



Tasmanian
Audit Office



**Report of the Auditor-General
No. 2 of 2016-17**

**Workforce Planning in the
Tasmanian State Service**

October 2016

THE ROLE OF THE AUDITOR-GENERAL

The Auditor-General's roles and responsibilities, and therefore of the Tasmanian Audit Office, are set out in the *Audit Act 2008 (Audit Act)*.

Our primary responsibility is to conduct financial or 'attest' audits of the annual financial reports of State entities. State entities are defined in the Interpretation section of the Audit Act. We also audit those elements of the Treasurer's Annual Financial Report reporting on financial transactions in the Public Account, the General Government Sector and the Total State Sector.

Audits of financial reports are designed to add credibility to assertions made by accountable authorities in preparing their financial reports, enhancing their value to end users.

Following financial audits, we issue a variety of reports to State entities and we report periodically to the Parliament.

We also conduct performance audits and compliance audits. Performance audits examine whether a State entity is carrying out its activities effectively and doing so economically and efficiently. Audits may cover all or part of a State entity's operations, or consider particular issues across a number of State entities.

Compliance audits are aimed at ensuring compliance by State entities with directives, regulations and appropriate internal control procedures. Audits focus on selected systems (including information technology systems), account balances or projects.

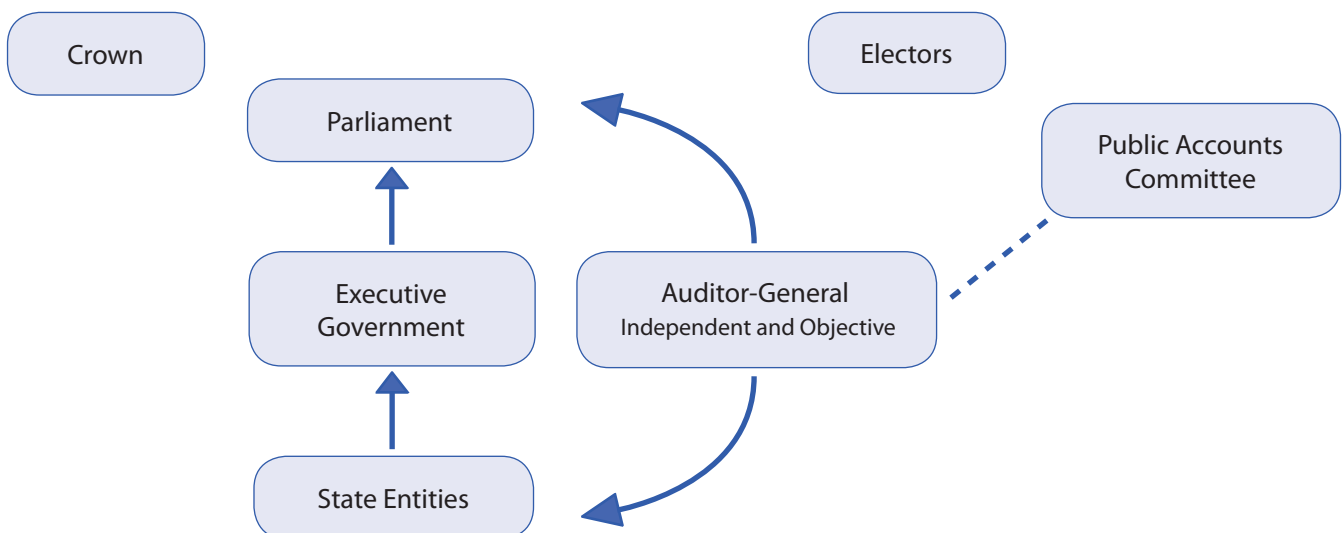
We can also carry out investigations but only relating to public money or to public property. In addition, the Auditor-General is now responsible for state service employer investigations.

Performance and compliance audits are reported separately and at different times of the year, whereas outcomes from financial statement audits are included in one of the regular volumes of the Auditor-General's reports to the Parliament normally tabled in May and November each year.

Where relevant, the Treasurer, a Minister or Ministers, other interested parties and accountable authorities are provided with opportunity to comment on any matters reported. Where they choose to do so, their responses, or summaries thereof, are detailed within the reports.

The Auditor-General's Relationship with the Parliament and State Entities

The Auditor-General's role as Parliament's auditor is unique.





2016

PARLIAMENT OF TASMANIA

**REPORT OF THE
AUDITOR-GENERAL
No. 2 of 2016-17**

**Workforce Planning in the Tasmanian
State Service**

October 2016

© Crown in Right of the State of Tasmania October 2016

This Report, and other Auditor-General reports, can be accessed via our home page (<http://www.audit.tas.gov.au>).

For further information please contact:

Tasmanian Audit Office

GPO Box 851

Hobart

TASMANIA 7001

Phone: (03) 6173 0900, Fax (03) 6173 0199

Email: admin@audit.tas.gov.au

This Report is printed on FSC Mix Paper from responsible sources.

ISBN: 978-0-9944284-5-5

13 October 2016

President
Legislative Council
HOBART

Speaker
House of Assembly
HOBART

Dear Mr President
Dear Madam Speaker

REPORT OF THE AUDITOR-GENERAL

No. 2 of 2016-17: Workforce Planning in the Tasmanian State Service ('the Review')

This Report has been prepared to examine elements of the performance and exercise of the Employer's functions and powers under the *State Service Act 2000* pursuant to section 23(g) of the *Audit Act 2008*.

The objectives of the review were to assess:

- The effectiveness of the State Service's workforce planning by reference to workforce profiling and any impacts of demographic influences.
- The State Service's strategic human resources skills and capability gaps.

