorities. However, we also see an opportunity for partner APS agencies to support Services Australia in this area by having early conversations about the delivery realities of policy proposals, which we consider to be an integral and default part of the policy development process. Improving the agency's representation in key leadership forums, such as the policy related interdepartmental committees where the agency is not already involved, would also be beneficial both in this regard and more broadly in recognition of the role service delivery plays in achieving the government's policy agenda.

For the agency to deliver improved services to customers, we also encourage the government to address data sharing legislation as quickly as possible. Access to data across agencies and departments, adhering to privacy legislation, could deliver significant value to both customers and the government.

We observed the majority of Services Australia's operating costs are staffing costs. For an agency with over 30,000 people employed under an enterprise agreement, it has some ability to forecast and manage these costs in line with productivity growth. Where the agency needs to buy specialists skills that do not exist internally, in periods of high wage inflation it is difficult for the agency to deliver productivity growth at the same rate as wage inflation. In the context of quickly evolving technological advancements where critical skills need to be purchased while current workforce skills are being developed, there could be value in considering, with central agencies, a long-term productivity and cost indexing formula to enable the agency to better plan over the longer-term within the constraints of the Budget process.

Additionally, and potentially not well known by stakeholders, is that the agency is a significant shared services provider. We heard a level of dissatisfaction from the departments that receive these shared services (discussed from page 79) and from the agency itself. There is an inherent dichotomy for the agency in providing shared services. On one hand, it needs to focus on its core purpose of delivering programs and services to customers, while on the other hand managing the responsibility of providing shared services to 62 agencies. This is a complex and resource-intensive function not to be underestimated. The review recognises this is a significant distraction for the agency and the agencies it services, and there would be value in revisiting these arrangements in current day costs and efficiencies.

The work of Services Australia is critical to the stability and positive outcomes of Australia's social system and economy. The Australian people must be able to access the agency's services quickly and equitably – leaving no one behind. In providing this outward stability, the agency also needs to stabilise its operations and partnerships to create an organisation which learns, develops, embeds and then continually improves. A pro-integrity and dynamic culture supported by a collaborative, effective and efficient leadership, structures, processes and systems, are foundations to mature organisational capability despite a changing operating environment. Meeting the needs of the Australian people into the future relies on the agency's dedication to maturing its organisational capabilities. We were impressed with the capabilities of the agency and believe it is embarking on an exciting period of transition from a solid base.

We hope the findings of this review will help Services Australia on this journey over the next 4 years.

Detailed assessment of agency capability

This section provides an assessment of agency capability based on the Capability Review Framework at **Appendix B**.

Rating scale

Maturity rating	High-level maturity rating description
Leading	• Excellent current capability • Strategic and systematic approach to forecasting future capability challenges and opportunities • Widespread environmental scanning identifies opportunities to learn from others • Continuous improvement is an agency-wide priority • Capability uplift activities are highly likely to equip the agency for challenges identified in the excellence horizon
Embedded	• Good current capability • Widespread activity to forecast future capability challenges and opportunities • Some environmental scanning identifies opportunities to learn from others • Widespread evidence of continuous improvement activities • Capability uplift activities are mostly likely to equip the agency for challenges identified in the excellence horizon
Developing	• Inconsistent current capability • Limited forecasting of future capability or opportunity gaps • Early-stage activities to improve in areas of future and current capability gaps • Limited environmental scanning or evidence of learning from others • Limited focus on continuous improvement • Capability uplift activities are limited and will not fully equip the agency for challenges identified in the excellence horizon
Emerging	• Capability does not meet the agency's current needs • Little or no evidence of forecasting future capability or opportunity gaps • Little or no awareness of current capability gaps • Little or no evidence of environmental scanning or learning from others • Little or no evidence of continuous improvement • Agency is unlikely to be ready to meet for challenges identified in the excellence horizon

The senior review team's assessment of Services Australia capability is outlined below.

Leadership and culture

Element	Maturity rating
Integrity, values and culture	Developing
Purpose, vision and strategy	Developing
Leadership and governance	Developing

Collaboration

Element	Maturity rating
Public sector	Developing
Non-government partnerships	Emerging
Internal collaboration	Developing

Delivery

Element	Maturity rating
Ministers and parliament	Embedded
User focus	Embedded
Strategy	Developing
Implementation	Embedded
Review and evaluation	Developing

Workforce

Element	Maturity rating
Strategic workforce planning	Developing
Staff performance and development	Developing
Staff culture and inclusion	Developing
Staff safety and wellbeing	Developing

Enabling functions

Element	Maturity rating
Financial management	Developing
Technology	Developing
Data	Developing
Core enabling functions	Developing

Leadership and culture

Element	Description	Maturity rating
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.	Developing
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.	Developing
Leadership and governance	The capability to provide cohesive leadership and direction, and to establish organisational structures that are efficient and effective.	Developing

Integrity, values and culture

APS frameworks and policies set the standards and obligations for conduct, performance and behaviour of APS employees, agencies and the APS as a whole. The frameworks include the APS Values, Code of Conduct and Employment Principles,[3] that support staff to identify and manage risks, make ethical decisions, and work with integrity, which in turn helps to maintain public trust in APS agencies and their employees.

Services Australia has the most frequent and direct interactions with the Australian public compared with any other Australian Government entity. Staff access to population-level personal citizen data is unmatched by any other Commonwealth agency. Staff adherence to the APS frameworks and policies, the *Privacy Act 1988* and other legislation protecting privacy and governing sharing and use of citizen data, is integral to upholding integrity in the programs and services they deliver, and helps to build trust with the Australian public.

Staff in the agency are committed to the APS Values. As part of an all-staff survey conducted for this review, 90% of staff agreed or strongly agreed with the statement: 'The people in my workgroup uphold the APS Values'.

The review considers there is evidence the agency is focused on building a pro-integrity culture. This includes actions to uplift integrity in response to the recent findings by the Robodebt Royal Commission (and other reviews). Integrity is one area being addressed through the agency's 8 Focus Areas, recently established by the senior leadership team in response to recent reviews (Focus Areas are discussed from page 26).

Another Focus Area is Leadership and Culture. The agency advises one of the purposes of this Focus Area is to establish clear values and an environment for staff and leaders to prosper. The agency has also built integrity and

[3] Further information about the APS Values, Code of Conduct and Employment Principles is at: https://www.apsc.gov.au/working-aps/integrity/integrity-resources/aps-values-code-conduct-and-employment-principles

APS Values into its induction, ongoing and mandatory annual refresher training programs, the Services Australia Capability Framework, and agency design principles. All staff are required to complete the agency's mandatory values and fraud induction program and an annual fraud and corruption refresher program. Topics covered include unauthorised access, and reporting suspected fraud or corruption, along with adherence to critical processes to prevent fraud and corruption.

The Services Australia Integrity Framework aims to develop, promote and maintain a culture of integrity across the agency. Governance of integrity is considered as part of the agency's tier 1 (Executive Committee and Audit and Risk Committee) and tier 2 (People and Security) Committees. Services Australia works with the National Anti-Corruption Commission and has established protocols to ensure the agency is meeting its integrity obligations. The Services Australia Fraud and Corruption Control Plan 2025–26 was recently endorsed by the Executive Committee. As part of this plan, the agency has fraud controls and internal fraud detection arrangements, including avenues for people to report internal fraud and corruption.

We found the management of fraud in the agency is strong. Considering the potential fraud risks the agency may experience, the capability review found evidence the agency's internal fraud controls are very good and its adherence to legislative requirements is done well.

The 2024 Agency Survey Results (covering the 2023–24 period) indicate its commitment to upholding integrity within the APS as follows:

- the agency accesses integrity resources provided by the APSC (e.g. Handling of Misconduct: A Human Resources Manager's Guide)
- the agency requires employees who are new to the APS to undertake mandatory integrity training as outlined in the Australian Public Service Commissioner's Directions 2022
- as noted earlier, the agency has mandatory induction and refresher programs that include an integrity module
- the agency delivers agency-specific integrity training, endorsed by the APSC
- appropriate recruitment checks occur to ensure the integrity of new staff
- the agency investigates suspected breaches of the APS Code of Conduct.

Areas for uplift relevant to integrity identified in the Agency Survey results include:

- the agency does not formally recognise employees who lead with integrity
- during 2023–24, only 82% of agency employees who were new to the APS completed mandatory integrity training within 6 months of commencement, indicating an increase in effort is needed to encourage greater compliance and completion of integrity training
- of note, only around 14% of SES staff in the agency completed the SES Integrity Masterclass Series over 2023–24 and, while this training is not mandatory, it is an example of where the agency's senior leadership could actively uplift their capability in this area and, in so doing, demonstrate in a practical way senior leader buy-in for the importance of integrity to the agency.

As part of the 2024 APS Employee Census, 89% of staff in the agency responded 'no' to the following question: 'In last 12 months have you witnessed another APS employee in the agency engaging in behaviour that you consider may be a serious enough to be viewed as corruption?'. This was similar to the overall APS average. Although only 3% of staff responded 'yes' to the same question (also similar to the overall APS average) it still indicates there is room for improvement. The agency has an opportunity to improve on the APS average and signal a zero tolerance for unacceptable behaviour.

Of the 3% of staff who had witnessed corrupt behaviours, the 3 top types they witnessed were:

- cronyism-preferential treatment of friends
- nepotism-preferential treatment of family members
- acting (or failing to act) in the presence of an undisclosed conflict of interest.

Of this 3% of staff, only 21% who witnessed corrupt behaviours reported it in line with the agency's policies and procedures, and 19% stated someone else reported for them. Significantly, 59% did not report the behaviour. This suggests there is room for improvement to encourage staff and provide appropriate and easily accessible mechanisms to report such behaviour in ways that make them feel safe.

The review found the agency's approach to, and framework for, managing risk is strong, well managed, transparent and supported by a capable team within the agency. This team reports regularly, openly and effectively to an Independent Audit and Risk Committee as part of the agency's assurance mechanisms (discussed further at page 52). The CEO receives regular advice on the agency's management of risk from this Committee to provide independent oversight and monitoring. The agency has in the past been recognised for best practice risk management among APS agencies. In the 2022 Commonwealth Awards for Excellence in Risk Management, the agency was awarded 2 Gold Awards for an effective and robust risk management framework and its business continuity program.

The agency's Risk Management Policy and Framework is managed centrally by the Governance Branch with oversight from the agency's Executive Committee, which regularly reviews and discusses enterprise risks. Risk management activities include monitoring the agency's controls, mitigation of Enterprise Risks (which are reported in the Quarterly Risk Update) and monitoring emerging risks through the monthly Enterprise Risk Watch List. The agency is currently taking steps to update its enterprise risk reporting arrangements as part of maturing its risk management capabilities. An internal review recommended a range of refinements to the agency's risk management approach which, if implemented, will further strengthen capability in this area.

Despite these areas of strength, however, the review also heard consistent and widely held views from external policy partners and staff that there is a culture of risk aversion, which can stall progress on matters and impede innovation. The review found that staff and external stakeholders find the agency is reluctant to take risks without full checks and balances, for fear of making mistakes (and being publicly criticised), impacting the agency's ability to influence solutions and hampering timely and effective decision-making.

> *'The executive [of Services Australia] are nervous about chancing their arm on the outcome.'*
> *Internal stakeholder*

> *'[Services Australia]...need to get approval for a lot of things they need to go forward.' External stakeholder*
>
> *'Shared accountability means no one is accountable. We have a tendency for perfection before moving.' Internal stakeholder*
>
> *'It's okay to fail, but that is not encouraged and ideas or concepts that don't necessarily work are forced forward.' Internal stakeholder*
>
> *'[There is] hesitancy to take risks and change our way of doing things.' Internal stakeholder*
>
> *'Getting approvals for minor travel can take weeks and by the time approval is provided by up to 3 levels above me, the reason to travel has passed and an opportunity to engage has been missed.' Internal stakeholder*

Only 45% of staff supported the statement in the 2024 APS Employee Census: 'My agency recognises and supports the notion that failure is a part of innovation'. While this is higher than the APS overall average, it suggests a culture of risk aversion. The overall 'Enabling Innovation Index' ranks Services Australian 64th of 104 agencies, highlighting there is room for improvement to encourage staff to innovate and take risks (2024 APS Employee Census). As a positive step towards more optimal management structures, the agency reported it had lowered some of its human resources (HR) and financial delegations to better enable decision-making at the lowest appropriate classification (2024 Agency Survey Results).

A practical example shared with the review of how a low-risk appetite is impacting outcomes within the agency involves delays caused by clearance processes through hierarchies before the agency is willing to share information. Outside of the agency, a low-risk appetite, along with other factors, may also be impeding the agency's capability to influence policy development in a timely way.

Purpose, vision and strategy

To ensure success over the next 4 years, it is critical that Services Australia clearly articulates a strong purpose (why the agency exists), vision (where the agency wants to go or get to) and strategy (path or plan of how it will get there and achieve its purpose and vision).

As the agency knows, a strategy cannot be built and executed without a clear vision and agreement of purpose. The ability of staff to rally around a shared purpose, vision and strategy provides direction and helps the agency prioritise what is important and when and how it will be delivered. It will be important to ensure staff at all levels (from the CEO to frontline workers) are committed to a shared strategic vision and purpose for the agency and are clear on how to get there through an overarching strategy underpinned by measurable plans.

While the agency has articulated a 4-year purpose, vision and strategic outlook in its Corporate Plan 2024–25,[4] the capability review found to date a clearly articulated strategy is not driving prioritisation and focus within the agency. Essentially, the strategic outlook replicates an internal agency document, the 'Master Plan', established in 2020 and refreshed in 2021, which identified 4 principles guiding staff interactions with customers and the way the agency would work together. Those principles are 'simple, helpful, respectful and transparent' and it is clear that frontline staff value the simplicity and meaning of these values.

In response to this prioritisation and focus challenge, the new CEO has driven the development of 8 Focus Areas.[5] This is a first positive step to better drive focus and prioritisation across the agency. However, the senior review team considers there is a risk the 8 Focus Areas are more reactionary, focusing on shorter-term priorities rather than the 'call to arms' that a clear purpose, vision and strategy drives. As the agency's capability in this area matures, there is an opportunity to reconcile or reconsider the 8 Focus Areas and key activities to develop a more cohesive and clear strategy for the agency focusing on longer-term priorities, and to embed them with staff. Equally, external stakeholders and government partners, such as policy and central agencies, must be able to see their part in a strategy that delivers its programs, payments and services.

> *'We have 1,000 flowers blooming [and] don't cultivate the jungle. We need to harvest the half a dozen things that will give us great effect and then move on.' Internal stakeholder*

To translate the vision, purpose and strategy to staff, Services Australia has recently developed a companion document (called the 'Services Australia 2030 Vision') so staff can more easily engage with and understand how the agency intends to achieve its vision. The agency advises the companion document replaces the current Master Plan. It is important that the new document more clearly communicates the agency's vision, purpose and strategy in a way that resonates with staff. This is important as agencies respond better to challenges when their staff, across all levels, have a strong connection to the agency's purpose. The new 'Services Australia 2030 vision', only visible to agency staff, intends to bridge the gap but it is too early to gauge effectiveness. Also, how the agency intends to convey this new purpose, vision and strategy, beyond its corporate plan and internal Services Australia 2030 Vision, to external stakeholders is not yet clear.

The senior review team acknowledges a definite sense that the agency is entering a new period requiring clear articulation of the purpose, vision and strategy. It is also clear that the agency needs to drive understanding of its purpose, vision and strategy in 3 directions – towards government, to its staff and to its external stakeholders. This will help government place the agency in its broader operating context, help staff better understand both the

[4] All APS agencies and departments are required to produce updated corporate plans each year. Under the *Public Governance, Performance and Accountability Act 2013*, the plans are required to cover a 4-year period (the current agency Corporate Plan covers the period 2024–25 to 2027–28).

[5] The '8 Focus Areas' for the agency over the next 18 months are: Staff Safety; Service Delivery Performance; Strengthening Cyber Security; Leadership and Culture; How We're Organised; Robodebt Royal Commission Response; Partnering and Influencing; and Technology Supporting Australians and Staff.

agency's short-term and long-term priority areas, and signal to external stakeholders opportunities for partnership and collaboration.

> *'Better insight [is needed] to [Services Australia's] forward plan so we are discussing what's coming down the hill before it hits the bottom.' External stakeholder*

At least partly due to not yet having a clear strategy, the review found staff often feel there are multiple competing priorities, unrealistic timeframes and high workloads. This has led to staff feeling overwhelmed and unsure where to prioritise and focus effort on the matters that are most important to achieve the agency's purpose and vision. The 2024 APS Employee Census found 34% of staff in the agency reported they 'often' and 'always' find their work stressful, and 33% of staff agreed or strongly agreed they feel burned out by their work. A further 37% reported to a 'large extent' (5 points above the APS average) or 'very large extent' that they find their work emotionally demanding.

> *'When everything is a priority, nothing is a priority.' Internal stakeholder*
>
> *'Too much work, not enough staff. Shifting priorities.' Internal stakeholder*

The capability review also found evidence from internal and external stakeholders that outside periods of crisis, the agency lacks the capability for long-term strategic planning, lacks the ability to prioritise and tries to do too much. This means staff and stakeholders do not have good line of sight of the priorities and pressures facing the agency well ahead of time, to help influence a better outcome. In contrast, the agency is at its best when the priorities 'choose themselves', such as during a crisis (e.g. bushfires, floods, pandemic). Internal and external stakeholders also indicate the agency is not clear on what it considers its role in government will be in the next 4 years.

> *'We don't really know what our role is. There is not a strong mandate out there...When people don't know who should deliver, people say Services Australia should do it...[there's] no leverage to say it's not our role, how do we push back?' Internal stakeholder*

The ability of the agency to more clearly prioritise its effort into the future is a significant opportunity and will ensure the most important work is pursued to achieve government outcomes. This would help the agency focus on higher value goals rather than diluting capacity and capability of core functions.

There are other reasons why more clearly articulating the agency's vision, purpose and strategy over the next years is important. The review found frontline staff are often more connected to the customer than the agency – feeling an obligation to both advocate for customers and find avenues for delivery. The 2024 APS Employee Census showed that nearly 95% of frontline staff understand how their role contributes to achieving an outcome for the Australian public, but only 60% feel a strong personal attachment to the agency.

The review found this is further compounded by the 3 master programs (Centrelink, Medicare and Child Support), with staff culture and thinking appearing more closely aligned to the program they primarily work in, rather than the agency more broadly.

> *'People are committed with their hearts – real hearts and minds – it's a strength and a weakness. A strength in helping customers, and a weakness in that its run more like a family with personnel, not through systems.' Internal stakeholder*

Senior leaders in the agency agree frontline staff are more connected to the customer than the agency, and most don't see this as an issue. They consider this is not unexpected as frontline staff are outwardly faced in their day-to-day roles serving customers. For example, an internal stakeholder highlighted, 'I work in service delivery and our staff spend a majority of their day focused on customer enquiries, not focused on what is occurring in the broader agency'.

It may not be uncommon in large and complex customer-oriented organisations like Services Australia for frontline staff to feel more connected to the customer. Frontline staff can sometimes feel disconnected from the broader agency and feel isolated in dealing with customers (e.g. a mindset that people not working in the frontline 'don't understand', or that policies and rules don't allow them to deliver the service they think should be provided), particularly if their personal views don't align with the organisation's policy.

This reinforces the importance of Services Australia articulating a vision, purpose and strategy that both aligns with the government's priorities and resonates strongly with staff and external stakeholders. There is significant value in the agency building a culture where all staff, including frontline staff, are connected to the mission through the actions of the agency. It will also support staff to feel empowered to make decisions that are consistent with the strategic and policy framework established by the agency.

Leadership and governance

Effective leadership and governance are critical to any high performing organisation. Good leaders drive forward a collective vision, purpose and strategic direction. They rally their workforce behind shared goals and priorities ensuring there is a clear 'north star' for the organisation. They model and promulgate the behaviours they would like to see throughout the organisation, actively calling out bad behaviours and managing staff performance well.

The review found the new CEO is driving positive change in the agency. There are signs that the leadership team is rallying around the CEO to build a collaborative and cohesive leadership approach and supportive culture, but this will take time to embed in a large SES cohort and in all levels of the organisation (as at 30 June 2024, there were 208 ongoing SES, including Executive Level (EL) staff temporarily at this classification – this figure does not

include non-ongoing or casual appointments).[6] Staff and external stakeholders consistently identified that they are starting to see positive changes, although at this point this remains largely driven by the actions of the CEO and not yet as visibly by the leadership team acting in a unified manner. Undoubtedly, the stronger the commitment to a shared purpose and vision, the stronger the sense of collaboration among leaders will be.

> *'There are so many green shoots with the new CEO leadership, there is a lot of catch-up they need to do, but it's improved and it's coming through.' External stakeholder*

There is a risk to the CEO and the agency if these changes are not uniformly adopted or are not seen to be a 'one Services Australia' team approach. The capability of the SES leadership to be cohesive is positively influenced by a shared ambition to deliver on the agency's vision. The review found that while there are signs of improved leadership, there still appears to be siloing and lack of alignment internally between some of the senior leadership and groups. This is affecting the agency's ability to resolve competing priorities and effectively collaborate internally and externally. As noted, we found issues with competing priorities were resolved when the priorities 'choose themselves' (e.g. when responding to a crisis). The ability of the SES to work effectively together during these times is evidence that the capability exists. Embedding it after a crisis is managed requires continuing focus.

Building alignment and prioritisation during business-as-usual periods is a critical area of focus for the executive leadership team to embed good leadership behaviours. Additionally, the agency would benefit from identifying the organisational factors – for example, management structures, governance to manage competing priorities, and ways of working such as delegations – which may be impeding good leadership behaviours when the agency it not responding to a crisis. A united leadership is critical to achieving government outcomes over the next 4 years.

> *'Hit and miss…it really comes down to which area you work in and who your SES leader is. Some areas are still quite siloed, others are very collaborative.' Internal stakeholder*

There is evidence the agency has identified the leadership and team behaviours it wants to model at all times of operations. The agency has an SES Performance Framework, which includes a set of leadership behaviours. It is important for the agency to have an SES cohort working under a shared set of behaviours, as the tone the agency strives to operate in is set at the top of the organisation. In communicating to staff in March 2024, the CEO highlighted his expectations of SES leadership behaviours for an executive leadership team that 'creates and shares the vision, creates and develops high performing teams, creates and sustains productive relationships and creates and rewards an inclusive culture'. The CEO noted that 'behaviours build culture' and outlined his expectations of team behaviours, which include to 'be curious and ask questions; help others to succeed, and rally

[6] APSC (2024), 'APS Employment Data 30 June 2024 release, Table 36' https://www.apsc.gov.au/employment-data/aps-employment-data-june-2024.

around the problem; create safe spaces and respectfully call out behaviour; invest in relationships; look across and outwards and collaborate'.

While the agency has sound performance and learning frameworks, there is an opportunity to embed the principles and practices to achieve a consistent approach to leadership performance. Staff indicate areas for improvement for the SES cohort include communication, working as a team, alignment of work with strategic objectives, collaborating and problem solving (2024 APS Employee Census). Only 58% of staff say the SES work as a team, 57% say their SES manager presents convincing arguments and persuades others towards an outcome, 63% say their SES manager promotes cooperation within and between agencies, 67% say their SES manager communicates effectively, and 70% say their SES manager ensures that work effort contributes to the strategic direction of the agency and the APS (2024 APS Employee Census). The agency has an opportunity to improve these results by holding leaders to account for their behaviour and continuing to build leadership capabilities.

We acknowledge the positive steps to align the executive group. There remains an ongoing opportunity for the agency to ensure its frameworks are providing a contemporary approach to leadership development (discussed from page 59), and that its governance mechanisms ensure individual executives are held to account for their leadership performance.

In relation to governance, the agency has a 3-tiered governance committee structure. Tier 1 includes the Audit and Risk Committee and committees that provide oversight of strategic and operational performance (Executive Committee, Customer Committee and the Portfolio Management and Investments Committee), supported by tier 2 sub-committees. There are also several group-level governance arrangements (tier 3), which are broadly advisory groups. In 2023, the governance arrangements were reviewed, identifying the need for greater focus on portfolio investments and performance. As a result, in August 2023 the agency established the Portfolio Management and Investments Committee. In February 2024, the new CEO requested a review of the structure, prompting changes to the tier 1 committee structure to uplift collaboration and the quality of papers being brought to the Committees. This was implemented in July 2024. The agency further plans to implement revisions to its tier 2 governance in early 2025, with the aim of better supporting the tier 1 committee structure to enable informed and accountable decision-making. While this capability review will be complete before any impact can be realised, we acknowledge the agency is taking positive steps to create a more effective governance model that supports a very large and complex organisation.

> *'They deliver lots of stuff that's complicated and they have strong governance around that.'*
> *External stakeholder*

While the agency remains focused on making improvements to its governance arrangements, there is the opportunity to keep identifying areas for improvement, so the positive impact is realised throughout the organisation. The review found the efficiency and effectiveness of the agency's tightly managed organisational structures and governance arrangements could be improved.

> *'[There is] process for process sake; this includes making it lengthy and complex when it should be simple.' Internal stakeholder*

A recent internal review highlighted a need for the agency to provide clarity to senior leaders on how their group contributes to shared enterprise-level outcomes. The Deputy CEOs have individual performance deliverables and are required to identify dependencies with other business areas within the agency. However, the CEO and his direct reports do not currently appear to have a shared understanding of enterprise-wide performance deliverables for service delivery and the role that all play in assisting service delivery outcomes. The review has found that siloing and lack of alignment internally between some of the senior leadership and groups persists, affecting the ability to resolve competing priorities. This presents an opportunity for the agency to clearly identify key enterprise-wide outcomes with shared responsibility and risk, as a way to improve alignment of strategic priorities. In doing so, the agency's governance arrangements could be designed to enable appropriate executive oversight, providing the necessary assurances to the CEO to effect good governance, and enable effective management of responsibilities and define clear accountabilities of each business area.

Collaboration

Element	Description	Maturity rating
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.	Emerging
Internal collaboration	The capability to engage and establish effective and collaborative internal partnerships, ensuring the agency can make best use of its collective capabilities.	Developing

Public sector

Effective public sector collaboration is critical for the efficient delivery of government services[7].

Government services often reflect the legislative, accountability and delivery structures of the public service, but this does not always translate directly to the best service that meet a customer's unique needs. Delivering to diverse populations, servicing customers in remote locations, delivering during periods of environmental and man-made disasters, and supporting customers with complex needs or when they are at their most vulnerable, all adds additional layers of complexity.

Services Australia's capability to deliver government services at scale requires strong collaboration across the public sector. As many people only use direct government support services infrequently, service interactions need to be intuitive and simple so people can efficiently access the services they need and get on with their lives.

Over the next 4 years, economic uncertainty and the impact of associated social change is expected to heighten customer expectations and demand for improved government services. This will require a stronger whole-of-APS approach to improve the design and delivery of government services, most notably, those provided by Services Australia.

[7] 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. Further information available here: https://www.apsreform.gov.au/news/charter-partnerships-and-engagement

> *'A coordinated approach across government builds trust in the community.' Minister for Government Services, National Press Club Speech, August 2024*

Services Australia works closely across the public sector, delivering payments and services on behalf of 24 different departments and agencies. However, the review found Services Australia's relationships with its public sector partners and the APS more broadly are largely seen as formal (based heavily on bilateral agreements) and transactional in nature.

The value of collaboration across the public sector is recognised by the agency and external stakeholders, but tensions exist that create barriers to effective engagement. The review found that outside times of crisis, partner agencies find that Services Australia is not always collaborative, tends towards one-way communication and lacks transparency on how decisions are made. Outside of managing a crisis, the partner agencies also report Services Australia proposes long time frames and high costs to deliver services.

> *'[There is a lack of] understanding that they work for other accountable authorities and what they do impacts these accountable authorities in a big way.' External stakeholder*

> *'It seems to me that it's an organisation that is a bit under pressure, managed by pushing back and giving conservative estimates on cost and time frames.' External stakeholder*

Services Australia is working to build its relationships with policy agencies in a more strategic way. In 2024 the agency established a Bilateral Agreement Framework for developing, maintaining and documenting formal, non-legally binding arrangements that set out expectations of how both parties to the arrangement will collaborate and interact. However, there is an opportunity for Services Australia to proactively build deeper relationships with policy agencies for better line of sight and influence on new policies well before they become Cabinet submissions. Services Australia also has the potential to improve policies by leveraging its vast data holdings, its understanding of customers throughout Australia, and its deep practical understanding of service delivery, all of which provides the agency with unique insight into the customer experience, and a depth of professionalism gained through its broad service delivery capabilities.

Improving public sector collaboration is recognised as a shared responsibility among stakeholders. Policy agencies would also greatly benefit from involving Services Australia more closely and much earlier in the policy development process to test and then refine how the policy would be delivered, and at what cost. Similarly, the review found the agency would benefit from being more proactive and becoming involved much earlier in the policy development process.

> *'When they are implementing new programs, the organisation is thinking about that at multiple levels with a client focus. They have put this in place more successfully than policy agencies.' External stakeholder*

External stakeholders have noticed that Service Australia's relationships with policy agencies is improving, however, generally at the most senior levels. It is critical that this be embedded at all levels of the agency. The new Service Delivery Forum, which includes the Secretaries from the 5 main policy agencies, is universally recognised as a positive step forward for those heads of agencies to discuss strategically how they will interact, and to share current and future common issues.

> *'There is an ongoing battle regarding policy issues. The relevant policy people need to be engaged in the operational frontline.' External stakeholder*

The review found the agency has been building standard frameworks and plans to help sustain more consistent and strategic engagement across the APS. Yet, staff perceptions of their SES 'promoting cooperation within and between agencies' is 5 points lower than the APS average (APS Employee Census 2024). Nevertheless, there are early signs the agency is making progress towards greater collaboration with other public sector bodies at lower levels of the organisation.

> *'At the lower levels there has been a shutting down of information in the past, but now my team has reported that's opening up.' External stakeholder*

Services Australia has demonstrated it has the ability to work collaboratively to develop initiatives across the APS, and that it is highly trusted for its delivery functions (e.g. working closely with Department of Social Services and the National Indigenous Australians Agency on ending the Cashless Debit Card program). However, there is an opportunity for all leaders in the agency to build a greater sense of trust and confidence around the role of Services Australia throughout the policy cycle to support government priorities. Many internal stakeholders have spoken about a lack of authority to drive policy changes, a risk aversion to making simple, internally focused decisions that should be made quickly, and that they have limited control in the policy cycle and are often engaged too late in the policy design process. Staff spoke of time constraints, internal siloes and tension between policy and delivery agencies as reasons for not being involved earlier in policy design. At many levels, most engagements between Services Australia and policy agencies appear to be based on goodwill and reliant on existing relationships rather than a perceived or actual requirement to engage early.

> *'It's almost like we need a budget initiative to say give us the money so we can have a reason to push for policy influence.' Internal stakeholder*

There is also the opportunity for Services Australia to deepen relationships with state and territory governments. The agency has demonstrated positive co-design capabilities (e.g. with Queensland and the Australian Capital Territory to streamline the 'birth of a child' service), delivered planned and emergency surges, and administered myGov digital ID across 150 Commonwealth, state and territory service offerings. The agency's goal is to expand co-design efforts with partners across government and become involved earlier in the process to help build a

strong evidence base for better policy outcomes. The agency also supports over 30 international social security arrangements and collaborates with international counterparts to improve the detection, disruption and prevention of fraud. There is an opportunity for the agency to better share learnings with partner agencies and jurisdictions based on its own delivery experiences. The agency has an opportunity to more actively influence its own service design processes from the insights obtained through interactions with stakeholders, both domestically and internationally.

The review found positive signs that Services Australia is focused on improving its public sector collaboration capability. The CEO has shown strong leadership in building more collaborative relationships with key stakeholder departments that now needs to be systematised through all levels of management. Government services in the future will need to be more streamlined, simple and intuitive, which relies on effective collaboration and co-design across government and with non-government stakeholders. While not completely within its control, the agency has an opportunity to push through the cultural and structural limitations with its policy partners to raise the value added by Services Australia in policy development. It could consider private sector experience with account management and customer relationship management (CRM) tools, for example, to bring greater discipline to relationship management and delivery within and outside the agency. There would be significant value in increasing the agency's influence to improve the design of policies so they are more practical and effective to implement.

Non-government partnerships

Services Australia maintains a broad network of non-government organisation (NGO) stakeholders, mainly through formal engagement mechanisms. The agency's specialist service officers (e.g. Social Workers, Multicultural Service Officers, Indigenous Service Officers and Remote Servicing Teams) are another way it engages with NGOs at a more local level, working alongside those partners to provide services to people in specific geographical locations and communities across Australia. The agency also maintains formal engagements with peak advisory groups representing various areas of the social policy landscape in Australia. These include those represented on Services Australia's Civil Society Advisory Group, Disability Peaks, National Multicultural Advisory Group and the Stakeholder Consultative Group on Health Related Matters, which together represent 55 different organisations.

The CEO and leadership team have increased their focus on NGO engagement, and early stakeholder feedback is promising. While there are mechanisms in place below this level, the review found the agency has inconsistent approaches to engaging with NGOs. The review team did not see that the capability was evident throughout all levels of the agency, and it is too early to tell whether positive changes made at the top are making a difference below the Executive level or assisting specialist staff on the ground in their working relationships. NGOs expressed a desire to have more influence over the design and improvement of services, and for increased openness from the agency. Many noted that while they effectively engaged with policy agencies, the delivery mechanism of the policy, once handed to Services Australia, became a 'black box'.