Yours sincerely



Rod Whitehead
AUDITOR-GENERAL

This page left blank intentionally

Contents

Foreword.....	vii
List of acronyms and abbreviations.....	viii
Executive summary.....	2
<i>Audit Act 2008</i> section 30 — Submissions and comments received.....	10
Introduction	28
1. Does the TSS have WFP capability and a sound approach to WFP at the agency level?	36
1.1 Introduction.....	36
1.2 Current state ('As Is').....	36
1.3 Future state ('To Be').....	38
1.4 Conclusions	39
2 Is the TSS effectively managing the different workforce profiles that exist in each agency?	42
2.1 Introduction.....	42
2.2 Current state ('As Is').....	42
2.3 Future state ('To Be').....	44
2.4 Conclusion	45
3 Is the TSS addressing the varying demographic influences?	48
3.1 Introduction.....	48
3.2 Current state ('As Is').....	48
3.3 Future state ('To Be').....	52
3.4 Conclusion	53
4 To what extent do strategic HR skills and capabilities exist across the TSS?	56
4.1 Introduction.....	56
4.2 Current state ('As Is').....	56
4.3 Future state ('To Be').....	61
4.4 Conclusion	61
5 Heat map assessment	64
5.1 Introduction.....	64
5.2 Heat map assessment definitions.....	65
5.3 Heat map assessment of 'readiness' by element for the TSS	66
Appendix 1 - HR Capability Health Check	68

Recent reports.....	76
Current projects.....	78

List of Figures

Figure 1: State service workforce by age group.....	49
Figure 2: HR competency results for whole of TSS.....	57
Figure 3: HR competency rating by client and function for whole of TSS	57
Figure 4: Summary results for capabilities by HR role	71

List of Tables

Table 1: Summary of recommendations.....	6
Table 2: Key questions relating to ‘As Is’ state of WFP	36
Table 3: Key questions in relation to ‘To Be’ state for WFP	38
Table 4: Elements of a strategic WFP assessment	51
Table 5: Top survey questions by average response score for the whole of the TSS	58
Table 6: Lowest survey questions by average response score for the whole of the TSS	59
Table 7: Lowest survey questions by average response score by HR client for the whole of the TSS	59
Table 8: Heat map assessment score definitions.....	65
Table 9: Heat map assessment of ‘readiness’ by element for the TSS.....	66
Table 10: Number of participants per agency	69
Table 11: Top scores by HR clients for whole of TSS.....	69
Table 12: Top scores by HR function for whole of TSS	70
Table 13: Lowest scores by HR clients for whole of TSS	70
Table 14: Lowest scores by HR functions for whole of TSS.....	70
Table 15: Accountability question scores – whole of TSS.....	71
Table 16: Collaborative interaction question scores – whole of TSS.....	72
Table 17: Continuous learning question scores – whole of TSS	72
Table 18: Creativity / adaptability question scores – whole of TSS.....	72
Table 19: Effective communication question scores – whole of TSS.....	72
Table 20 Integrity / equity question scores – whole of TSS.....	73
Table 21: Judgment / decision-making question scores – whole of TSS.....	73
Table 22: Planning and organising question scores – whole of TSS	73
Table 23: Quality / professionalism question scores – whole of TSS.....	73
Table 24: Reflectiveness question scores – whole of TSS	74

Foreword

It has been widely reported that Tasmania has an aging population, and therefore, there is no surprise that this trend is also evident in our public sector workforce. The 2014-15 Tasmanian State Service Annual Report published by the Department of Premier and Cabinet discloses that over 26% of the Tasmanian public sector workforce is aged 55 years of age or older. It is reasonable to expect that many people in this cohort will be retiring from the workforce in the not too distant future.

Whilst workforce age profile is commonly used to promote the need for workforce planning, there are a number of other important factors that will influence the size, structure, and skills required in the public sector workforce of the future. These include changes in the way the government will deliver services, the impact of new technologies and business systems, and changing corporate service delivery models such as centralised operations, shared or outsourced services. In addition to this there are external factors such as labour market supply and demand levels, work and family considerations, and equity and diversity objectives to consider.

All these factors give rise to the question as to how well the Tasmanian government is placed in identifying, and planning for, future workforce requirements.

This review was undertaken to assess the state of readiness of the Tasmanian State Sector to deal with these challenges. The review was conducted by examining current workforce planning practices and human resource management capabilities and to identify opportunities to enhance the Tasmanian State Sector's ability to provide a workforce with the right mix of people, knowledge, skills and behaviours that are needed both now and in the future.

I hope this report will be used to raise awareness and provoke discussion within and between public sector agencies about actively predicting, achieving and maintaining the right workforce.



Rod Whitehead
Auditor-General

13 October 2016

List of acronyms and abbreviations

ED(s)	Employment Direction(s)
FTE	Full-time Equivalent
HR	Human Resource(s)
SES	Senior Executive Service
SSMO	State Service Management Office
TSS	Tasmanian State Service
WFP	Workforce Planning
WRIP	Workforce Renewal Incentive Program

Executive summary

Executive summary

Background

This review was initiated by the Auditor-General in response to the significant demographic challenges to be faced by the Tasmanian State Service (TSS) and the need to ensure appropriate planning for service delivery in the future.

For the purposes of this report, the definition of workforce planning (WFP) is taken as:

- A core process of human resource (HR) management that is shaped by organisational strategy and ensures the right number of people with the right skills are in the right place at the right time to deliver short and long-term organisational objectives.
- It is not the sole responsibility of the HR function: it is a management and leadership capability.
- It can be undertaken on a systemic basis, or it can be undertaken on an occupational basis specifically assessing the resource requirements for a single occupation or defined role.

Review objective

The aim of this review was to assess the state of readiness of the TSS to deal with these challenges including WFP in the general-government sector, workforce profiling, and demographic influences.

Review scope

This review assessed how well the following four questions relating to the elements of workforce management were understood, documented, planned and managed across the key agencies and entities of the TSS:

- Does the TSS have WFP capability and a sound approach to WFP at the agency level?
- Is the TSS effectively managing different workforce profiles that exist in each agency?
- Is the TSS addressing the varying demographic influences?
- To what extent do strategic HR skills and capabilities exist across the TSS?

Specifically, the scope of this review assessed each agency against the four key questions in relation to workforce

management as outlined above. These four elements were considered in relation to their:

1. 'As Is' state – assessment of current practices and capabilities.
2. 'To Be' state – exploration of the opportunities that exist to enhance current practice and develop the TSS's state of readiness to respond to demographic challenges in the future. It is expected that in exploring such opportunities, the merit principle, a fundamental tenet of employment in the TSS, would be applied.

The approach to this review included a combination of interviews and workshops with the agencies identified for this review. In addition, a proprietary survey tool was utilised to provide data and analysis in relation to HR capability across the TSS. From the findings of the interviews, workshops and the survey, a heat map assessment was prepared to visually represent the 'state of readiness' of the TSS to deal with future challenges relating to workforce management.

Overall conclusion

Overall, this review found that the key elements of workforce management are in place across the TSS. There are however a number of observations from this review that indicate improvement is required in order to increase the state of readiness of the TSS to deal with, and effectively manage, the challenges relating to demographic and workforce profile changes.

Summary of findings for each review criteria

Does the Tasmanian State Service (TSS) have WFP capability and a sound approach to WFP at the agency level?

This review found that the TSS does not have a consistent approach to WFP across all agencies. This review has found that some WFP is occurring within agencies with various methods of WFP in practice that have been designed according to the specific needs of each agency. The WFP that is occurring does not include a clear advancement plan with the purpose of identifying high potential and emerging talent.

It was found that whilst an adequate level of WFP exists in each agency on an operational basis, there is a lack of coordination in strategic WFP. We believe improvements in strategic WFP would enable the TSS to operate more effectively.

Agencies consulted noted that basic standards could be adopted

by all agencies to create a collective approach on the concept of WFP.

Is the TSS effectively managing the different workforce profiles that exist in each agency?

We found that each agency had a number of key documents that described the concept of WFP. These documents, however, lacked forward planning and were reactive to specific needs of the agency. There was limited documented planning across the TSS in relation to transitioning existing workforce profiles to a workforce profile consistent with the strategic and corporate plans of the agency and related future service delivery changes. Although all agencies recognised the need for a strategic workforce plan, we found that the TSS overall did not have a documented plan.

This review concludes that a documented approach to enhancing WFP across the TSS is necessary to deliver sustainable change and adequately address the WFP issues that all agencies face. This review also concludes that a coordinated whole-of-TSS entry-level level recruitment and development program would greatly assist in attracting and retaining entry-level staff members within the public sector.

Is the TSS addressing the varying demographic influences?

This review found that there is limited evaluation of employee data to assist with future planning and to address the challenges faced by the TSS. In order to achieve this, there is a need for a central data source covering skills, demographic attributes, experience and qualifications of the current TSS workforce. Once this metadata is established, this will facilitate the next phase in maturity for WFP within the TSS.

We have concluded that the key elements of a strategic workforce plan do not exist in full within the TSS. Important elements, such as long and short-term goals, are developed on an agency-by-agency basis, but no overarching TSS plan exists. A strategic WFP for the TSS, which includes strategic objectives, long and short-term goals and an action plan that identifies clear strategies will be an important first step in addressing the challenges posed by changing service delivery models and the current demographic and workforce profile of the TSS. Important support elements to a strategic WFP will be the encouragement of greater flexibility in HR employment structures and a demonstrated focus by executives within agencies to WFP challenges.

We also found that the management of poor performance is an important element in addressing the current demographic challenges of the TSS.

To what extent do strategic HR skills and capabilities exist across the TSS?

In summary, this review revealed that the TSS's all-agency 'HR Capability Health Check' (the survey) score was 61% (out of a possible 100%). This indicates that there is some evidence of good processes and systems, but there is significant room for improvement for the TSS to be regarded as 'above average' in its state of readiness to deal with the workforce challenges in a three to five year horizon.

Based on the ratings provided by the HR clients in the survey, areas in need of attention in the short-term are:

- data capture and analysis
- succession / WFP and
- Executive and HR strategies to deliver on identified objectives.

In order to ensure that the state of readiness of the TSS shifts from 'average' to 'above average', strategies guided by higher-level decision makers are required to inject and develop HR expertise. This strategy also requires a forward plan to ensure HR capability is developed.

Furthermore, this review found that there was generally inadequate attention to WFP at the executive levels within agencies. Without executive sponsorship, the likelihood of a collective improvement in HR capability is reduced. The development of HR capability would also benefit from a greater focus on 'communities of practice'; that is sharing HR knowledge, resources and approaches to improve HR capability across the TSS. There exists an opportunity to build on strengths and share competencies across agencies.

Recommendations made

This review makes a number of recommendations in order to progress the state of readiness of the TSS in relation to workforce management. The recommendations of this report are aspirational in nature. Through the focus on the ‘To Be’ state, this report highlights recommendations that may require focus and effort over time to achieve. The recommendations of this report provide future goals for the whole of the TSS while allowing for agencies and the SSMO to work through the practical implementation.

Importantly, this review recommends a greater focus across the TSS on strategic WFP supported by executives within agencies. In the short-term, this review has found that the creation of a central register of data related to the TSS would greatly enhance the ability of the TSS to take a strategic approach to WFP. The key focus for agencies should be the building of HR capability within agencies to ensure executives and HR functions are equipped and able to address the key workforce challenges in a proactive manner.

Specifically, this review contains the following recommendations:

Table 1: Summary of recommendations

Recommendation	Chapter	We recommend ...
1	1	.. that SSMO facilitate the development of a revised WFP framework which includes the adoption of agreed, consistent principles and standards of WFP across all agencies while enabling specific agency needs to be taken into account.
2	1	... that agencies create an advancement plan with the purpose of identifying high potential and emerging talent, progression pathways, and opportunities for the development of staff. Elements to be addressed in advancement plans include succession, development opportunities for staff and the use of a range of programs that provide experiential learning and development. Advancement plans should ensure the merit principle is upheld.