In response to the all-staff survey conducted for this review, only 55% of agency staff believe their workgroup collaborates effectively with NGOs, and 34% of staff were not sure, perhaps due to not having a direct role in engaging with NGOs.

Regardless, there remains an opportunity for Services Australia to consider the barriers NGOs face to more effectively collaborate with the agency, and to consider how best, and at what level, to engage. This will be important into the future, as NGOs will continue to play an increasingly significant role in informing the improvement of policy, programs and services, and partnering to deliver services with the agency.

We did find examples of where the agency is starting to collaborate more effectively with NGOs. For example, some external stakeholders are noticing in recent times that the agency has been proactive with its relationships with non-government stakeholders. Their optimism is at least partly a result of the new CEO's approach to engage more regularly with external stakeholders. The review considers it critical that the agency develops strategic and operational relationships with NGOs, it connects these strategic and operational perspectives, and that an articulated approach is embedded at all levels of the agency, beyond the CEO.

> *'I think the agency is a lot more open and they're getting better at listening.' External stakeholder*

Another example of effective collaboration with NGOs is the Interim Services Australia Independent Advisory Board established in December 2023. This initiative was a key recommendation from the myGov User Audit, which considered the user experience, functions and performance of myGov to shape the future direction and its connection with government services. The advisory board consists of non-government members, established to provide independent advice to the Minister for Government Services on government service delivery matters that are led by, or impact Services Australia. The Minister for Government Services, in his speech to the Services Australia Leadership Forum on 30 April 2024, recognised the agency's work to establish the advisory board.

External stakeholders would like to ensure that recent improvements in collaboration lead to sustainable and embedded change. NGOs would like to see tangible improvements in the way the agency engages with them to improve programs and services for customers. They emphasised the desire to not only provide input to the design and delivery of services but to also have visibility of how their contributions influence improvements in practice, through more open and transparent engagement processes. The review identified an opportunity for Services Australia to manage the connection between its operational and strategic functions to further build sustainable and strategic collaboration with NGOs.

There are signs that the agency is considering ways to improve collaboration with external stakeholders, including NGOs, through its proposed Customer 360° Strategy and Service Model. However, there are legislative limitations on information the agency can share, not only with external stakeholders, but also across its 3 master programs (Centrelink, Medicare and Child Support). Outside of these restrictions, through the proposed Customer 360° Strategy and Service Model, the agency is considering a connected delivery approach. As outlined in 'Stream 6' of the proposed strategy and service model, the agency has committed to improve the way it partners with policy

agencies to co-design policies that meet the needs of customers and staff. There is an opportunity for the agency to consider expanding this to include NGOs.

> *'No one wants to see policy come in without significant co-design aspects.' External stakeholder*

External stakeholders have described the nature of the relationship with Services Australia as 'bespoke to the issue we have, which determines the engagement rather than a more strategic relationship'. While they engage with policy agencies directly, NGOs also see benefit for Services Australia ensuring policy agencies are more engaged in how the policy aim will be ultimately delivered, rather that it just being handed to Services Australia to deliver. For example, this may include policy agencies 'being in the same room' as non-government stakeholders and Services Australia so there is more collective engagement and richer input to the design process.

The review found the agency's specialist service officers add significant benefit in communities, working closely and partnering with NGOs. Further, the review found that Services Australia's specialist services officers also play a significant, yet largely unrecognised role providing internal staff support. Specialist service officers participate deeply in communities, providing outreach with NGOs to build knowledge in the community and awareness of the resources people may need for various life events (e.g. myGov, payment support, support options from other parts of government such as tax). These specialist staff are, for example, building closer partnerships with community through the agency's Community Partnership program. The agency also has 27 Remote Servicing Teams and mobile service centres providing access to face-to-face and virtual services. The review team found specialist staff not only respond to individual customers, but also undertake proactive work with communities and non-government stakeholders. Specialist service officers will continue to play an important part in the agency's future, complementing the transition to digital service delivery and providing support to Australia's most vulnerable.

The work of the specialist service officers on the ground is a great strength of the agency. They are at the frontline, quickly resolving complexity for customers (e.g. interactions between state and federal legislation and community organisation services). This is because they are integrated with providers, creating a common understanding of the customer. We also heard strong support for the specialist service officers from frontline Services Australia service delivery staff – reflecting that they also help, in a largely unrecognised way, staff on the ground requiring additional support.

There is an opportunity for the agency to better support these staff on the ground and share their insights, so new staff are not always learning from scratch to develop approaches to connect with community and non-government stakeholders. The review found evidence these specialist service officers often find their way into communities through their own personal initiative and come up with their own strategies to engage and deliver services. Their capability would be enhanced by a common approach that could be personalised to the community in which they operate. There is also an opportunity for Services Australia to consider the internal use of these officers and the role they play in supporting frontline staff.

'...you make your own networks and arrangements to provide outreach.' Internal stakeholder

The review team heard valuable insights and rich feedback from non-government stakeholders and specialist service officers throughout the review, but was not able to find data on how the quality of external relationships was systematically monitored. As the non-government relationships continue to evolve, there may be opportunity to establish ways to review and evaluate the value of these relationships to maximise the insights they generate, over the long-term.

Case study: Tailored support closely in touch with local community – *Services Australia's specialist service officers*

Specialist service officers are a unique and critical part of Services Australia. There are approximately 2,000 specialist service officers, consisting of Social Workers, Community Engagement Officers, Indigenous Service Officers, Multicultural Service Officers, Medicare Engagement Officers, Financial Information Service Officers, Aged Care Specialist Officers, Remote Servicing Teams, Health and Allied Health Professionals, Refugee Servicing Team, Community Partnership Specialist Officer, Grandparent, Foster and Kinship Carer Adviser, Farm Household Case Officers, and Incarcerated Customer Service Officers. These specialist staff have developed strong grass-roots relationships with local community organisations and peak bodies to hear and understand the unique needs of customers. They are also critical in providing services to regional, rural and remote Australia.

In 2023, the agency was awarded the Community Engagement award at the Institute of Public Administration Australia (IPAA) ACT Spirit of Service Awards for developing an inclusive service centre for First Nations people, showcasing Indigenous designs and languages in its Fitzroy Crossing, Western Australia service centre. The agency plans to extend this initiative to other service centres in Yarrabah, Queensland and South Hedland, Western Australia.

Continuing its efforts supporting First Nations people, on 22 June 2024, Services Australia's Statement of Commitment to the National Agreement on Closing the Gap was endorsed by the agency. This is a commitment to co-design policies, programs and services in genuine partnerships with First Nations Australians, which impact their lives. The Indigenous Service Officers are critical to supporting this commitment, assisting First Nations people, their families and communities to access the agency's payments, services and programs.

'On Closing the Gap, Services Australia was...responsive in that process...it was a positive experience.' External stakeholder.

Internal collaboration

Effective internal collaboration enables an agency to make best use of its collective capabilities to deliver the best possible outcomes. Due to the size of Services Australia and the breadth and complexity of the legislation it administers, the impacts of any new or adjusted services and systems are likely to be felt across the agency.

Services Australia's ability to quickly deliver at scale during crises and emergencies and in response to legislative directions and government priorities is widely recognised and applauded by external stakeholders, and is a key strength of the agency. However, the review considers that the next 4 years may challenge the agency's capability

to adapt, with ongoing and potentially concurrent emergencies against a changing social policy landscape (such as an ageing population) and tight fiscal environment.

The review consistently heard from internal and external stakeholders that the agency comes together and collaborates well during a crisis. For example, during the COVID-19 pandemic the agency responded to an unprecedented level of demand, processing 1.3 million Jobseeker claims in 55 days, a volume normally processed in 2.5 years.

> *'...when the government needs an organisation to do something, they go to Services Australia to set up in the community and ensure services are provided…They developed the can-do attitude and brand.' External stakeholder*

However, the review heard consistent feedback from all levels of agency staff as well as external stakeholders that, outside times of crisis, there is less internal collaboration and diminished communication across business areas, creating silos.

Internal stakeholders consistently expressed that internal collaboration is impeded by a strong adherence to hierarchy, layered and slow decision-making, red-tape and lengthy administrative processes. Only 63% of staff believe that their SES promotes cooperation within and between agencies, which is significantly lower (5 points) than the APS average (APS Employee Census 2024). The all-staff survey conducted for this review indicated that just 69% of staff believed that workgroups across the agency collaborate to get the job done, indicating room for improvement. In the 2024 APS Employee Census, staff responses also supported this finding, staff identifying issues with 'processes', 'bureaucracy' and 'systems' as the 3 most common areas to improve effectiveness in the workplace. This sentiment was also reflected strongly in staff workshops conducted for the review.

> *'Systemic failures of processes, coupled with a low capability to collaboratively find solutions to the relevant issues.' Internal stakeholder*
>
> *'Hierarchy – by the time it gets through the opportunity is lost.' Internal stakeholder*

Senior leaders also indicated a lack of alignment between leadership groups. One staff member stated, 'we get a little bit confused about the priority of what will take us to the next stage of development, efficiency etc. Everyone has our own bit that is really critical, but they don't necessarily all come together'.

> *'We are not as good maintaining mission criticality outside of those [emergency response] periods.' Internal stakeholder*
>
> *'When we are not in challenging times everyone goes back to their corners and we don't do well.' Internal stakeholder*

> *'Generally, collaboration at the [senior] executive level is good. As you get deeper in the organisation though, the willingness to collaborate falls away as people lose sight of how it all joins up.' Internal stakeholder*

The review also found staff and external stakeholders believe part of the reason the agency works in a siloed way during these times is compounded by the legislative requirements of the master programs (Centrelink, Medicare and Child Support). Staff in these programs are sometimes constrained in how they work and, for example, cannot share data between programs due to privacy and other legislative constraints. This inhibits collaboration, cross-agency learning and streamlined customer service. These legislative barriers must be addressed to bring in the desired 'tell us once' approach.

The review found that during business-as-usual periods, the agency's internal collaboration practices are only effective when priorities across business areas align. When there is a clear direction, and an objective to deliver across government, the 'muscle memory' of the agency makes it happen. That sense of shared ambition, alignment to strategy and vision, and clarity around jointly agreed priorities, are areas that could improve internal collaboration outside of a delivery mandate or crisis.

One internal stakeholder noted a change in the leadership group reflecting that 'the current CEO has made a lot of effort to think through the issue and ensure those that need to be involved have the opportunity to contribute'. While this is a positive step, the review considers it critical that this approach is embedded from the CEO down through all of the agency's leadership levels.

We recognise that many internal stakeholders identify more strongly with the master program in which they work (Centrelink, Medicare and Child Support) than with 'Services Australia'. Improving internal collaboration does not mean breaking down the master program 'tribes' (as they have been described), but ensuring they are all operating based on the same agency-wide values, behaviours and opportunities while also learning from each other and embedding common pathways of change.

There are also positive signs that more formal collaboration methods are increasing, which may lead to improvements in internal collaboration. For example, the agency is more comprehensively prioritising organisational structure and governance, such as business plans; and 'How We're Organised' is one of the agency's 8 Focus Areas, to encourage different ways of working across business areas. The recent Customer 360° Strategy and Service Model initiative promotes the use of multi-disciplinary teams, and is working to build design capabilities into the agency's policy-based teams.

The need for strong internal collaboration practices, beyond times of crisis, is a critical capability the agency could build over the next 4 years. True collaboration occurs when people are united in achieving a clear vision and objective, and are driven by a common purpose. Asking staff to collaborate when they are not aligned to a clear purpose, vision and objective is unlikely to succeed. The reason people collaborate in times of emergency is because the objective is very clear. Being united in achieving a clear vision, objective and common purpose would help ensure the agency more consistently presents a whole-of-agency view to external partners, that important

insights are shared across the agency as standard practice, and that proactive collaboration across the agency becomes a normalised behaviour whether there is a crisis or not.

Delivery

Element	Description	Maturity rating
Ministers and parliament	The capability to meet the needs of ministers and the parliament.	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.	Embedded
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
Review and evaluation	The capability to use review and evaluation activities to maintain performance and drive improvement.	Developing

Ministers and parliament

Services Australia must maintain exceptional working arrangements with ministers and the parliament, to ensure government priorities and agreed service delivery outcomes are delivered effectively. The social policy landscape is dynamic, and the role of Services Australia in the strategic process of government decision-making is critical to ensure policy is shaped and delivered in the right way, at the right time, and in the right place for the Australian people. For many people, their most common day-to-day interactions with 'the Australian Government' are through Services Australia. Deepening capability in ministerial and parliamentary processes throughout the agency and across all staffing levels would enable Services Australia to be better positioned to deliver on government priorities and parliamentary requirements.

At senior leadership levels, Services Australia has established valuable engagement with its minister and the parliament to support effective operations of government.

> *'The Minister's office is good, the advisers are smart and calm. He [the Minister] is focused on the future, there is trust.' Internal stakeholder*

The Minister for Government Services said in his National Press Club speech (2024), 'I enjoy excellent working relationships with both [CEO of Services Australia] and [Secretary of the Department of Social Services], and I am grateful for their frank and fearless advice'. This sentiment is reflected by internal stakeholders.

> *'We also really connect well with our Minister…Services Australia leans into serving the Minister more regularly, it has the Minister in its thinking.' Internal stakeholder*

> *'[There is a] really strong relationship with our Minister, there is a very natural alignment with our Minister, which you don't see in all agencies.' Internal stakeholder*

The CEO and, where relevant, the Deputy CEOs, meet weekly with the Minister for Government Services. The agency supports the operations of the minister's office, including by responding to the public through enquiries made through the office and by providing regular deep dives on various topics. The agency has documented processes and training for staff engaging in the parliamentary processes. The agency also supports members of parliament and senators through a national Members of Parliament and Senators Contact (MPaSCO) network (Services Australia staff who also perform other functions as part of their roles). There are currently 182 staff in the MPaSCO network providing this service across Australia.

Services Australia has demonstrated it has the capability to respond transparently and constructively to the many audits and reviews conducted in the past year. In September 2024, the Australian Public Service Commissioner praised the agency's efforts in response to the Robodebt Royal Commission, noting it has 'significantly transformed' itself..[8] The agency has also demonstrated it has the capability to respond to the needs of government by assisting to establish the Ashton Review[9] in response to a serious incident involving the assault of an agency staff member in May 2023. The agency has subsequently begun making adjustments to improve safety for frontline staff.

Noting the engagement strengths demonstrated at very senior agency levels, the review found the agency could benefit from increasing staff capability, below the Deputy CEO level, to strategically engage with its minister (and minister's office) and parliament to better influence government processes.

Without these capabilities being developed below the Deputy CEO level, the agency risks a capability gap that may widen over time, especially as it continues to promote from within. The majority of promotions to SES level are from within the agency (all SES B1, 2 and 3 levels). Over 45% of the SES have been in the agency for more than 15 years, with around 25% not having left the agency for 20–30 years. A breadth of APS experience and a deliberate effort to deepen capabilities to better engage with ministerial and parliamentary processes, often taught outside of formal training programs, within the broader SES leadership profile (below the Deputy CEO level), could significantly improve the value Services Australia provides to government, ministers and parliament, as well as enhancing its influence in policy design.

[8] Statement by the Australian Public Service Commissioner on the Robodebt Centralised Code of Conduct Inquiry, 13 September 2024, https://www.apsc.gov.au/working-aps/integrity/robodebt-code-conduct-process/statement-commissioner-centralised-code-conduct-inquiry-final-report.

[9] Ashton, G (2023), *Services Australia Security Risk Management Review*, Services Australia, Australian Government https://www.servicesaustralia.gov.au/security-risk-management-review-key-findings-and-recommendations?context=22.

> *'We are isolated in service delivery, we need to be the experts of engagement influence and reaching out across government.' Internal stakeholder*

User focus

The government has made clear the importance of a user-centred approach to policy and program design and service delivery across all areas of the APS. A user focus is critical to the agency into the future, given its close connection to the Australian public as well as partner APS agencies.

Having a deeper understanding of who these users are, what motivates them to use its services, and any areas for improvement, is essential for continuous improvement of the services and programs the agency delivers. Australia's social landscape is changing, with an ageing population and increased pressure on Services Australia to deliver tailored services to a wide array of customers with more complex needs and higher service expectations.

There is an opportunity for Services Australia, as the government's primary service delivery agency, to build on its solid user-centred foundations, which were evident in this review. Services Australia staff have a very strong customer focus. Staff regularly play the role of 'navigators', delivering support programs and services while navigating a complex set of underpinning legislative requirements, policies and processes. Sometimes this may also involve interaction with state government and non-government stakeholders. The review found the agency's staff are prepared to 'go the extra-mile' for the customer. Their passion and dedication for good customer outcomes reflects well on the agency.

> *'Absolute and relentless focus on customer.' Internal stakeholder*
>
> *'Staff are genuinely passionate about providing services to the Australian public.' Internal stakeholder*

Services Australia's deep presence throughout Australian communities provides unparalleled access to and understanding of customer and community needs. APS stakeholders are increasingly recognising the value of Services Australia's presence in the regions and its understanding of the customer as a more integral part of the government policy development cycle. Although the review found examples of where the agency participates in co-design of new government initiatives, an opportunity remains for the agency to increase its influence to improve the customer experience of its programs and services. For example, we found the agency's specialist service staff (e.g. Social Workers, Multicultural Service Officers, Indigenous Service Officers, Remote Servicing Teams and Psychologists) who are embedded or linked to regional service centres see how multiple government and non-government services intersect and impact on customers. For this reason, they are a highly valued asset and have the potential to bring a rich understanding of the customer experience to continuously improve the design of programs and services. The review found the agency's experience and awareness could be more actively captured and leveraged to make these improvements into the future.

> *'[Services Australia] can be an incredibly strong local presence – there is a lot of value collaborating with other agencies and with state government.' External stakeholder*

There is also an opportunity for the agency to uplift its user-focus capabilities by developing a more structured, coordinated and disciplined approach to stakeholder engagement. For example, the all-staff survey conducted for this review indicated around one-quarter of APS, EL and SES B1 staff did not agree with the statement: 'My workgroup acts on customer feedback to improve work'. The same survey also indicated only 55% of staff felt that their workgroup collaborates effectively with non-government organisations. The capability review found the opportunity for the agency to better collaborate with non-government organisations also extends to working more extensively across government jurisdictions.

> *'Clients don't want to go to Services Australia for a relief payment and then the state provider for something else.' External stakeholder*
>
> *'[Services Australia] don't tend to hook up with other place-based work the government is doing.' Internal stakeholder*

A more structured and coordinated approach to stakeholder engagement would establish a deeper understanding of the customer experience to improve the design of programs and services, and could also support ongoing open and transparent discourse with stakeholders. This would further enhance trust and confidence in the agency. The review found the agency's leadership is starting to take a more planned approach to collaborating with non-government organisations and other government agencies, which is a positive step. As mentioned earlier (from page 35), non-government stakeholders would particularly welcome a strategic and more genuine engagement by the agency to help improve the design and delivery of programs and services for customers.

The capability review found evidence the agency is enhancing its user-experience (UX) and customer-experience (CX) design capabilities through a range of channels to better meet the variety of customer expectations, while aiming to embed a customer-centric approach across the organisation. While the review found examples of where the agency has responded to user feedback to improve programs and services, it is not yet a systemic or agency-wide capability. The review heard the agency recognises its proposed Customer 360° Strategy and Service Model is a first step to address this by embedding customer-centricity into the fabric of how it operates so good design happens reliably and at scale across the system. Through this strategy, the agency aims to improve how it connects and acts on customer and staff insights, embed a customer focus in decision-making throughout the organisation, and improve the way it partners with policy agencies. The Commonwealth Evaluation Policy[10] articulates the value of a culture of evaluation, and this initiative to better respond to user feedback is a positive

[10] The Commonwealth Evaluation Policy is available at: https://evaluation.treasury.gov.au/about/commonwealth-evaluation-policy.

step for the agency. The strategy and service model are based in UX and CX design, bringing together a multitude of data channels and considering how data can be used for improvements to service delivery, across 6 streams of work. It proposes to align a Service Model and Operating Model to embed customer-centricity.

There would be value in Services Australia extending its UX and CX design methodologies to more consistently involve government and non-government partners. In addition, the review found there is an opportunity to better connect frontline delivery staff with changes to organisational and ICT systems (including front-facing programs such as myGov), as well as policy and procedures. Service delivery staff still experience a disconnect between strategy and delivery for design purposes in numerous areas, most notably in customer engagement processes (such as call-back and user authentication) between master programs, but also with internal design of new operating practices and updates to ICT systems.

Strategy

Given the complexity of the agency's operating environment, and the trends and opportunities that will continue to manifest over the coming years, it is critical the agency has strong strategic capabilities associated with its core delivery functions. These must support high quality outcomes (both agency-wide and for the whole-of-government) and clearly set the operating context and goals for the agency over a 4-year period. The ability to foresee, plan for and take proactive steps to mitigate risks and grasp opportunities is critical to the agency's success into the future.

Services Australia has strong capability to understand its current operational context, develop and direct operational strategy, and deliver services in response to more immediate challenges or crises. As noted, the agency has effectively responded to several external crises over the past few years, delivering services at pace and volume and mobilising staff, under very challenging circumstances, including during the COVID-19 pandemic and recent natural disasters, such as bushfires and floods.

> *'In the COVID response I saw agility and rapid turnaround on service delivery, overcoming challenges.' External stakeholder*
>
> *'[We effectively] support Australians during tough times, prioritising to surge in times of national emergencies or crisis.' Internal stakeholder*
>
> *'[We come] together to deliver governments objectives "at the drop of a hat".' Internal stakeholder*

The agency's operational strategy for the delivery of tailored services to vulnerable communities is a strength. For example, the strategy to deliver services (e.g. via Mobile Service Centres and 4WD vehicles) to remote and regional communities with customers who cannot reach service centres, is highly regarded.

> *'We genuinely try to service all Australians in all locations, especially remote and rural.' Internal stakeholder*
>
> *'The mobile service centres are great for those in remote community who may not be able to visit a service centre in person or have difficulty on the phone.' Internal stakeholder*

The agency's ability to respond to crises has not only required rapid service delivery agility, it is also underpinned by a strong strategic capability associated with agency operations. This has enabled Services Australia to work effectively with partner agencies across the Commonwealth and in other jurisdictions as well as with non-government stakeholders, to effectively deliver services at unprecedented levels. We heard consistently from all stakeholders, without hesitation, that Services Australia pivots, adapts, develops and responds exceptionally well in a crisis to provide services and support to those in need.

Despite strengths in operational strategy responding to the immediate, the agency is still developing its ability to proactively influence the development of policy and plan for and respond to emerging long-term issues. As highlighted earlier (from page 32), the agency experiences challenges in collaborating with policy agencies to consistently influence policy development and improve service delivery and implementation outcomes.

The agency acknowledges there is an opportunity to improve its capability to influence. It suggests bringing its service design capability to bear earlier in the policy development process to advise on different delivery and associated costing options. The agency also recognises it needs to be more proactive in providing policy agencies with service delivery options to ensure policies are practical to implement, cost effective and will meet user needs. A critical part of strengthening its operational strategy capability will be uplifting its ability to lead by influence and relationships, rather than relying on ministers to solve problems or break through blockages with policy agencies.

> *'Better to lead by influence and relationships not edict…you need to be out talking to people constantly.' External stakeholder*

While the agency highlights that time pressures during the Budget process can impact its ability to influence, the capability review found there is an opportunity for relationships with partner and central agencies to be strengthened and embedded across the whole organisation, not just in the context of responding to Budget proposals as they come forward.

The review found Services Australia's current approach to trialling emerging technologies such as AI to create efficiencies and improve services appears to be managed centrally within the agency with assurance and oversight mechanisms being established (discussed from page 76). The review also acknowledges that this is a challenge across many public sector departments and agencies. The agency's long-term plan for improving the digital experience and potential influence of these emerging technologies is being considered by the executive team.

The review found that while the agency periodically undertakes international engagements with a range of like-minded stakeholders to share insights, staff reported these insights are not systematically captured or benchmarked and used to inform potential improvements.

Overall, the review found there is an opportunity for the agency to uplift long-term strategic planning and foresight beyond its current strengths in operational strategy. The lack of a long-term strategic capability is inhibiting Services Australia from proactively influencing policy well before Cabinet submissions and new policy proposals are formed. Combined with the need for improved public sector collaboration capabilities, uplifting the agency's capability in this area will help improve the delivery of programs and services across government. There are, however, positive signs indicating the agency is developing capabilities in the longer-term to deliver services using emerging technologies. For example, specific teams have been empowered to explore and articulate the future of Services Australia's digital design and delivery pathways and to develop a future state of digital operations.

Implementation

Services Australia has a well-established capacity to deliver services at scale on behalf of government within a complex legislative and social environment. As the primary service delivery agency for the Commonwealth, this is a strength that supports economic and social outcomes.

The demand for more customer-centric services is expected to rise, as customer needs become more complex, and there is more regular need for emergency assistance from a predicted increasing rate of crises, such as natural disasters. These challenges will require a more connected and streamlined approach across government to deliver services. Over the next 4 years, the agency's capabilities will continue to be in high demand, from government and the Australian community, to implement efficient and effective services nationally.

From birth to death, Services Australia delivers high-volume and, at times, complex services to customers experiencing challenging events across a diverse range of locations.

Examples of Services Australia's operational capability to deliver at scale are:

- administering over $239.1 billion in payments on behalf of government, handling over 53.9 million calls, completing 1.1 billion digital transactions and undertaking more than 10 million service centre engagements in 2023–24
- converting complex legislation and policy rules to administer Centrelink, Medicare and Child Support services and providing payments and services on behalf of 24 departments and agencies
- maintaining a nationwide footprint, with 318 service centres, 4 mobile service centres, and approximately 2,000 specialist service officers, who engage directly with various aspects of the community and provide support for customers with complex needs
- running myGov, which has 26.6 million active user accounts and over 864,000 daily sign-ins, and provided 17 member services in 2023–24
- maintaining its ICT ecosystem, which is considered critical national infrastructure as it ensures government payments and services are available and delivered securely and on time

- delivering over 100 individual shared services to 62 partner agencies – this includes services such as people (payroll, travel), financial (accounts payable/receivable, credit card management), corporate (records management, procurement) and ICT services (cyber security, desktop software, telecommunications).

There are also numerous examples of how the agency has adapted to deliver rapid support and assistance to customers in their most critical times of need, such as following natural disasters. The agency is involved in national coordination during such events, has a close relationship with the National Emergency Management Agency (NEMA) and often deploys mobile service teams and representatives to support community recovery efforts on the ground, including in remote locations.

> *'Services Australia is excellent at rallying themselves and the community together during times of widespread turmoil or disaster (flood relief, fire response, COVID response).' Internal stakeholder*

The agency is often called on to support 'surge' requirements from other APS agencies (refer to case study below). The agency provides support through the National Emergency Call Centre Surge Capability (NECCSC), enabling Commonwealth, state and territory government agencies to re-direct calls to their non-emergency lines to Services Australia. In 2023–24 this service was activated to support the Department of Foreign Affairs and Trade in response to Israel/Hamas conflict and the Lebanon response in October 2023 and Israel/Palestine Territories bulk messaging campaign in December 2023. The capability to deliver in emergency situations, and at scale, is highly valued by external stakeholders and should be recognised as an agency key strength.

> *'[During COVID] in comparison with...policy departments who would take weeks to contemplate a framework and principles, Services Australia would turn something around overnight.' External Stakeholder*
>
> *'[Services Australia] have this great capability to deliver on a shoestring. Very agile and highly competent.' External Stakeholder*

Case study: 24/7 operational support helping customers at their most vulnerable – *Services Australia Operations Centre*

Services Australia Operations Centre (SAOC) is a key capability enabling the agency to effectively respond in a crisis.

SAOC comprehensively and constantly observes what is happening across the country and redirects resources to assist customers quickly. This 24/7 operational response capability consists of 40 monitoring dashboards controlled by a team of specialised staff who deliver real-time information, identify impacts and interruptions to services, and monitor demand for services, on the phone and

online. As required, SAOC has the facilities to act as headquarters for a whole-of-government critical situation response.

SAOC has helped the government respond to more than 150 major emergencies. These include floods, fires, cyclones, tsunamis, the COVID-19 pandemic, and international incidents. In 2022–23 alone, Services Australia, through SAOC, supported the whole-of-government response to incidents such as the Beirut explosion, Afghanistan evacuation, Ukraine conflict, MH17 verdict and travel assistance payments for families attending the 2022 Memorial Services for Bali Bombings.

SAOC also plays a part in Services Australia's ability to provide surge capacity for other government agencies, for example:

- Australian Bureau of Statistics, for the 2021 Census
- Australian Electoral Commission, for the 2023 Referendum on the Voice to Parliament
- Department of Home Affairs, to assist evacuees accessing payments and services
- Department of Veterans' Affairs, for claims processing
- Department of Foreign Affairs and Trade, to support a surge in passport processing in 2022.

The agency's performance reporting framework effectively tracks key performance indicators that relate to service delivery efficiency and effectiveness. The agency applies 7 strategic performance metrics (SPMs) to track service delivery performance. The capability review found for 2023–24, the agency reported that its Customer Satisfaction (SPM1) target of greater than or equal to 85 points was close to achieved, with a score of 79 points (0 = very dissatisfied and 100 = very satisfied). Scores above 75 points indicate most customers are satisfied with services. SPM1 measures customer satisfaction across all service delivery channels (telephony, face-to-face, online or mobile applications). However, the review found that there appears to be an absence of shared SPMs between the agency's senior leadership team that may otherwise drive alignment and prioritisation of implementation effort. The all-staff survey conducted for this review revealed staff at the APS level generally agreed that workgroups have clear performance indicators to measure success (76% of APS3 to APS 6 strongly agreed or agreed). However, only 58% of EL 1 and 2 staff strongly agreed or agreed, which suggests a high proportion of EL staff may not yet have clear performance indicators to help them measure their team's success or drive improvement. Further, the SES cohort also indicated it may not always have clear performance indicators, with just 20% (SES B1) and 23% (SES B2 and 3) strongly agreeing (though 55% and 64%, respectively, did at least 'agree'). This suggests an opportunity for the CEO and executive team to consider the clarity it is providing to the organisation on the performance outcomes that are relevant to achieving its vision, and to communicate this regularly.

> *'Even the [key performance indicator] strategy doesn't align with the thing we are trying to achieve.' Internal stakeholder*

With the support of short-term government funding, the agency recently recruited over 5,100 APS 3 and 4 level staff between November 2023 and March 2024, to address excess demand in the system. The additional resourcing reduced claims on-hand by more than half (from a peak of 1.35 million), and over one million phone

calls were answered, reducing call wait times. While a significant benefit to the agency's outcomes, there is no certainty the funding for additional resourcing will be provided long-term. Evolving the agency's business model over the next 4 years and beyond is a significant challenge that will require innovation to continuously improve the efficiency and effectiveness of programs and services. While the staff response to the statement in the 2024 APS Employee Census: 'I believe that one of my responsibilities is to continually look for new ways to improve the way we work' was mostly positive (73%), it was significantly lower (6 points) than the APS average.

An internal review in 2024 of Services Australia's operations found the agency would benefit from taking a more active and organisational-wide continuous improvement approach to business processes and operations. This internal review found this could be achieved through program simplification, co-designing early and iteratively with partner agencies with jointly agreed prioritisation and timeframes. The agency has a role in influencing policy agencies to reduce policy complexity where possible to improve the customer experience and more effectively manage costs. We found there is an internal and external appetite for the agency to be more proactive in engagement with policy agencies. This is a positive finding that Services Australia should harness.

As noted, Services Australia has strength and capability to support large-scale government service delivery, provide government assistance on-the-ground, and support people and communities in times of crisis and emergency. Its role is essential for Australia and its people. There is an opportunity for the agency to further strengthen its already embedded capability in this area by continuously improving implementation and delivery processes and responding proactively to user feedback. This will be vital to effectively respond to the changing nature of customer demands and the increased risk of multiple shocks while delivering on the priorities of government.

Review and evaluation

Review and evaluation should ideally become a normalised, routine, sustainable and embedded practice that supports continuous improvement and performance in any organisation. This capability is less about reacting to findings arising from formal audits, and more about self-initiated, proactive, systematic and regular processes to review, evaluate and then improve programs and services.

The Commonwealth Evaluation Policy notes the importance of leaders who are positive about learning from performance monitoring and evaluation activities, which is necessary to deliver effective outcomes and to give confidence to government, the parliament and the Australian public of the effectiveness of programs and services.

Review and evaluation are essential capabilities for the agency to uplift over the next 4 years to maintain and improve programs and services. Supporting this capability, Services Australia would benefit from continuing to strengthen a coordinated enterprise-level use of data and information critical in providing insights to improve services. This also includes regular and transparent feedback loops with staff and external stakeholders to contribute to programs and policy improvements.

The review found evidence that while the agency is adept at quickly setting up delivery processes during times of emergencies and crises, it tends to remain in a reactive mode at the expense of undertaking review and evaluation practices during business as usual.

> *'To be fair, there is a sense the emergency response is overplayed. I think it is a strength, but when you overplay things they become problems in their own right.' Internal stakeholder*

While it is better practice to establish monitoring and evaluation activities before beginning any program or activity, the review recognises that responding quickly to an emergency inevitably and properly takes precedent. Nevertheless, the agency will need to start prioritising monitoring and evaluation activities during business as usual, so it becomes an embedded practice.