Recommendation	Chapter	We recommend ...
3	2	<p>... that SSMO and all agencies explore the opportunity to develop a TSS strategic workforce plan for relevant elements or occupational groups within the TSS. We recommend that the SSMO facilitate any strategic TSS WFP and contribute through the provision of frameworks and principles with a flexible approach encouraged at the agency level.</p>
4	2	<p>... that the TSS adopt a whole-of-system approach to entry-level level recruitment including:</p> <ul style="list-style-type: none"> • Graduates • Trainees • Interns • Cadets. <p>This approach can be developed formally through the SSMO or through collaboration between agencies and can be applied on an occupational basis as appropriate.</p>
5	3	<p>... that SSMO considers an improved mechanism to capture agency workforce data. The intent is to provide the capability to assess the skills and competencies that exist within the TSS in a real-time and dynamic manner as opposed to a retrospective reporting basis.</p> <p>This assessment should cover skills and demographic attributes, experience and qualifications of the current TSS workforce. We recommend that an IT solution be investigated by the SSMO in collaboration with agencies to facilitate capture and use of this data.</p>

Recommendation	Chapter	We recommend ...
6	3	... that each agency develops a strategic workforce plan, which includes strategic objectives, long and short-term goals and an action plan that identifies clear strategies to develop and re-profile the existing workforce and formally embracing diversity as strategic elements. This strategic workforce plan should have the expressed support from the agency executive. This will necessitate the inclusion of appropriately skilled and qualified HR practitioners within each agency to develop and implement the resultant workforce plan.
7	3	... that the TSS, through SSMO, review the current performance management mechanisms for poor performers and work with agencies to address the concerns highlighted by this review such as management capability and ineffective processes.
8	4	... that agencies ensure there is sufficient HR capability at the executive management level to ensure a greater focus on building HR capability and WFP. This capability can be facilitated through changes to the organisational structure whereby HR is included at the executive management level, through enhancing the HR capability of the current executives, or at a minimum ensuring that HR professionals are present at executive management meetings where important HR related issues are discussed.
9	4	... the sharing of HR expertise and WFP strategies across agencies via a more formalised approach, such as participation in a 'community of practice.'

***Audit Act 2008 section 30 — Submissions and comments
received***

Audit Act 2008 section 30 — Submissions and comments received

Introduction

In accordance with section 30(2) of the *Audit Act 2008*, a copy of this Report was provided to the agencies indicated in the Introduction to this Report.

A summary of findings, with a request for submissions or comments, was also provided to the relevant Ministers and Treasurer.

Submissions and comments that we receive are not subject to audit nor the evidentiary standards required in reaching an audit conclusion. Responsibility for the accuracy, fairness, and balance of these comments rests solely with those who provided the response. However, views expressed by agencies were considered in reaching review conclusions.

Section 30(3) of the Act requires that this Report include any submissions or comments made under section 30(2) or a fair summary of them. Submissions received are included in full below.

Departments

Department of Education

Department of Education Management Response to the Auditor-General's report on Workforce Planning in the State Service

The Audit Report recommendations are supported in principle. The overall concept of a broad Tasmanian State Service Framework to support workforce planning is endorsed. Such a framework would support individual agencies to develop specific workforce plans addressing the inherent characteristics and issues of each agency's workforce, while ensuring a consistency of approach across the service.

It is critical that any service wide framework allows for and encourages agency flexibility in tailoring strategies and approaches to specific employment types. For example, issues relating to the teaching workforce, including skill and qualification profiles and professional standards are unique to that sector of the workforce and will require specific approaches.

The Department of Education recognises the strategic importance of workforce planning and has invested significant resources into Teacher Workforce Development strategies over recent years. A whole of agency workforce planning and diversity strategy has been formally identified as a key HR priority project for 2016 - 2018.

A further strategic HR priority project has been identified to review departmental Managing Underperformance processes, and this work will continue throughout 2016/17, closely aligned to the current review of Employment Direction No. 26 through State Service Management Office.

The recommendation to implement a whole of service register of skills, experience and qualifications of the TSS workforce is supported in principle, but would have limited useful application for the teaching workforce given the specific skill and qualification profiles unique to the sector. The department will be progressing a skills and qualifications module which will provide a comprehensive suite of data on skills and qualification profiles to enable more focussed workforce planning.

The continued development of HR capability to support effective workforce planning is recognised as a priority, and the concept of a 'community of practice' across the state service is strongly supported. HR capability at the executive level is currently ensured by virtue of the composition of the Executive Group. The Deputy Secretary, Corporate and Business Support is a member of Executive Group, and the Director HR attends formal meetings as required.

Tim Bullard
Acting Secretary

Department of Health and Human Services

The Department of Health and Human Services (the Department) welcomes the opportunity to review and comment on the Report of the Auditor-General No. 2 of 2016-2017 - Workforce Planning in the Tasmania State Service.

The Department agrees with the overall finding of the review, that workforce planning processes are generally compliant; however improvements can be made across the Tasmanian State Service.

The Department also acknowledges the need to improve HR capability and record keeping systems, and welcomes a focus on these areas.

The Department does have minor concerns regarding the validity of the HR Health Check Data, especially with such a small response rate, and the need for a significant commitment of resources to implement the recommendations.

The Department acknowledges the need for consistency across the Tasmanian State Service. Given the complex workforce make-up and requirements of different agencies, the Department requests that there continues to be a level of flexibility applied to workforce planning to take in to account individual agency needs.

On the whole, the Department endorses the recommendations, and will use the review to drive initiatives and inform improvements to workforce planning.

Michael Pervan
Secretary

Department of Police, Fire and Emergency Management

Thank you for the opportunity to comment on the Report of the Auditor-General regarding Workforce Planning in the Tasmanian State Service.

The Department of Police, Fire and Emergency Management was happy to be given the opportunity to provide input into the review and is supportive of the outcomes.

The review examined two main elements of the performance and exercise of the Employer's functions and powers under the State Service Act 2000. It has assessed the effectiveness of the State Service's workforce planning by reference to workforce profiling and any impacts of demographic influences and also the State Service's strategic human resources skills and capability gaps.

D L Hine
Secretary

Department of Premier and Cabinet

Thank you for the opportunity to respond to the draft Report to Parliament on your Performance Review on Workforce Planning (WFP) in the Tasmanian State Service (TSS). I am responding to this from both a whole-of-service perspective as the Head of the State Service and in my capacity as Secretary of the Department of Premier and Cabinet (DPAC). I understand that other agencies will be responding directly to you.

I welcome the Tasmanian Audit Office's draft Report and its recognition of the importance of good WFP as a key ingredient in ensuring the TSS has the right people with the right skills and values to support the Tasmanian community into the future. Changing demographics in the Tasmanian community and evolution over time in the scope, scale and nature of services we provide means proper WFP is essential. This is particularly challenging when the TSS comprises over 200 occupational groups, with many having unique challenges and skill development needs.

Proper WFP is also challenging at an agency level, where the nature of advice and services we provide can change relatively quickly. Within my own agency, over the past two years we have doubled in size and changed from an agency focused predominantly on policy advice to one focused predominantly on delivering services, with the addition of Sport and Recreation Tasmania and Service Tasmania.

In this context, I note that the draft report examines a range of issues associated with WFP with the purpose of contributing to further development of the TSS's approach. An important part of this is to ensure the environment in which the TSS works is captured and considered in the recommendations, noting that many actions are already underway in this area both at a whole-of-service level and within agencies. Within my own agency, for example:

- We are developing a new Strategic HR Plan with a strong focus on workforce planning, consistent with the emphasis in this area in our strategic plan; and
- We have undertaken substantial investment in workplace culture and practice over the past 24 months, including being on the verge of becoming accredited as a White Ribbon Organisation, making all our positions available for filling on a flexible basis, continuing to expand our graduate program, revamping our approach to performance

management and developing and introducing a new suite of values in the agency.

Below is an overall response to the draft Report and comments against specific recommendations.

I have provided comments from both a Head of State Service/ State Service Management Office (SSMO) perspective and a departmental perspective.

I would appreciate it if you would consider these in finalising the Report and/or incorporating the suggestions as part of the final document.

I would also be pleased to work with your Office to implement a regime of best practice in relation to WFP in the TSS. It is for this reason that DPAC Strategic Plan 2016-18 highlights the following priority (No. 9) in relation to employment:

“Achieve a workforce that is high-performing and reflects the community it represents by improving the employment framework, negotiating industrial instruments and building capability.”

Greg Johannes
Secretary

Specific Comment on Draft Report Recommendations		
Recommendation and Chapter	Draft Report Recommendations	Management response
Overall	Introduction	<p>The enhancement of Workforce Planning (WFP) is an important issue for the Tasmanian State Service (TSS) and is reflected in the DPAC Strategic Plan 2016-18, covering state service employment, which states:</p> <p>"Achieve a workforce that is high-performing and reflects the community it represents by improving the employment framework, negotiating industrial instruments and building capability."</p> <p>In effect this is a strategic WFP statement to guide changes to whole-of-service HRM practices and procedures.</p> <p>The definition proposed in the Report needs to be expanded to reflect this strategic direction, the state service context, and the critical link to the business strategies for agencies. The following expanded definition might satisfy these components:</p> <p>"Workforce Planning aligns the organisation's workforce activities (HR plans, practices and procedures) directly to its business strategy at an organisational, divisional or occupational level. WFP identifies and implements actions that enable the current and future needs of the organisation to be met by having available the right people with the right skills in the right place at the right time."</p>

Specific Comment on Draft Report Recommendations		
Recommendation and Chapter	Draft Report Recommendations	Management response
		<p>Recognition of the importance of good WFP is a key ingredient in ensuring the TSS has the right people with the right skills and values to support the Tasmanian community into the future.</p> <p>Changing demographics in the Tasmanian community and evolution over time in the scope, scale and nature of services we provide means proper WFP is essential. This is particularly challenging when the TSS comprises over 200 occupational groups, with many having unique challenges and skill development needs.</p> <p>In addition, there are two further vital components: (1) integrated and consistent data; and (2) development of capabilities to analyse this data and provide information upon which the Agency Executive Groups can act.</p>
Rec 1 Ch 1	The State Service Management Office (SSMO) facilitate the development of a revised WFP framework which includes the adoption of agreed, consistent principles and standards of WFP across all agencies while enabling specific agency needs to be taken into account.	SSMO drafted a WFP framework which requires further consultation with agencies before releasing. However, mandating standards (one-fits-all) may limit WFP implementation given the complexity of the service in terms of occupational diversity, changing policy or service delivery needs and indeed the different sizes of the agencies. The Workforce Planning Review undertaken by SSMO identified that agencies have undertaken elements that could be identified as WFP activities ranging from occupational groups (Teachers) to individual roles (Justice).