> *'I talk about complacency. For example – we set up a process to deliver [on a program/policy] and we don't set a review, especially when it's responsive; Is it working well? Is it necessary? Do we need to do it differently?' Internal stakeholder*

Findings from recent audits by the Australian National Audit Office (ANAO) provide useful insight into areas where the agency could better use review and evaluation capabilities to take a more proactive stance with policy agencies in the design and governance of programs. The *Accuracy and Timeliness of Welfare Payments* audit report found weaknesses in the bilateral agreements between Services Australia and the Department of Social Services, and that data collection did not adequately support continuous improvement..[11] The *Debt Management and Recovery in Services Australia* report found that the 'bilateral arrangements between the agency and policy partners which the agency administers debt management and recovery of social security and welfare debt on behalf of, do not clearly set out debt management roles and responsibilities or escalation pathways' and that 'Services Australia does not assess effectiveness of debt management activities'..[12] The review team noted Services Australia agreed to all of the ANAO's recommendations and is taking action to address them.

The agency has a dedicated internal Audit Branch that oversees the implementation of recommendations from both internal and external reviews and audits, which have been extensive in recent years. The Audit Branch's role, more broadly, is to provide independent, objective assurance and advisory services to add value and improve agency operations. This branch is part of the agency's established '3 lines model', which includes various assurance mechanisms such as the tier 1 Audit and Risk Committee. While the agency does not have control over

[11] ANAO (2023), *Accuracy and Timeliness of Welfare Payments*. *Department of Social Services, Services Australia.* Auditor-General Report No.4 2023–24 Performance Audit, ANAO, Australian Government, https://www.anao.gov.au/sites/default/files/2023-08/Auditor-General_Report_2023-24_4.pdf.
[12] ANAO (2023), *Debt Management and Recovery in Services Australia. Services Australia.* Auditor-General Report No.28 2022–23 Performance Audit, ANAO, Australian Government, https://www.anao.gov.au/sites/default/files/2023-05/Auditor-General_Report_2022-23_28.pdf.

external reviews and audits, there is an opportunity to embed review and evaluation practices as standard throughout business areas beyond its annual assurance activities established through the Internal Audit Work Program, which prioritises the agency's internal audit assurance effort.

The agency has an opportunity to embed impartial, systemic and sustainable evaluation business practices that are fit for purpose (to the relevant program or services) following reviews and audits – recognising the agency's Audit Branch already has a role to disseminate better practice and lessons learned from ongoing audit and assurance activities. The Audit Branch is tracking over 80 open recommendations and reports to the Audit and Risk Committee and Executive Committees on implementation status of agreed ANAO performance audit and internal audit recommendations. Audit closures are signed off by Deputy CEOs with supporting evidence. The capability review found that agreed recommendations were delegated to separate line areas throughout the agency through various strategies or action/response plans.

The agency recognises there is an opportunity to develop a more strategic and systemic approach to review and evaluation. Creating a more systemic approach to review and evaluation practices may also benefit the agency's approach to managing risk (risk is discussed from page 24).

As a positive step in early 2024, the agency refreshed its Bilateral Framework (created in 2021) to provide a foundation for developing, maintaining and documenting formal, non-legally binding arrangements with its partner agencies. This was supported by an Account Management model (a group of agency specialist staff) to support the agency to develop, maintain and document formal arrangements for cross-government and shared services. The Bilaterial Framework initiative requires Services Australia and its partners to use robust data and evidence for performance insights, to drive continuous improvement for programs and services, ideally at the design stage. This is a good example of review and evaluation that can be applied throughout the organisation.

The agency also has an opportunity to improve business-as-usual avenues of feedback for frontline staff, to improve services. In response to the all-staff survey conducted for this review, almost one-third of staff felt that the agency should focus on improving review and evaluation for the future. The same survey found only 22% of all staff and 41% of SES strongly agree their workgroup routinely evaluates their work to drive improvement.

The review team identified that staff within 'Smart Centres' are generally scheduled to work their preferred hours, rather than work hours balanced against forecast demand. A review and evaluation of how scheduling staff working hours to match demand would potentially drive improvements in service timeframes, would provide increased performance for the agency and improved outcomes in terms of timeliness for customers.

The review also found the Operational Blueprint used by frontline staff, which contains thousands of instructions/processes and is used to guide customer interactions, is complex, inconsistent and hard to navigate. This can lead to delays in processing customer requests. The review found that, although the legislative environment and customer needs can be complex, the way processes are managed and updated in the blueprint appears to be reducing staff efficiency, with limited review or evaluation to understand if, overall, the tool remains fit for purpose. The Operational Blueprint is a key enabling tool relied on daily by all frontline staff to drive continuous improvement in operations. This is an example of an area where the agency could consider how it could apply an uplifted review and evaluation capability to drive continuous improvement into the future.

> *'It can take up to 45 minutes to navigate through an operational blueprint, you have to go through the process [and] navigating through these is time consuming and frustrating for the customer.' Internal stakeholder*

The relationship between continuous and routine monitoring, evaluation and organisational insights will be important for the agency's proposed Customer 360° Strategy and Service Model (explained further from page 36), to enable the alignment of programs and services to achieve greater impact. There is evidence the agency is considering the measurement of customer impacts to inform future strategy, using customer, staff and external stakeholder insights and data through an 'insights library' – an initiative to bring together a range of primary customer feedback and secondary information. It appears this would be a new and positive step for the agency to understand whether the application of its design approaches, principles and methodologies result in tangible outcomes for customers, as translating the proposed Customer 360° Strategy and Service Model into program implementation is a work in progress.

> *'We talk to customers, we use advocacy groups, but our insights get lost in the [internal] system.' Internal stakeholder*
>
> *'How do we ensure we have explicit connection for user feedback, we have to do that more and embed the expectation of co-design more with staff.' Internal stakeholder*

Developing an effective review and evaluation capability is a significant challenge for an organisation the size of Services Australia. There are opportunities to bolster this capability to improve operational efficiency, and to strengthen a proactive posture with policy agencies. Centralised units within the agency can be an effective way to oversee implementation of recommendations from internal reviews and formal audits (such as ANAO audits), however, these are unlikely to uplift the capability across the agency as a whole. The proposed Customer 360° Strategy and Service Model is a promising development to strengthen the agency's practices. Embedding this capability as a standard and normalised practice throughout all business areas can drive continuous improvement in operational service delivery and influencing policy design.

Workforce

Element	Description	Maturity rating
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 culture and inclusion	The capability to develop and maintain an inclusive working environment that gives staff a sense they belong and are valued.	Developing
Staff safety and wellbeing	The capability to maintain a physically and psychologically safe working environment for staff.	Developing

Strategic workforce planning

Services Australia is one of the largest employers in the APS. As at 30 June 2024, the agency employed over 33,000 public servants in 370 locations across the country. The majority of its workforce, approximately 68%, comprises frontline staff. The agency's 2019–23 Strategic Workforce Plan is being refreshed and is expected to be finalised by the end of 2024.

While the agency's current strategic workforce plan has been in operation since 2019, the review found that the agency would benefit from maturing its strategic workforce planning capability to go beyond addressing risks such as current capability gaps and staff turnover. There is an opportunity to take an enterprise-wide approach to considering the right size (number of positions, including optimal management structure/span of control), shape (configuration of capabilities to meet current and future needs), cost (labour expenses) and agility (ability to adapt to changes and meet client demand) of its workforce, spanning all its activities (including across its 3 master programs – Centrelink, Medicare and Child Support). In preparation for the next 4 years, the agency will also need to identify the new skills and capabilities to keep improving and innovating program and service delivery, particularly in an increasingly digital-enabled world. Accordingly, there will be value in starting to plan now to address and close identified future skills gaps.

> *'A development area is strategic workforce planning. We are not very good, it's about numbers e.g. what does attrition look like, not around capabilities.' Internal stakeholder*

Deliberate and proactive strategic workforce planning is needed to identify and build capabilities that deliver on the agency's purpose and manage the transition of a workforce nearing retirement and a workforce that may be less interested in service delivery-based roles. We believe that this is even more important at this time, driven by

the rate of technological change, which will require a wide range of digital skills in the workforce of the future. Additionally, the Joint Committee of Public Accounts and Audit has commenced an inquiry into the use and governance of AI systems by public sector entities, including to improve government services. Services Australia's submission notes it supports its workforce using the technology and aims to have 'adequate internal capability to explore adoption of safe, ethical and responsible AI'..[13] The agency recognises it will need to build its current workforce capabilities in a tight labour market where AI specialists are in high demand, placing pressure on its attraction, learning and retention initiatives.

Having the right staff capability, in the right place and at the right time, is strongly linked to an organisation's ability to execute its long-term strategy. The government announced on 14 May 2024, it will invest $1.8 billion of funding into Services Australia over 3 financial years, to increase its service delivery capability until 2026 (4,030 staff in 2024–25 and 3,530 staff in 2025–26). This is not guaranteed to continue beyond 2025–26. The challenge for the agency will be to plan for a reduced workforce if funding or other workforce pressures render staff unavailable. This outlook presents a challenge for an agency already grappling with attrition rates that staff and leadership would like to see reduced. The review found that staff feel there is high turnover and a decline of experienced and skilled staff. This greatly impacts its ability to undertake succession planning, maintain service delivery standards and keep up workplace morale.

> *'[There are] constant resourcing issues. Wears staff down over time.' Internal stakeholder*

Staff turnover can place pressure on an organisation to react rather than take a strategic planned approach. Over the last 3 years, the agency has experienced an increased rate of staff leaving the organisation permanently. While its exit rate was below the overall APS rate in the previous 3 years, the agency's upward trend of attrition has continued into 2024 and is now exceeding the APS average. As at 30 June 2024, the exit rate or rate of ongoing staff leaving the agency permanently (leaving the APS or leaving to pursue another opportunity in the APS) is 15.9% compared with 12.4% for the APS as a whole..[14]

Services Australia's large and geographically dispersed workforce requires it to attract talent in a range of unique and challenging labour markets. For example, some roles can be based in regions and remote areas, whereas others expose the agency to highly competitive major metropolitan locations where options for prospective employees are much greater. Efforts to meet demand have required assessment and selection of a high volume of candidates, and has pushed the agency to use streamlined bulk recruitment processes. The review found this has come with its own challenges. We heard the agency's recruitment practices characterised as a 'robotic

[13] Services Australia's submission to the Joint Committee of Public Accounts and Audit Inquiry (JCPAA) inquiry into the use and governance of artificial intelligence systems by public sector entities September 2024, https://www.aph.gov.au/DocumentStore.ashx?id=788d09d7-d37f-4142-a6bd-31ec64284ea7&subId=768430.
[14] APSC (2024) 'APS Employment Data 30 June 2024 release, Table 34: Exit rate – from agency (ongoing employees)', APSC, Australian Government, https://www.apsc.gov.au/initiatives-and-programs/workforce-information/workforce-data/aps-data-release-and-statistical-bulletins.

process' with 'no human interaction', and that staff feel there are limited opportunities for advancement. We also heard the view that staff are being promoted too quickly, some new starters don't have the basic necessary skills required for the role, and that the agency is not always securing the 'best fit' of staff for positions.

In the current environment, it can seem appealing to create bulk, streamlined recruitment processes – which also reduce administration and demand on agency resources – to attract, assess and employ a large volume of people to meet current demand and create a talent pipeline. However, a one-size-fits-all approach does not consider the unique circumstances of the different labour markets the agency operates in across Australia, reducing its effectiveness to secure the talent needed. Bulk approaches to recruitment, which don't include human-to-human interaction with less time invested in meeting people, can place an emphasis on the ability for candidates to 'test well' rather than face-to-face assessing of skills and team and agency fit. The review found this is particularly important for the many specialist service officers (e.g. Social Workers, Multi-Cultural Service Officers, Indigenous Service Officers, Remote Servicing Teams and Psychologists) engaged by the agency, where relevant skills and experience is critical.

> *'[We need] changes to recruitment process to make allowances for knowledge and time in the role, acknowledging that not everyone will "test" well but may be able to do the work.' Internal stakeholder*

While the review heard from staff that the agency's recruitment approaches need to improve to effectively attract the talent the agency needs, we note the agency has committed to reviewing its one-size-fits-all approach to recruitment of leadership roles in service delivery.

In addition to creating effective recruitment processes, there is an opportunity for the agency to improve its communication of the benefits of working for Services Australia, to support greater attraction and retention of skilled staff. Attraction and retention are challenging when employees cannot see a concerted effort by the agency to invest in modern learning and development experiences (discussed from page 59), career progression, flexible work and competitive salaries.

The agency's 8 Focus Areas – developed as part of its strategy to achieve its vision and purpose – include a Leadership and Culture Focus Area to lead the way to becoming an employer of choice and improve pathways for current and future leaders. This is a positive signal to prospective and current employees that the agency is committed to improving attraction and retention of staff. It is too soon to measure the effectiveness of the actions the agency has taken to support this Focus Area. There would be value in strongly signaling this commitment to the market and current employees, while being sufficiently flexible to meet the changing expectations of workers (e.g. flexible working arrangements and the new 'right to disconnect').

The agency demonstrated it can enable staff to work flexibly, such as during the COVID-19 pandemic where over 15,000 staff worked remotely. However, a significant proportion of the agency's workforce, including most frontline staff, cannot work from another location due to the type of work they do. The 2024 APS Employee Census results said 73% of agency staff are confident that if they requested flexible work, the request would be

given reasonable consideration. In practice, only 21% of staff have secured working from home arrangements, likely due to the challenges of ensuring service centres are appropriately staffed. This impacts the agency's employee value proposition of being an employer of choice, with the review finding regional staff want greater flexibility in working arrangements and more competitive remuneration.

Competitive pay is another area that will impede the agency's ability to attract and retain talent. The 2024 APS Employee Census shows a large proportion of agency staff are not satisfied with their remuneration. Just 57% of agency staff say they are fairly remunerated for the work they do, which is significantly below (6 points) the APS average. Across the APS, work is underway to better align agency pay scales. Services Australia could best respond by, for example, creating enterprise agreements and working arrangements that offer appealing conditions – bolstering non-monetary benefits where it can't be competitive on pay.

> *'We need people who have the capability to manage customer complexity. Once you automate all the simple tasks, we are left with dealing with customers with complex life circumstances, so staff need to be able to navigate this.' Internal stakeholder*

To meet the demand, and with the rise of emerging technologies and automation, Services Australia continues to create greater opportunities for its customers to interact with the agency digitally for low-complexity queries so it can focus on upskilling its workforce to expand its specialised services. There is good evidence of this occurring with guided assistance available in service centres. The challenge for the agency is to ensure it provides staff with ongoing skills development to be at the forefront of using emerging technologies, which are evolving at a rapid pace.

In considering the changing shape of its workforce capability, the agency could benefit from ongoing efforts as part of APS reform 'professionalising' service delivery roles, which would also assist with attraction and retention and provide an attractive career pathway for APS employees. Professionalisation of service delivery within the APS would recognise the unique skill sets required to design, deliver, review and evaluate services delivered to the Australian community, and enhance the profile of service delivery roles and the recognition of staff, leading to greater attraction and retention.

> *'How to help people is a skill.' Internal stakeholder*

There will be sustained pressure on the agency into the future to ensure it continues to have the workforce capabilities to respond to new challenges (e.g. increased digitisation, increased demand for specialised services and ethical use of AI) through a considered and matured approach to strategic workforce planning.

Staff performance and development

Services Australia, like any organisation needs to continuously develop its workforce to keep up with changes to its operating environment and to achieve its vision. The review found Services Australia has generally good capability in developing learning and development strategies for a large-scale and geographically dispersed workforce, although some areas, including the need to cross train on legacy ICT systems, require additional consideration.

In a highly complex legislative environment, providing programs and services to customers with equally complex needs, it is critical for the agency to recruit, continuously develop and retain skills. This can be achieved by providing the authorising environment for staff to undertake formal learning and development programs, in addition to on-the-job training. Learning programs need to suit a multi-generational and cross-cultural workforce, providing a mix of modern and adaptable interactive learning options.

Innovation in service delivery technology and systems (discussed under the 'Enabling functions' domain from page 70) and ongoing advancement of the agency's workforce, will play a critical role in enabling the agency to work in more efficient and innovative ways.

The agency's Learning and Development Plan 2023–2026 and its People Strategy: Our Vision for 2025 set the strategic intent for staff development. This plan and strategy aim to 'inspire a culture of continuous learning, direct learning and development investment to where it is needed the most, future proof workforce capability and enable career pathways, and transform the learner experience'. The agency also offers staff a Learning Academy and an online learning management system to 'help staff in their career goals and to undertake training'. The agency's Enterprise Agreement 2024–2027 allows staff to access at least 5% of their working hours for learning and development, usually scheduled in blocks of 30 minutes in accordance with staff rosters.

The agency's ability to develop strategies for a large and dispersed workforce is a current strength. However, the review has found there is a mismatch between the strategic intent of the agency's learning and development strategies and its execution. This is limiting the development of staff and managers, due to a lack of modern interactive learning experiences and learning experiences targeting specific skills development.