Specific Comment on Draft Report Recommendations		
Recommendation and Chapter	Draft Report Recommendations	Management response
		From a Department of Premier and Cabinet (DPAC) perspective, the Department has commenced the process to develop a HR Strategic Plan that will encompass a Workforce Management Plan. This will be informed by the work SSMO has done on the WFP framework.
Rec 2 Ch 1	Agencies create an advancement plan with the purpose of identifying high potential and emerging talent, potential progression pathway and opportunities for the development of staff. Elements to be addressed in advancement plans include succession, development opportunities for staff and the use of a range of programs that provide experiential learning and development. Advancement plans should ensure the merit principle is upheld.	<p>SSMO led a Senior Executive Service (SES) skills audit in 2015 based on the SES Capability Framework, and from that is developing a leadership program to run in 2017 which will build on a series of targeted skill development seminars run in 2015 and 2016. The Skills Audit also provided valuable data on skills and experience as well as good information on where SES are recruited from. This work has also supported improved mobility at level for SES across the TSS under the auspice of a revised Employment Direction (ED) 17, which has focused on succession planning.</p> <p>SSMO plans to develop a talent identification and management framework in 2017-18. In the development of this framework consultation with agencies will be undertaken to determine the most appropriate level and approach to talent identification and key pressure areas which need to be focused on.</p> <p>Critical to WFP is the availability of data and the capability to analyse and interpret into information for the Agency Executive.</p>

Specific Comment on Draft Report Recommendations		
Recommendation and Chapter	Draft Report Recommendations	Management response
		From a DPAC perspective, staff have performance development plans linked to business unit plans and the Department's overall strategic plan. The DPAC Executive actively considers collectively and promotes leadership development opportunities for high potential staff through initiatives such as ANZSOG and the S3MP. This work will be enhanced in 2017 through a new leadership development program in the Department and the recent purchase of a Learning and Development System.
Rec 3 Ch 2	SSMO and all agencies explore the opportunity to develop a TSS strategic workforce plan for relevant elements or occupational groups within the TSS. SSMO facilitate any strategic TSS WFP and contribute through the provision of frameworks and principles with a flexible approach encouraged at the agency level.	As with Recommendation 1 and 2, SSMO will continue to work with agencies to support their approach to WFP. SSMO has drafted a whole-of-service framework which will assist agencies, however further consideration to the value of a whole-of-service framework is required given agencies are varied and diverse reflecting over 200 occupational groups in the TSS - for example, it would be extremely challenging to develop a single workforce plan that could cater effectively to the disparate needs of police, teachers, nurses, rangers and Service Tasmania staff.
Rec 4 Ch 2	The TSS adopt a whole-of-system approach to entry level recruitment including: <ul style="list-style-type: none"> • Graduates • Trainees 	A whole-of-service graduate program is being implemented for 2017 where there are shared and complementary skills needs. Following the implementation of this program, the opportunities and benefits of a service wide approach to trainees and cadets will be considered.

Specific Comment on Draft Report Recommendations		
Recommendation and Chapter	Draft Report Recommendations	Management response
	<ul style="list-style-type: none"> • Interns • Cadets. <p>This approach can be developed formally through the SSMO or through collaboration between agencies and can be applied on an occupational basis as appropriate.</p>	<p>SSMO recently reviewed the internship arrangements with the University of Tasmania (UTAS), which is coordinated centrally.</p> <p>The approach being taken in relation to establishing a Diversity and Inclusion Framework (including disability, aged, youth) and Gender Diversity is important in attraction and retention now and into the future.</p> <p>From a DPAC perspective, the Department has a successful graduate program that has operated by many years and is now linked formally to the Department of Treasury and Finance's program.</p> <p>DPAC also participates actively in internship programs supported by UTAS and senior and secondary colleges, and has structured programs for traineeships and work experience students at high school.</p>
Rec 5 Ch 3	<p>SSMO consider an improved mechanism to capture agency workforce data. The intent is to provide the capability to assess the skills and competence that exists within the TSS in a real-time and dynamic manner as opposed to a retrospective reporting basis. This assessment should cover skills and demographic attributes, experience and</p>	<p>This work in part exists for SES as part of the SES skills audit (and an SES database which SSMO is in the process of developing with DPAC's Information and Technology Services).</p> <p>The budget initiative in relation to Empower Integration and Automation Program over the next 2 years will satisfy this recommendation in relation to real time data.</p>

Specific Comment on Draft Report Recommendations		
Recommendation and Chapter	Draft Report Recommendations	Management response
	<p>qualifications of the current TSS workforce. We recommend that an IT solution be investigated by the SSMO in collaboration with agencies to facilitate capture and use of this data.</p>	
Rec 6 Ch 3	<p>Each agency develop a strategic workforce plan, which includes strategic objectives, long and short-term goals and an action plan that identifies clear strategies to develop and re-profile the existing workforce and formally embracing diversity as strategic elements. This strategic workforce plan should have the expressed support from the agency executive. This will necessitate the inclusion of appropriately skilled and qualified GR practitioners within each agency to develop and implement the resultant WFP.</p>	<p>Should be (and is presently) part of agencies' HR strategic planning with agencies focusing on particular occupational groups/sectors aligned to the business plan and organisational objectives.</p> <p>From a DPAC perspective, this work has commenced.</p>
Rec 7 Ch 3	<p>The TSS, through the SSMO, reviews the current performance management mechanisms for poor performers and work with agencies to address the concerns</p>	<p>SSMO is currently, as part of the Examination of the Employment Framework, looking at the approach to performance management defined by Employment Direction 26 -Performance Management in the Tasmanian State Service. Following this examination SSMO will</p>

Specific Comment on Draft Report Recommendations		
Recommendation and Chapter	Draft Report Recommendations	Management response
	highlighted by this review such as management capability and ineffective processes.	work with agencies to implement. From a DPAC perspective, the Department has recently reviewed and updated its performance management framework and has invested considerable resources in recent years in the development of management skills in this area.
Rec 8 Ch 4	Agencies ensure there is sufficient HR capability at the executive level to ensure a greater focus on building HR capability and WFP. This capability can be facilitated through changes to the organisational structure, whereby HR is included at the executive management level, through enhancing the HR capability of current executives, or at a minimum ensuring HR professionals are present at executive management meetings where important HR related issues are discussed.	SSMO has commenced looking at the reporting and analysis of HR data to executives to assist the use of this data to make informed decisions about the management of the agency. All agencies comply with HR representation and/or appropriate reporting at executive meetings - people management issues are consistently discussed at executive meetings with the appropriate expertise available. SSMO is also working with HR to build HR capability by considering how the Public Sector Commissioners' Chief Human Resource Officer Capability framework can be implemented. SSMO is organising an HR Big Meet for 2017 and has explored working with the Australian Human Resources Institute (AHRI) to see if they can assist through their programs to further build HR capability, particularly analytics. This links into the Empower Integration and Automation Program, agency executive reporting, data analysis and interpretation and other changes to being undertaken in relation to the employment