The capability review found staff acknowledge the agency is developing staff capabilities through greater connections to the APS learning ecosystem and through initiatives to build leadership at all levels. However, staff feel the agency is not prioritising the time staff need to invest in learning and development, nor the quality of training needed to ensure staff perform well. Staff want the agency to better execute its learning and development commitment by enabling a continuous learning and improvement culture, to stay ahead of evolving customer service demands.

The agency offers a range of training programs, from an annual mandatory training program to building skills in leadership, management and digital capabilities. These are offered as either self-paced online learning or on-the-job learning and, in some instances, coaching services are available to staff. The capability review found that while the agency has developed a good strategy, which is supported by a comprehensive learning management system, there may be an over-reliance on self-paced online training for continuous learning. For example, regionally based

staff particularly highlighted the value of face-to-face training and workshops over virtual learning. A heavier reliance on self-paced online training could also be a barrier for frontline staff who work with defined schedules dedicated to their core role of helping customers.

> *'[There is] a lot of reliance on self-training and online. Understandable, it's a money issue, but it's a short-term gain for long-term pain.' Internal stakeholder*

The agency would benefit from considering a more matured approach to formal learning and development into the future, including more dedicated investment in staff development and providing career pathways to retain staff.

> *'There is a real desire of staff to have pathways, [but] those pathways are quite limited right now.' Internal stakeholder*

Between November 2023 and February 2024, the agency recruited more than 5,000 new service delivery staff. Newly recruited frontline staff undergo the agency's recently developed 'Customer Service Delivery Capability Journey' training package. This was the fastest recruitment of a large number of permanent staff and the agency says it has already seen an improvement in customer service metrics. This effort has been impressive.

To support frontline staff in upskilling to understand the legislation they are delivering services under, the agency assigns 'skills tags' when they have completed training under the organisation's Capability Framework. There are over 1,500 different skill tags, which identify staff with the core capability to perform certain tasks. The agency's Capability Framework offers foundational learning to support the development of these core capabilities.

It is a commendable effort by the agency to recruit, onboard and upskill on a large scale. It is therefore critical the agency executes the learning and development intent to increase new starters' knowledge and to retain this cohort and future frontline staff. As onboarding at this scale is the first of its kind for the agency, a more comprehensive and integrated training approach to upskilling its workforce is expected to develop.

The capability review found that staff consistently highlighted concerns with the quality of training, specifically that it is not effectively upskilling its existing workforce, including the newly recruited frontline staff. The review found it is affecting staff confidence in performing their role to build and apply their knowledge in a complex legislative environment, with potential knock-on effects for retention. Staff advised the review that the knowledge gained to achieve a skill tag recognition was not necessarily reinforced or applied on the job and it may be some time between use of those skills, leading to compromised customer service delivery.

> *'So much is expected of online and self-directed learning – staff get a skill tag that says they're proficient in an area but they may not have any recent experience.' External stakeholder*

> *'If you resource (training) properly people stay, you generate corporate knowledge; people are terrified (being new to the frontline work) that they don't know what they're doing.' External stakeholder*

This is problematic for the agency as it is responsible for delivering services under its 3 master programs (Centrelink, Medicare and Child Support) in accordance with a complex set of legislation.

> *'Program legislation is extremely complex, laden with discretion and grandfather arrangements and piggybacking.' Internal stakeholder*

The 2024 APS Employee Census reports that 27% of staff want to leave their position immediately or in the next 12 months. This sentiment was heard during the review, including that staff are leaving for better pay in less complex, and less emotionally demanding, roles. Retention of staff is a significant challenge for the agency. Appropriate and targeted learning and development offerings that address the complexity of the system, and the emotional demands of many roles in Services Australia, is an important mitigation for these retention challenges. This would also assist in the professionalisation of service delivery, which is identified as an opportunity earlier in this report (see page 58).

As noted in the section discussing review and evaluation (see page 53), the Operational Blueprint is another critical tool used by the agency to assist staff navigate complex legislative requirements to provide timely advice to customers. While it is not a learning and development tool, it is the most relied on document to assist staff to navigate issues – and as such, it has become one of the tools that staff use to expand their knowledge in action. The capability review found that frontline staff find the Operational Blueprint overly lengthy and complex, open to interpretation, inconsistent and hard to navigate – leading to delays in processing. Noting the government's investment of additional resources is to reduce claims processing, the agency will need to consider whether the execution of its learning offerings and tools, including the Operational Blueprint, is achieving its intent.

Staff culture and inclusion

The review found the new CEO is taking active steps through his communications to build a positive workplace culture, which is a positive sign. However, staff find the culture varies depending on the business area, its leadership and the team working in the area. Sub-cultures exist in any organisation, particularly a large and complex organisation like Services Australia. Nevertheless, the review heard that, while staff generally believe they have great working cultures in their teams, it was very variable across the agency. The future challenge for Services Australia is to ensure great workplace cultures exist across the organisation so staff have an overall positive organisational experience no matter where they work.

> *'In some areas the culture is positive and inclusive, and genuine. In other areas it seems to be shallow, and people say the right words but do not back those up with behaviour.' Internal stakeholder*

The CEO's concerted effort to lift workplace culture includes building effective relationships with external stakeholders to rebuild trust and respect across the Commonwealth. This is important in helping staff feel proud and integrated into the agency. The agency is currently changing the way it identifies and measures the priorities that support it to be accountable and achieve its purpose and vision. A cohesive and confident culture is an organisational capability that is necessary to put an organisational strategy into action. The review considers it critical that this is embedded at all levels, from the CEO to all leaders and all staff across the agency. Long-lasting change to staff culture is not driven through just one leader – it must be authentic and authentically driven by everyone.

> *'Agency culture as a whole is improving overall, though probably not consistent across the agency.' Internal stakeholder*

Work processes, ICT and business systems, ways of working, leadership capability, learning experiences and career progression are key enablers for high performance and team cohesion. Where these capabilities are lacking, it can lead to low staff engagement. The agency's staff engagement score in the APS Employee Census is ranked 95th of 104 agencies. A few of the indicators in the APS Employee Census and the all-staff survey conducted for this review can assist the agency on where to focus efforts to increase staff engagement. For example, 60% of staff who responded to the all-staff survey said the agency should focus on improving workplace culture – this was the second highest response out of 27 available options. The highest response was ICT (62%), with the quality of management and opportunities for career progression (59%) closely behind workplace culture. This presents an opportunity for the agency to really understand what staff mean when they refer to 'culture' and to take steps to consider further actions to be undertaken.

> *'Depends on the area, branch, location, but predominantly, I think the culture is dependent on the messaging, attitude and management of the immediate line manager.' Internal stakeholder*

Indicators from the APS Employee Census provide valuable year-to-year insights from staff, which assist APS agencies to better understand factors that are impacting workplace culture. The review highlights that many key Census indicators for Services Australia in 2024 reflect an improvement on the 2023 results. The very high percentage (86%) of Services Australia staff responding to the 2024 Census is also a positive indicator of incremental improvements to its workplace culture, with staff willing to engage to influence change in the agency.

Nevertheless, some of the underlying outcomes for the agency in the 2024 Census still reflect opportunities for improvement to ensure the agency is well placed to achieve outcomes over the next 4 years. Only 60% of staff feel a strong personal attachment to the agency, 3 points below the APS average. Only 62% of staff would recommend the agency as a good place to work, which is significantly lower (9 points) than the APS average. Only 45% of staff feel the agency recognises and supports the notion that failure is a part of innovation.

The satisfaction level with the agency's effectiveness with consultation and managing change at work are also relatively low, at 51% and 49% respectively. Additionally, only 49% of staff are satisfied with the actions taken to address 2023 APS Employee Census results within their workgroup. However, staff are very committed to the agency's purpose, with 85% of staff who responded to the 2024 Census saying they believe strongly in the purpose and objectives of the agency and feel 'committed to my agency's goals' (2024 APS Employee Census).

> *'I have not seen the same connection to the purpose of an agency before.' Internal stakeholder*

As a positive step, the agency has recently started to focus on improving innovation practices by implementing an innovation program. This provides staff with the opportunity to put forward their ideas as contributions to agency priorities.

> *'[We are seeing a] strong focus on innovation and recognition of the value of the input of staff.' Internal stakeholder*

Additionally, the agency has indicated it is working to improve its workplace culture by providing opportunities for staff and leadership. For example, a 'safe to speak' group session is intended to build staff awareness of the support available in the agency, while an SES Service Delivery Immersion pilot program where SES leaders spend time with frontline staff outside of Canberra, is providing SES with deeper insights and understanding of service delivery.

These are good examples of the agency thinking of ways to uplift skills, with an emphasis on workplace culture. Additionally, the sentiments expressed in the Census and all-staff survey are examples of other factors beyond learning experiences that, if uplifted, would support an improved workplace culture over the next 4 years.

While staff generally reported inconsistent workplace culture experiences in their evidence to the review, where culture was seen to be positive, it was described as supportive, collaborative and inclusive. Staff are also happy with the agency's approach to promoting diversity and inclusion and they value its workforce diversity, which is reflected in the services provided to a culturally diverse nation.

> *'[The agency is] creating an inclusive workplace culture.' Internal stakeholder*

The agency employs one of the largest and most diverse workforces in the APS, exceeding APS averages in staff who identify as Aboriginal and Torres Strait Islander, staff from a non-English speaking background, staff with disability and staff with caring responsibilities. The SES level also has good representation of Aboriginal and Torres Strait Islander staff and staff with disability. Some attention may be needed to balance gender within the executive leadership team, which is currently male-dominated.

In the 2024 Agency Survey, the agency advised the APSC that it currently has strategies and action plans for gender, disability, carers, LGBTIQA+, culturally and linguistically diverse, mature age and neurodiversity, with

diversity champions and networks in place for the majority of these strategies. The agency has also taken positive steps to implement the Commonwealth Aboriginal and Torres Strait Islander Strategy 2020–2024 by developing systems, policies and practices, and it has a current Reconciliation Action Plan.

Case study: Championing diversity in the workplace – *Services Australia's Aurora Neuroinclusion Program*

The agency's Aurora Neuroinclusion Program (Aurora) is a leading APS initiative employing people with an autism or attention-deficit/hyperactivity disorder diagnosis. It aims to support work and career outcomes for people who are neurodiverse. As the Minister for Government Services recently said 'when you are inclusive, everyone benefits'..[15] The agency has embraced this ethos as exemplified through this program.

Services Australia offers a recruitment process that is flexible, safe, supportive and inclusive, identifying skills that may not be immediately visible through traditional recruitment processes. It does this by applying the Affirmative measure – disability employment, which aims to improve representation of people with disability in the APS.

Staff who join the agency through the Aurora program (and managers of these staff) receive 18 months of support to improve the neurodiverse capabilities of teams. The program design has a strong focus on disability awareness and inclusion. It encourages different ways of thinking about recruitment, career progression and overall work experience of staff, specifically people living with disabilities.

In 2023, Aurora was recognised by the Australian HR Institute as the 'Best Attraction, Recruitment and Retention Strategy' in its organisation category.

'I think the culture is evolving and a lot of hard work has been done within the agency to create safe spaces for staff. Programs like Aurora for neurodivergent talent are excellent.' Internal stakeholder

The agency also provides career opportunities through affirmative measure programs, administering the Australian Government Indigenous Apprenticeship Program for the APS, and has partnered with Koomarri JobMatch for 25 years, supporting the employment of people with intellectual disability.

> *'[It is an] inclusive workplace welcoming employees from all backgrounds, preferences and abilities.' Internal stakeholder*

The review heard consistently and regularly how proud the agency is of the diversity within its workforce. The review acknowledges this is a significant strength of the agency. The agency uses this strength daily to provide better services and support to its diverse customer base.

[15] Australian Broadcasting Corporation (ABC) (2024) 'Why autistic people make terrific employees', The Assembly Show, ABC https://www.abc.net.au/listen/programs/bigideas/why-autistic-people-make-terrific-employees/104302430?utm_content=link&utm_medium=content_shared.

One of the biggest challenges for the agency's frontline staff is the diversity of languages of its customers, which varies significantly between locations. The agency has actively responded to these challenges by resourcing service centres with interpreter services and, where available, having qualified staff to provide this service for the agency.

> *'We've got a very big footprint and a very strong diversity and inclusion agenda.'*
> *Internal stakeholder*

Staff safety and wellbeing

All APS agencies have legislative duties and responsibilities under the *Work Health and Safety Act 2011* and Work Health and Safety Regulations 2011, to ensure workplace risks are mitigated where practicable. Of any APS staff, Services Australia's frontline staff are among the most at risk of psychological and physical injury when undertaking their duties at work, including from exposure to unsafe behaviours such as customer aggression and traumatic customer events and/or documentation.

A number of staff feel their work is stressful, emotionally demanding and their workload is above capacity (2024 APS Employee Census). Services Australia is ranked 77th of 104 agencies for the wellbeing index (one position below the APS average). In the Census, 62% of staff said their current workload is slightly above or well above capacity, 34% said their work is often or always stressful, 37% said their work is emotionally demanding to a large or very large extent, and 33% agreed or strongly agreed they feel burned out by their work. These results remain consistent with 2023 and are slightly higher than APS averages, signalling an opportunity for the agency to increase its focus in this area, which it acknowledged during the review.

In May 2023, following an incident where a Services Australia employee was seriously injured by a customer, a review was conducted into the agency's security risk management (Ashton Review)..[16] Following this review, the government committed an initial $46.9 million to strengthening security at Services Australia and an additional $314 million over 2 years as part of the 2024–25 Budget.

The agency has committed to acting on all 44 recommendations from the Ashton Review. We found that positive steps are being taken to better protect the psychological and physical safety of staff by uplifting security of the agency's service centres and its frameworks, protocols and resources. The redesign of the service centres being rolled out across Australia now includes updated security features and prioritises 102 sites considered at risk of high levels of customer aggression over 2024–25 and 2025–26.

[16] Ashton, G (2023) *Services Australia Security Risk Management Review*, Services Australia, Australian Government https://www.servicesaustralia.gov.au/security-risk-management-review-key-findings-and-recommendations?context=22.

The new design for service centres is a positive move by the agency. Overall, the program of work had transformed 138 service centres by 30 September 2024. It will be important for the agency to continually measure the effectiveness of actions to increase employee wellbeing.

The agency also has a number of documents to provide guidance and communicate its intent to protect and manage staff safety at work, including the Security Risk Management Review Program Framework, the Remote Travel Standard Operating Protocols, and the Work Health and Safety Strategy 2021–26. It also has a safety management system which, according to the agency, replaced a fragmented approach to its management of safety. Further, the agency has advised the APSC through the 2024 Agency Survey that it is progressing well to align its practices to the APS Mental Health Capability Framework and has developed measures in response to the negative impact on staff from recent reviews and events, which are being rolled out across the agency to build psychologically safe workplaces. These measures include 'a dedicated suite of resources, information and training, an employee assistance provider and internal staff support options'. The review strongly supports the agency taking a greater focus on training staff to uplift psychological and psychosocial wellbeing, noting the highly pressured environment that many agency staff work in on a daily basis.

The agency told the review that 'staff safety is a top priority for the agency and is the first of the 8 Focus Areas chosen by the executive for improvement. The objective is to embed a safety-first culture (funded under the 2024–25 Budget Services Australia – additional resources), safer service centres and uplift agency security capabilities and security systems (funded under the Security Risk Management Review)'. The review strongly supports this commitment.

Another measure prompted by the Ashton Review is uplifting the services of the agency's internal Health and Safety Branch. The agency says this uplift has been reviewed and refined. In an update to its Executive Committee, the Health and Safety Branch advised it had successfully implemented 5 out of 12 recommendations which it is responsible for. It has also identified where these recommendations align with initiatives in its Work Health and Safety Strategy and various audit findings. It is positive to see the agency bringing together the various initiatives, findings and recommendations to gain efficiencies and increase its workplace safety capabilities. The review considers that this will lay a sound foundation to mature these capabilities into the future.

The capability review found that regional staff are supported by their team leaders when they experience difficult interactions with customers. Staff also have access to psychological support through the agency's Employee Assistance Program and, in some instances, Social Workers. However, the review found that the approach is inconsistent between locations and there is an opportunity for the agency to consider minimum benchmark requirements, so they are applied consistently across all service delivery roles and sites.

The Ashton Review noted that effective leadership capability in maintaining staff safety is seen as critical for service centres. The agency has sound frameworks and resources to assist managers in meeting their work, health and safety obligations, however, the effectiveness of applying the guidance appears to depend on manager competency within a work area. This poses a risk to the agency, which is dealing with increased customer aggression. There is an opportunity for the agency to prioritise specific and targeted capability uplift of managers in services centres and develop standards to prevent harm, specific for managers.