Specific Comment on Draft Report Recommendations		
Recommendation and Chapter	Draft Report Recommendations	Management response
		<p>framework and practices.</p> <p>From a DPAC perspective, the Executive meets fortnightly and the Head of HR regularly attends to report on HR trends in the agency. Recently, this has included discussions on the Department's new management and leadership development programs, performance development processes, and approach to induction. In addition, the Executive has recently been augmented by the former head of corporate matters in the Department of Health and Human Services meaning there are two senior and experienced corporate services managers at all Executive meetings.</p>
Rec 9 Ch 4	The sharing of HR expertise and WFP strategies across agencies via a more formalised approach, such as participation in a 'community of practice'.	<p>SSMO has identified the value of sharing expertise and knowledge across agencies and there are currently similar networks in place for workforce development, industrial relations and work health and safety.</p> <p>This already occurs in discipline areas, e.g. Workforce Development Network, Work, Health and Safety and previously in the Workforce Planning Network.</p> <p>From a DPAC perspective, the Department's HR Branch is an active participant in whole-of-service committees and networks, including working collaboratively with other HR branches within other departments in the form of a 'community of practice'.</p>

State Growth

Thank you for the opportunity to provide comments on the draft Workforce Planning in the State Service report. This is a very important area for examination and I support and endorse that strategic planning for our workforce must be a key business priority.

State Growth considers that key elements of workforce management are in place, however we acknowledge that improvements can be addressed to strengthen our approach. State Growth agrees to continue to work in collaboration with the State Service Management Office (SSMO) to progress a number of the recommendations. I consider that there is merit in exploring how a whole of system approach may be progressed to implementing a number of recommendations of your report, in particular to opening up pathways for entry level recruitment, development of a common approach to strategic workforce planning, and establishing and improving on existing communities of practice for sharing of information.

I would further note, that since the commencement of the review, State Growth has commenced a range of initiatives that respond to a number of the recommendations in your Report. In particular, State Growth will be focusing on succession planning, increasing the capability development of the people and culture function and are presently engaged in the early development of a workforce planning approach for the agency, and a review of our performance management systems. In relation to recommendation 8 of your report I should also note that the Director, People and Culture position has recently been made a Senior Executive Service role in recognition of the importance of the people and leadership functions to achievement of this Department's objectives.

Kim Evans
Secretary

Treasury and Finance

Thank you for your letter dated 12 September 2016 and attached draft Report to Parliament for Workforce Planning in the Tasmanian State Service (Report).

Treasury supports the objectives of the review to assess the effectiveness of the Tasmanian State Service's (TSS) workforce

planning by reference to workforce profiling, impacts of demographic influences and strategic human resources skills and capability gaps.

In relation to the draft Report, Treasury notes as follows:

1. Agency specific workforce planning.

The review found that there is an adequate level of workforce planning at an operational level but there is a lack of coordination in strategic workforce planning. The draft Report recommends a documented 'whole of TSS' strategic workforce principles and standards. Treasury's position is that any whole of TSS strategic approach should clearly allow agencies to depart from a collective model to ensure that specific agency workforce planning requirements can be adequately dealt with within that agency. For example, each agency has its own operating context, specific workforce demographics and required capabilities, all of which result in differing assessments of any critical capability gaps.

2. Value-add of workforce planning.

The draft Report broadly deals with how workforce planning can significantly 'value add' to the TSS (for example, the draft Report deals with the benefits of a clear succession planning process). However, it is not clear from the draft Report how the recommendations will provide long-lasting value to the TSS. For example, how agencies can measure workforce planning success through demonstrated hard measures including increased cost-efficiency in recruitment, learning and development or targeting programs that meet capability gaps. Further long term value could be created through using environmental scans to forecast long-term employment needs of possible opportunities and risks (e.g. risk of supply), identifying the right metrics to keep leadership informed about key workforce issues (that is not specific to HR capabilities) and targeting programs to specific employee groups as determined by each agency in order to maximise the return on investment of any programs.

3. Treasury's human resources function and targeted workforce planning.

Treasury has a strong and capable human resources team and effective graduate recruitment scheme that is targeted to financial analysts. This graduate skill set allows Treasury to meet its objectives to provide efficient and effective financial and resource management services and economic and fiscal policy advice. The human resources function sits within the portfolio of the Deputy Secretary, Corporate and Governance

who is a member of the executive committee. Treasury's position is that both its organisational structure and executive capability are adequately equipped to deal with workforce challenges in the future.

Any central coordination of entry-level roles would need to be a value add strategy in order to provide opportunities to enhance existing programs, for example, through external rotations, rather than seeking to replace existing successful programs operating within agencies.

4. Machinery of Government

The Report does not consider machinery of government changes to the workforce. For example, the recent reforms of public sector superannuation will mean that Treasury will be responsible for the contributory scheme and the relevant workforce planning requirements will be largely determined through the machinery of government provisions.

Tony Ferrall
Secretary

Other state entities

Tasmanian Health Service

Thank you for sending the draft report to me for review.

There are no errors of fact and I support the recommendations.

Dr David Alcorn
Chief Executive Officer

This page left blank intentionally

Introduction

Introduction

Background

This review was initiated by the Auditor General in response to the significant demographic challenges to be faced by the TSS and therefore the need to ensure appropriate planning for service delivery in the future. The aim of this review was to assess the state of readiness of the system, including succession planning in the general government sector, workforce profiling, and demographic influences, to deal with these challenges.