> *'You don't know what the customer will throw at you [each day] – we work on de-escalation.' Internal stakeholder*

While some service centres have the new fit-out including enhanced security measures, a high volume of staff in service centres are still waiting for these updates. It was good to see that 75% of frontline staff who responded to the 2024 APS Employee Census said they have adequate training to know what to do in the event of customer aggression. However, this is down 3 points from 2023, so a continued focus on capability uplift is necessary (as discussed from page 59). There is also an opportunity for the agency to consider other mechanisms to better understand the safety needs of staff by considering how to gain feedback from staff who have on-the-ground insights. For example, using information shared during daily stand-up meetings to identify themes and insights from managers who are managing staff safety.

> *'I just want to know my staff feel safe.' Internal stakeholder*

The management of customer aggression and protecting frontline staff from physical and psychological harm is an immediate priority for the agency. However, staff also experience other factors on a daily basis that impact their safety – such as poor job design and standard agency policies, which do not always take into account local issues. For example, some staff in regional areas said they have experienced difficulty with safely travelling large distances when using electric cars, reporting there is limited access to recharging stations in some regions.

The review found staff feel there are multiple competing priorities, unrealistic timeframes and high workloads.

> *'Multiple urgent requests for responses with less than 24 hours' notice totally derail [the] schedule for the day and impact other work progress.' Internal stakeholder*

The review found the agency plans to roll out an agency-wide Work, Health and Safety (WHS) Site Risk Management Plan program. This is to ensure a consistent approach to preventing psychological and physical injuries. The agency has advised it will prioritise sites with the highest levels of physical risk. This is a positive initiative, as the agency has experienced an increase in psychological injury claims since 2021–22. The agency says it is focusing on increasing the rate of returning staff who have experienced injury fully back to work.

The agency may also wish to consider using good work design principles developed by Comcare, the national work health and safety regulator. These principles are designed to prevent and mitigate harm to employees' physical and psychological wellbeing, providing a complementary initiative to the agency's WHS Site Risk Management Plan program and its refreshed strategic workforce plan. The presents an opportunity for Services Australia to measure whether the initiatives implemented from the Ashton Review, its WHS strategy and implementation of other safety initiatives from audits, is shaping a pro-safety culture and thereby reducing the risk of harm to employees.

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	The capability to make efficient, effective and forward-looking use of technology to support the work of the agency.	Developing
Data	The capability to make efficient, effective and forward-looking use of 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

Financial management

Demand for Services Australia's program and services will continue to increase and be reshaped into the future, requiring a strong financial management capability. There will be continued pressure on the agency to responsibly manage and shift resources to respond to emergencies and crises (e.g. extreme weather events and health crisis such as the COVID-19 pandemic) and maintain core programs and services, all while keeping focus on long-term planning.

> *'We are very customer focused, and that is sometimes compromised with what government requires from us as public servants to manage taxpayers money responsibility.'*
> *Internal stakeholder*

The capability review found evidence the agency's leadership team is taking positive steps and making improvements to uplift the agency's financial management capability. Delivery of the core functions through systems (business and ICT) that underpin payments to customers is an area the agency does particularly well. External stakeholders indicate the Chief Financial Officer (CFO), and their team have established sound internal financial management and reporting practices. The CFO Division is identified as the single source of truth for financial management issues in agency.

The review found evidence the agency's internal budget management processes have considerably strengthened in recent times. An external stakeholder highlighted that the agency successfully manages a 'phenomenal amount of payments'. However, it is a misconception that the agency only delivers welfare payments. It successfully delivers and manages many other types of payments on behalf of partner agencies including, for example, health programs and emergency payments.

There have been examples of this strength in recent times including the agency's ability to quickly scale-up to deliver relief payments to a significant number of people during natural disaster events (e.g. bushfires and floods) and the COVID 19 pandemic.

Nevertheless, the review found evidence there is a tendency to drop focus on core business and long-term financial management planning during times of crisis. This is hindering the agency's ability to proactively plan for and respond to the changing future.

The government's short-term funding for additional staff is to the end of 2025–26. The likelihood of ongoing budget constraints will demand the agency makes more strategic, efficient and effective use of staff resources over the forward estimates and beyond, through a matured approach to strategic workforce planning (discussed from page 55). It is not sustainable for the agency to rely on periodic one-off injections of funds into the future. The agency needs to consider now how it will manage the 2026 staffing cliff.

> *'They have a fair bit of work now to essentially take advantage of the additional funding provided by the government.' External stakeholder*

In response to the all-staff survey conducted for this review, only 54% of EL 1 and 57% of EL 2 staff agreed or strongly agreed their workgroup has a planned approach to how it manages funding or spending to support the agency's goals. However, over 87% of SES staff agreed or strongly agreed with this statement. This suggests there is a sharp inconsistency between senior staff and working-level executives in their experience as to whether the agency has a planned approach to financial management. Close to 20% of staff who responded to the all-staff survey also thought the agency should be focusing on improving its financial management. This suggests an area for capability uplift. While the agency has a significant strength in responding to crises and pivoting its resources to respond to these needs, this responsiveness cannot come at the expense of sound long-term financial management practices and the delivery of its core services.

> *'One of the problems is that they are good at stepping up or surging for work in an emergency, but what we don't see, what happens is that their core work drops away and long-term planning gets parked.' External stakeholder*

Despite the agency's growing financial management capability, including a recent update to its base funding model that assisted with gaining government funding for additional resources, central agencies recognise Services Australia's customer volume variable funding model (CVVFM) requires significant updating. The model is out of date with its current environment. An external stakeholder advised this review that the agency has 'out of date costing tools...and their customer variable funding model...is now a decade out of date' impacting the government's confidence in the agency's costing numbers. Two senior stakeholders were even more direct, advising that the agency's initial figures are not trusted by those in key decision-making positions. The agency advised it will review and update the CVVFM in the 2026–27 Budget context.

This is a positive step in uplifting the agency's financial management capabilities. This work will benefit from continued collaboration with APS partners and central agencies, taking a long-term focus on financial planning,

covering both business-as-usual processing and the inevitable future natural or human-made crises that may occur over the next 4 years. By strengthening and increasing the transparency and accuracy of its financial arrangements, the agency will build further trust and confidence among government, and central and partner agencies, that it has the financial management capabilities to enable sound decision-making.

There will be value in the agency finding ways to better influence the policy development process across the APS to ensure proposals are practical to implement and better reflect the true costs associated with their delivery (as discussed from page 32). It is important that costs associated with new policies or improvements to existing policies implemented by Services Australia are fully informed by the agency's expertise in delivery. This would help with the agency's ability to better manage financial costs of new or existing services and the potential for these costs to be absorbed from within existing resources. Otherwise, this will continue to place additional financial burden and pressure on the agency.

Technology

Technology will continue to be a critical enabler in meeting growing customer expectations of innovation and adaptiveness, while also realising increased efficiencies. Digital technology has the potential to create significant service delivery improvements through digitisation and automation, and leveraging emerging technologies such as AI. The agency relies on significant ICT capabilities to deliver both digital and in-person programs and services to a wide diversity of customers. Currently around 92% of customer interactions with the agency are through digital channels.

The agency has large, complex, self-sufficient and scalable transactional technology, which achieves one of its primary functions of making payments to its customers. The agency's ICT systems are critical national infrastructure, underpinning services to the Australian public, including the delivery of $241 billion in payments annually, and approximately 1.1 billion online transactions, and support for agency staff. The agency's computer mainframe footprint is in the top 20 globally, and by far the largest in the APS.

While the agency's systems are dated, they do successfully deliver thousands of programs and services to customers each day. The review recognises the significant capability associated with this outcome.

Case study: The silent backbone supporting government services – *Services Australia's computer mainframe*

The computer mainframe, Services Australia's back-end technology that supports countless payments to customers, is critical national infrastructure. Its reliability and stability every day, and in the face of national emergencies and crises, is a strength of the agency and crucial to customers so they can get on with their lives.

For example, in 2021 Services Australia delivered the COVID-19 digital certificate, ensuring it was integrated into state and territory applications. This was delivered by the agency's in-house technology workforce capability. This required staff to customise the system based on the country's needs, in a rapidly changing and high-pressure service delivery environment.

Looking to the future, the agency acknowledges its core technology architecture needs to evolve to remain fit for purpose. This is to ensure the agency can harness the benefits of new and emerging technologies over the next 4 years, to support better service delivery for the government and its customers.

'To some degree, [our] old systems are comfortable and solid, so one of our strengths could also be our weakness – that is to re-envision ourselves...we need to modernise.' Internal stakeholder

Two of the agency's 7 strategic performance metrics (SPMs) used to track service delivery performance relate to its digital channels. The capability review found that the agency reported the 'availability of digital channels' (SPM6) was close to 100%, exceeding its target of greater than or equal to 99% throughout 2023–24. The agency also exceeded its target of greater than or equal to 82% for the 'tasks managed by customers in digital channels' (SPM7), achieving 92% throughout 2023–24. The agency remained on track with these targets to August 2024 in the 2024–25 period.

> *'[ICT systems] could be better and there is plenty of opportunity for them to be modernised. But at the end of the day, the systems are effective in making payments and services that need to be made.' Internal stakeholder*

The agency relies on multiple ageing legacy ICT systems to deliver payments and services. While getting the job done, these systems are limiting more efficient and effective delivery. In addition, their upkeep relies on staff nearing retirement, corporate knowledge and the agency's in-house technology capability for system maintenance and development. The agency also carries risk of systems failure and increasing costs to sustain these systems. As well as inhibiting the agency from establishing more efficient and effective delivery, the agency's legacy ICT systems also impede the ability to integrate emerging technologies. The capability review found maintaining these ICT systems is costly, with stakeholders expressing concerns that ICT systems are barely being maintained to an optimum level.

> *'The technology has been set up from the core, but now has lots of sticky tape on it.' External stakeholder*
>
> *'The systems are terrible – people complain about the systems they have to use, how many they have to open at a time and how hard they are to navigate...they're very clunky.' External stakeholder*
>
> *'While they have these huge monolithic systems they can't be agile.' External stakeholder*

The capability review found that staff feel limited by multiple, complex, slow and outdated systems and platforms that are no longer fit for purpose. During site visits conducted as part of this review, frontline staff further confirmed these challenges. Staff said while technology is currently meeting their essential needs, they are

'frustrated' by having to use multiple systems to deliver services to customers. This is exacerbated by the different systems used for each of the agency's master programs (Centrelink, Medicare and Child Support). Staff desire a single point of entry for customers, including one that provides a 360 degree view of the customer's interactions with the agency, as well as supporting the agency to achieve of the 'tell us once' principle.

> *'[There are] multiple software frontline staff need to use – we aren't to one single interface yet.' Internal stakeholder*
>
> *'The development tools are very restrictive...Many resources and tools we need are not accessible or require so much paperwork to get access to.' Internal stakeholder*
>
> *'Service delivery staff often need to work across multiple systems in the course of each day because not all systems can complete the full range of work required – significant context shifting.' Internal stakeholder*

In response to the all-staff survey conducted for this review, 62% of staff who responded (across APS, EL and SES levels) identified that ICT was an area the agency should be focusing on to improve in the future. This was the most selected of the 27 options for this question in the survey. Legacy systems have done the job for many years but are now increasingly impeding the agency and its staff from moving forward to find further efficiencies and innovations to deliver its programs and services.

> *'We have promised to make the system easier to navigate, to change the legacy systems and join the systems – but it hasn't happened and it's a bit of a miracle they can serve the way they can. The agency isn't giving them what they need to serve the customer.' Internal stakeholder*
>
> *'[There are] too many disaggregated systems that don't talk to one another and a number of implementations where intended benefits were not realised.' Internal stakeholder*

In response to these areas for uplift, the agency is taking positive steps to address its legacy issues by bringing in new capability and trialling emerging technologies. The review recognises the agency has uplifted some of its legacy systems in recent years such as systems supporting the Medicare program. The review also found work has begun on rearchitecting ICT systems. This will be essential to enable the agency to deliver on its future vision. As part of this effort, the agency has established a cross-agency advisory board – chaired by the CEO and including the Department of Social Services, Department of Finance, Digital Transformation Agency, Department of the Prime Minister and Cabinet, and Department of Health and Aged Care – to develop a 10-year ICT Architecture Strategy and Plan, which is expected to be finalised by June 2025. The review also notes that this uplift is explicitly recognised in one of the agency's 8 Focus Areas (Technology Supporting Australians and Staff) and 2 of the agency's 8 strategic priorities (transform and simplify our ICT environment to support secure 'always on' digital

access to our services and to enable rapid, flexible responses to evolving government priorities; and continue to transform and improve core payment processes and platforms to support government reforms and ongoing transformation of services). The review was impressed by these positive early steps and direction to improve the future state of the agency's technological systems, but more time is needed before it is clear that it has become embedded.

The challenge for the agency is how to enable a more flexible ICT environment to reduce the cost of development and maintenance, and also speed up delivery to the organisation and customers. The traditional model for ICT transformation has been to define a blueprint for the future architecture and then to seek funding to build a new technology stack. This approach is often costly, high risk and can take years to implement. There are also important lessons to be learned from previous attempts to update legacy systems (e.g. the Welfare Payment Infrastructure Transformation Program).

The review considers the agency should look at all alternative approaches, for example, to accelerate modernising the current ICT environment progressively by implementing new functionality using new software architectures and cloud infrastructure. While some re-platforming may still be required, significant architectural improvements can be achieved progressively, continually delivering new functionality to the agency. The myGov environment has some elements of this approach. To achieve this, the agency would need to consider how ongoing funding could be secured for the progressive modernisation of the technology stack. This would need to happen hand-in-hand with partner agencies that rely on Services Australia's systems (through shared services arrangements) – so that government sees and appreciates the totality of functions and what will be delivered. The review considers there would be value in the agency exploring the feasibility of this type of approach, recognising the myriad of disparate and complex legacy systems currently in operation across the agency.

This would present the agency with an opportunity to run its legacy systems in parallel with other technologies, iterating over the short-term to ensure it maintains agility to keep pace with emerging technology. It will be critical that any transformation is developed through close engagement with key partners (e.g. the Digital Transformation Agency), central agencies, policy agencies and the Services Australia Independent Advisory Board.

Aside from these broader system enhancements, it is evident the agency has commenced work to safely and carefully explore the potential for emerging technologies (such as AI) to support efficiencies and improve programs and services for customers. Such technologies have the potential to improve delivery of digital and face-to-face services for customers and staff. They are also expected to create efficiencies, freeing up the agency's staff and resources to provide greater wrap-around support for the most vulnerable people with more complex support requirements. It will be important for the agency to carefully and openly manage risks associated with these emerging technologies, including clearly communicating to staff, the public and parliament about their application.

As noted previously, the agency is taking steps to build more customer-centred services through its proposed Customer 360° Strategy and Service Model. This aims to provide a more connected delivery approach across channels and services, an easy-to-use digital 'front door', and improved digital delivery support for frontline staff who provide services to customers. New technologies will be a key enabler for this initiative. It is too early to

assess the success of this initiative, but the review sees it as a positive step towards developing a more coordinated agency-wide approach to customer-centred services including digital services. Success of the initiative will rely on strong internal collaboration across the agency and engagement with frontline staff and customers, partner agencies, jurisdictions and non-government organisations.

The review found the approach to trialling the potential application and benefit of new and emerging technologies such as AI (in safe, closed environments) appears to be managed in a coordinated way within the agency, with assurance and central oversight mechanisms being established (discussed further at page 76). This is likely to remain a challenging issue for Services Australia, and indeed for all Australian Government departments and agencies that deliver client-focused programs and services. It will be important for the agency to continue to take a coordinated approach and explore collaboration with external agencies and partners to ensure it safely realises the maximum benefits of the technologies.

Data

The digital shift of public service delivery that is already happening will continue to evolve into the future. Many customers demand it, as it offers greater efficiencies and convenience. For the agency, the data set generated through digitisation provides the potential to vastly improve policy design and service delivery.

Services Australia has the largest service delivery footprint in the Australian Government. The breadth of its services and its size gives it the opportunity and capability to collect, store and manage vast amounts of data from customer and external stakeholder interactions. Along with its ICT systems, the agency's significant systems capability to aggregate and hold expansive population-level customer and corporate data is critical national infrastructure. The agency has a Data and Analytics Strategic Plan 2023–25, and its Data and Analytics Division conducts simulation modelling and scenario planning. However, there is an opportunity to better leverage this asset to improve the agency's programs and services, while at the same time safeguarding this valuable data from unauthorised users.

A digital shift requires significant changes within an organisation to support effective outcomes for the customer. This includes having a workforce with the skills to understand, navigate, design and communicate a digital environment with customers. It also requires a greater focus on knowledge management practices to organise the processes and large volumes of data management. Nonetheless, this must go hand-in-hand with an increased focus on empathy and the end-user, including internal management systems to address ethical and governance risks, and ensuring there is no inequity (digital divide) in delivery. This focus will also require a sophisticated understanding of the application of AI and automation.

A digital shift also increases opportunities for partnerships, data sharing and integrated delivery (for enhanced customer experience) across governments. The review recognises the agency has legislative restrictions with sharing data across its 3 master programs (Centrelink, Medicare and Child Support). The opportunity is around what data can be considered 'open' to help partner agencies understand the trends and directions of social services and payments. As such, there remains the ongoing opportunity for the agency to more proactively and

systemically use data to inform and influence decision-making with its partner agencies in the policy design process.

The review found the agency is aiming to develop and deliver services that enable most customers to manage their own needs digitally. In 2023–24, 91.9% of customers interactions across the agency's 3 master programs were digital, and Services Australia's work with other agencies to establish digital Commonwealth statutory declarations was recognised by in IPAA Spirit of the Service Awards.[17] It is therefore critical for Services Australia in achieving its vision, to maintain public trust and satisfaction with accessing government services digitally. Staff recognise the digital enhancements are to improve the customer experience. However, data use practices need to be embedded in a robust and structured way throughout the agency, and staff upskilled to operate effectively in this way. The review found the agency's business areas that manage data lack a consistent approach to how they collect, analyse and use data for decision-making. Additionally, it is not evident whether the business areas receiving the data have the necessary data analytical capability or the intent to effectively use the data to meet their business needs to improve service delivery. The review found evidence there is not always a two-way interaction in the sharing of information between the data analysts and data users within the agency to maximise its best use and insights.

Close to 40% of staff who responded to the all-staff survey conducted for the review said the agency should be focusing on improving the use of existing data. Increased investment is required to build this core capability for the agency, both in relation to the underlying technology platform and data cleansing and analytics skills.

External stakeholders told the review they are unable to consistently access data relevant to their client bases. They find the agency's data governance and data management practices complex, making access to data difficult. Transparency and access to de-identified data is an important area for external stakeholders.

> *'There needs to be more transparency and open ways to publish data. Open data is something that all Government has signed up to improve accessibility of information.'*
> *External stakeholder*

The review recognises there is a need for legislative change to make it easier for the agency to share data between its 3 master programs to achieve the 'tell us once' principle for customers, as well as realising other more optimal uses of its data. The review notes that the *Independent Review of Medicare Integrity and Compliance* (March 2023) cautioned that any potential changes to legislation associated with the 3 master

[17] On 23 October 2024, Services Australia, along with the Department of Finance and the Attorney-General's Department, received the *Collaboration Award* under the IPAA Spirit of the Service Awards for establishing new digital Commonwealth statutory declarations allowing users to complete, electronically sign, and download declarations via myGov using their Digital ID, reducing time and effort compared with paper forms. Further information is at: https://act.ipaa.org.au/spirit-of-service-award-winners-2024/ and https://my.gov.au/en/about/help/digital-id/digital-commonwealth-statutory-declaration.

programs should not be delivered in a vacuum, as they are part of a 'broader complex legislative landscape'..[18] In lieu of enabling legislation being in place, there are positive signs the agency is increasing its use of data through its proposed Customer 360° Strategy and Service Model, which aims to embed customer centricity in the agency and support government to meet the end-to-end needs of customers. Based on the Customer 360° Roadmap v0.1, the first stream of work underway for completion by end of October 2024 includes developing a Customer Insights Library. There are approximately 3,000 artefacts in the Library as well as secondary information sources such as staff feedback, data from NGOs and policy partners, and deep-dive analysis. The aim is to improve how the agency connects and acts on customer and staff insights to monitor, manage and improve the experience across its products and services. There is an opportunity for the agency to share this in an 'open' manner with its external stakeholders to improve confidence and transparency into the future.

> *'Generally, data management is an issue. Partly it's the way we have received and stored data, it is problematic, there is a lot of investment in that at the moment. But there is a capability gap...the agency is aware of it.' Internal stakeholder*

The agency is focused on engaging responsibly, ethically and safely with AI and automation, which is heavily reliant on access to deep data sets. The agency's Interim AI Strategy has 5 pillars of focus: Customer value focused AI; Business value focused AI; Ethics; Workplace capability; and Governance and infrastructure. These guide how the agency will engage with AI with the aim to innovate and modernise government services. Examples of the agency trialling AI include digital assistants and Interactive Voice Recognition. It will pilot further use of AI technologies in 2024–25, complemented by an uplifted Automation Operating Model that also integrates AI. The review found staff are seeing the agency is investing in and experimenting with AI to improve services, which is positive. There is evidence the agency is an active participant in whole-of-government approach in automation and AI. Close engagement with key partners (such as the Digital Transformation Agency and private sector leaders) will be critical to the successful and safe adoption of any new technology.

Cyber security is a key risk for the agency and strengthening cyber security is one of its 8 Focus Areas for the next 12 to 18 months. The agency's objective is to improve the safety of customers and staff data by strengthening its cyber security maturity level against the Australian Cyber Security Centre Essential Eight mitigation strategies. The capability review heard the agency is actively focusing on strengthening this capability as appropriate and is working closely with the Australian Cyber Security Centre.

[18] Law, P (2023) *Independent Review of Medicare Integrity and Compliance*, p.35, Australian Government https://www.health.gov.au/sites/default/files/2023-04/independent-review-of-medicare-integrity-and-compliance_0.pdf.

> *'The body of information…will be very valuable for threat hackers; it would be a catastrophe for the government, not just the agency [if the systems were ever hacked into].' Internal stakeholder*

The agency has a Cyber Security Operations Centre operating 24/7, 365 days a year, responsible for monitoring, response and vulnerability management. It was noted that 'prevention rather than response is the goal'. The agency's in-house cyber capability was established in 2016, to better protect the data in its 3 master programs and its corporate data.

The agency also provides cyber services to the Department of Social Services, the National Disability Insurance Agency, NDIS Quality and Safeguards Commission, and the Department of Veterans' Affairs as part of its shared service offerings. A recent internal review found the agency needs to prioritise funding and capability uplift of cyber security risk mitigation and ongoing cyber risk management to reach the required cyber maturity rating. The review supports this finding and recognises cyber security will be a continual challenge for the agency and the APS, requiring ongoing investment given this is a high-risk area. For example, the agency recognises the current legislative arrangements result in 'duplication of customer data, creating multiple instances of data sets, which increases customers' exposure to cyber security and fraud incidents'. Protecting the agency's systems, for example myGov, which holds very valuable customer information data, is critical for the agency, government, parliament and the Australian people. There is an opportunity for the agency to influence a whole-of-government approach to support its efforts to protect Australia's valuable data.

> *'Cyber security...can't be set and forget. [The agency] needs to adapt and evolve.' Internal stakeholder*

Core enabling functions

It is vital that a large and complex organisation like Services Australia has a whole-of-agency approach for its core enabling functions, to effectively support staff to get their work done on a daily basis to deliver on government priorities. The agency's large, diverse and dispersed workforce adds to its complexity, contributing to the challenge of deciding on a centralised or decentralised approach for its core enabling functions. The agency's core enabling services currently support a workforce with a reported headcount of over 33,000 staff nationally.

A majority of the agency's core enabling functions are centralised to maximise benefits from economies of scale. Core functions, such as financial management, procurement, HR management, legal services, property management and communications, are critical for Services Australia to deliver its outcomes now and into the future. The agency will need to continuously improve these functions and, as it recognises, uplift its ageing enabling systems, to remain fit for purpose.

While there are recognised areas of strength, the review found staff in the agency do not always feel supported by corporate enabling areas. In response to the all-staff survey conducted for this review, 63% of respondents agreed they can find the support they need from enabling services to resolve issues and to deliver their work effectively. A further 20% were not sure. EL 1 and 2 staff were the least satisfied (just 55% and 49%, respectively, agreed with the statement) reflecting the likelihood that these roles may have a higher rate of interaction with corporate services in a range of matters. The overall response across all classification levels suggests enabling services is an area for uplift across the agency – particularly ICT which, as noted earlier, was the highest rated issue that staff thought the agency should focus on improving.

The agency's centralised communication function is an important capability to support service delivery outcomes and internal change. The in-house communication capability supports the agency website, dealings with the media, social media, video production, creative design, content design and creation, customer marketing and communication, brand management, internal communications, speechwriting, event management and media spokespeople (the agency advises 78% of Australians are now aware of Services Australia). The review recognises the capability supporting external communications is a strength including the presence in every state and territory supporting nation-wide communications across business priorities. There is, however, an opportunity for the agency to uplift internal communications (closely linked to communications by the agency's leadership) to its staff into the future. In the 2024 APS Employee Census, just 60% of staff believe internal communication within the agency is effective, but encouragingly this is 6 percentage points higher than 2023, and is now similar to the APS average (2024 APS Employee Census).

The agency's Legal Services Division provides independent legal advice and assistance to the minister, CEO and executive. These legal services support a complex array of legislation administered by the agency. The capability also supports a significant annual litigation caseload, compensation claims, freedom of information requests and management of the agency's operational privacy policies. Services Australia also provides litigation services for social security and child support on behalf of the Department of Social Services. The capability review recognises the agency is making a concerted effort to uplift its procurement capabilities in a range of areas in response to the 2023 *Independent Review of Services Australia and NDIA Procurement and Contracting*..[19]

Services Australia has a large property portfolio with staff located in approximately 370 locations across the country. The review found the agency has a plan over the next 3 years to reduce its property footprint nationally, estimated to save over $380 million over the next 10 years. The review also recognises the agency is taking positive steps in response to the Ashton Review,.[20] by transforming all 318 service centres to include enhanced

[19] Watt, IJ (2023) *Independent Review of Services Australia and NDIA Procurement and Contracting: Independent Reviewer's Report*, Australian Government, https://www.servicesaustralia.gov.au/sites/default/files/2023-03/review-of-procurement-and-contracting-independent-reviewers-report.pdf.
[20] Ashton, G (2023) *Services Australia Security Risk Management Review*, Services Australia, Australian Government https://www.servicesaustralia.gov.au/security-risk-management-review-key-findings-and-recommendations?context=22.

security features. The 2024 APS Employee Census results showed 83% of agency staff reported they feel their physical safety is adequately protected in the workplace.

The review found a 'one-size-fits-all' approach to delivering enabling services between regional (and rural and remote) and metropolitan areas is an area for uplift in the agency. The review heard from regional and remote staff that the design and delivery of enabling services does not adequately take into account the different circumstances of their unique locations. For example, as mentioned earlier, some specialist service officers reported problems with requirement to use electric vehicles. Other staff reported problems with internet connectivity and on-ground support in more remote locations, impacting their ability to do their job. These examples highlight centrally controlled enabling services functions in the agency need to better understand and respond to the needs of all staff, taking into consideration the diverse locations and circumstances around Australia. However, the review recognises the agency is taking steps to improve enabling services for Remote Servicing Teams, such as the recent introduction of 'Starlink satellite' services to support reliable network access so service officers can access the agency's customer service systems in communities, for example, those surrounding Alice Springs in the Northern Territory.

> *'[It] can be "us and them" between service delivery and corporate roles – sometimes what's suitable for corporate doesn't work for service delivery and that can cause issues.'*
> *Internal stakeholder*
>
> *'I work predominantly in remote communities so for me to do my job well I need a good internet connection. This is something Services Australia fails at miserably.'*
> *Internal stakeholder*

The agency also delivers corporate shared services to 62 APS agencies including HR and ICT support (since 2016). The agency recognises concerns raised by agencies particularly around the costs and timeliness of services they receive. These views were confirmed with a number of external stakeholders during the review, particularly ICT support received through shared service arrangements. For example, some external stakeholders complained about being issued outdated ICT hardware and software systems and taking too long for new staff to receive these services. The review found there has been a continued decline in satisfaction with ICT services in the past 3 years, based on the results of the agency's Shared Services Customer Satisfaction Survey.

> *'The shared service arrangements are sub optimal in every way.' External stakeholder*

A recent internal review found there is an opportunity for the agency to increase the transparency of costs, increase flexibility in timeframes and resolve matters more quickly for its shared services arrangements. The agency recognises that uplifting this capability to ensure shared services can be sustainably provided into the future may require improvements such as a single 'front door', an industrialised pricing and costing framework and narrower or less bespoke service offerings.

The same internal review suggested the agency's role as a shared services provider is a 'distraction...from its apparent core purpose'. The senior review team agrees that, without significant funding and capability uplifts to support the more effective operations of shared services, it will remain a point of contention within Services Australia and the shared services partner agencies. Nevertheless, for as long as the shared services provider responsibilities remain with the agency, it will need to find ways to uplift this capability into the future while continuing to effectively deliver on its service delivery functions.

The agency’s response

Thank you for the opportunity to participate in the Australian Public Service Commission (APSC) Capability Review Program (the Review). The Review has been timely in considering Services Australia's (the Agency's) ability to meet future objectives and challenges, and in highlighting both our areas of strength and opportunities to improve.

I would like to thank the Independent Senior Reviewer Team - David Thodey, Cheryl-anne Moy, Nicola Hinder and Ben Kelly- for their collaborative and constructive approach to the Review. I appreciate their objective assessment of our future capability and the valuable insights they have provided, recognising the complexities of our large and diverse organisation, and the challenging environment we operate in. I would also like to thank the team at the APSC who supported the senior reviewers.

Additionally, I would like to thank our external stakeholders and partners for their open and constructive feedback during the Review, which will help inform and strengthen our future collaboration.

I also want to recognise our staff's participation and contribution throughout the process. Their engagement and feedback has been insightful, reflecting their commitment to our vision 'to make government services simple so people can get on with their lives', and our goal to be a world leader in government service delivery.

I am pleased to see the Review recognised the remarkable strengths of the Agency, including the dedication of staff to the Agency's purpose and their genuine passion to serving our customers, as well as recognising the agency as one of the leading providers of government payments, social services and 'front doors' among western democracies.

Importantly, the Review provides insight and opportunities in areas where we can improve our organisational capability over the coming years and highlights the importance of the Agency continuing to be more agile, innovative, and forward-looking as we respond and adapt to the evolving service delivery environment.

The findings of the Review come at a pivotal time for the Agency, as we continue to manage increasing service delivery pressures, modernise our technology, strengthen our cyber security, ensure the safety of our staff and customers, and respond to the Royal Commission into the Robodebt Scheme.

I welcome the findings of the Review and insights into our strengths and opportunities for improvement. I am committed to delivering an action plan that will continue to build on the strong foundation of work already underway across the Agency in line with these findings.

The Review and our action plan will help to ensure Services Australia will continue to deliver high quality, accessible services and payments to the Australian public, while also keeping pace with the expectations and needs of government, our customers and the broader community into the future.

David Hazlehurst
Chief Executive Officer
Services Australia
5 December 2024

Appendix A: Abbreviations and acronyms

Abbreviation or acronym	Description
AGDIS	Australian Government Digital ID system
ANAO	Australian National Audit Office
APS	Australian Public Service
APSC	Australian Public Service Commission
APS level	APS 1 to APS 6 – classifications within the APS hierarchy
ATO	Australian Taxation Office
CALD groups	Culturally and linguistically diverse groups – describe those who were born overseas, have a parent born overseas or speak a variety of languages
Census	APS Employee Census
CRM	Customer relationship management
CX	Customer experience
DHS	Department of Human Services (previous title of Services Australia)
DSS	Department of Social Services
DVA	Department of Veterans' Affairs
EL	Executive Level (EL 1 and EL 2) – classifications within the APS hierarchy
ICT	Information and communications technology
IPAA	Institute of Public Administration Australia
LGBTIQA+	Lesbian, Gay, Bisexual, Transgender and/or gender diverse, Intersex, Queer, Questioning and/or Asexual – employees who identify as LGBTIQA+
MPaSCO	Members of Parliament and Senators Contact Officer network
myGov	An online platform for people to access Australian government services
NACC	National Anti-Corruption Commission
NDIA	National Disability Insurance Agency
NDIS	National Disability Insurance Scheme
NECCSC	National Emergency Call Centre Surge Capability
NEMA	National Emergency Management Agency
NGO	Non-government organisation
PGPA Act	*Public Governance Performance and Accountability Act 2013*
SAOC	Services Australia Operations Centre

Abbreviation or acronym	Description
SES	Senior Executive Service – classifications within the APS hierarchy.
SES B1, B2 and B3	Senior Executive Service Bands 1, 2 and 3 – 3 levels of SES classifications within the APS hierarchy. In Services Australia, SES B1-level staff are called National Managers, SES B2-level staff are called General Managers and SES B3-level staff are called Deputy Chief Executive Officers (Deputy CEOs)
Smart Centres	One key way the agency delivers services to customers is via Smart Centres One of the key components of the 'Smart Centre' concept is to blend telephony and processing work to increase flexibility in the deployment of staff. This approach involves staff being cross-trained in both types of work and being used flexibly depending on work priorities and their skills[21].

[21]ANAO (2019) *'Management of Smart Centres' Centrelink Telephone Services — Follow-up' Australian Government'* , https://www.anao.gov.au/work/performance-audit/management-smart-centres-centrelink-telephone-services-follow-up

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