Models of workforce management and WFP already exist within the TSS and have been utilised as a base to benchmark the current status of workforce management for the purposes of this review. This review assessed how well the following four elements of workforce management are understood, documented, planned and managed across the key agencies and entities of the TSS:

- WFP (including succession planning)
- Workforce profiling
- Demographic influences
- Strategic HR skills and capability gaps.

Specifically, this review addressed the following four key questions:

- Does the TSS have a sound approach to WFP and WFP capability at the agency level?
- Is the TSS effectively managing different workforce profiles that exist in each agency?
- Is the TSS addressing the varying demographic influences?
- To what extent do strategic HR resources skills and capabilities exist across the TSS?

For the purposes of this report, the definition of WFP is taken as:

- A core process of HR management that is shaped by organisational strategy and ensures the right number of people with the right skills are in the right place at the right time to deliver short and long-term organisational objectives.
- It is not the sole responsibility of the HR function: it is a management and leadership capability.

- It can be undertaken on a systemic basis, or it can be undertaken on an occupational basis specifically assessing the resource requirements for a single occupation or defined role.

Review objectives

The objectives of the review were to assess:

- the effectiveness the TSS's WFP by reference to workforce profiling and any impacts of demographic influences
- the TSS's strategic HR skills and capability gaps.

Review scope

This review assessed the performance of the following entities in relation to the review objectives:

- Department of Justice
- Department of Health and Human Services
- Department of Police, Fire and Emergency Management¹
- Department of Treasury and Finance
- Department of Primary Industry, Parks, Water and Environment
- Department of Premier and Cabinet
- Department of State Growth
- Department of Education
- Tasmanian Health Service.

Specifically, the scope of this review was to assess each agency / entity against the four key questions in relation to workforce management as outlined above. These four elements were considered in relation to their:

1. 'As Is' state – assessment of current practices and capabilities.
2. 'To Be' state – exploration of the opportunities that exist to enhance current practice and develop the TSS's state of readiness to respond to demographic challenges into the future. It is expected that in exploring such

¹ During the review period, the Department of Police, Fire and Emergency Management has been renamed. Data analysis, the survey and interviews were conducted for the purposes of this review with both the previous Department of Police and Emergency Management and the Tasmania Fire Service.

opportunities, the merit principle, a fundamental tenet of employment in the TSS, would be applied.

The Review Planning Memorandum listed a number of detailed questions to assist in the assessment of each of the elements outlined. Specifically, the scope of this review included:

1. A review of the data analysis which has been performed across the TSS in relation to key employment data including:
 - a. Occupational groups.
 - b. Categories of employment including full-time, part-time, casual and contract.
 - c. Established positions versus actual, noting vacancies.
 - d. Profile of employees including age and gender.
2. A review of workforce management within each agency through interview processes including:
 - a. Employment policies.
 - b. WFP processes including succession planning.
 - c. Workforce profiling including use of key data sets, data analytics, and whole-of-government frameworks to assist in workforce management.
 - d. Existing or innovative programs to facilitate flexible workforce development and utilisation such as internships, rotation programs, and transition to retirement.
3. An assessment of HR capability within each agency utilising the proprietary survey tool 'HR Capability Health Check'².
4. An overall assessment of the 'state of readiness' of each agency for each element, to be communication through a heat map assessment (included in Chapter 5 of this Report).
5. Identification of opportunities to enhance the current frameworks, processes and practices across the TSS in relation to workforce management, and specifically in relation to the four fundamental elements of workforce management as outlined in this review.

²'HR Capability Health Check' is a proprietary survey tool designed by Hranywhere.

During the review process, it was identified that a number of the detailed questions specified in the Review Planning Memorandum were not applicable due to the current level of maturity of WFP within the TSS. The findings of this review have therefore focused on the critical elements of workforce management.

Review approach

The following outlines the process used to meet the review objectives:

1. We engaged an expert, Hranywhere, to undertake the review. Elements of the review were supported by WLF Accounting & Advisory.
2. An Advisory Committee comprising nominated representatives from each review agency, the review team and Auditor-General met to discuss and finalise the review plan and discuss a survey instrument to be used to collect data/information.
3. A survey was sent to each agencies' nominated contact requesting information and data. This proprietary survey methodology 'HR Capability Health Check' was developed as a benchmarking tool to assess HR functions in large enterprises. The nominations comprised of two groups:
 - a. A selection of HR practitioners in each agency (referenced in this Report as 'HR function').
 - b. HR clients who manage / lead the agency operations (referenced in this Report as 'HR clients').
4. The review team:
 - a. Collated and reviewed data.
 - b. Arranged workshops with stakeholders from each review client to discuss and validate data and address further questions.
 - c. Facilitated half day workshops to define "As Is" and "To Be" states of WFP based on data from survey responses.
 - d. Undertook additional sessions with review clients to clarify and validate final outcomes and conclusions.

- e. Prepared a report outlining the findings and recommendations from the review.

Six key methods were used to obtain a view of the 'As Is' and 'To Be' states:

1. Initial meeting
 - a. Met with the identified key stakeholder(s) from each nominated review client.
2. Online survey
 - a. Each review client was sent an online survey which requested responses to various questions related to the Review.
3. Initial face-to-face discovery meeting
 - a. Met with the identified key stakeholder(s) from each nominated review client.
 - b. Assessed each review client against the four criteria.
4. Heat map
 - a. Hranynwhere developed a heat map assessment that includes the assessment of review clients as determined by the initial face-to-face discovery meeting and from the outcome of the survey.
5. Workshops
 - a. A series of half day workshops were conducted with each (or collectively) review client where validation of the 'As Is' state was covered.
 - b. This included discussion and validation of the online survey responses.
 - c. Heat map assessment was canvassed and validated.
 - d. Additionally, these workshops focussed on discussions related to the view of the desired 'To Be' state.
6. Review of Reports and Research
 - a. Data was also obtained by building upon recent reports such as:
 - i. 2015 Workforce Snapshot and Treasury FTE Report August 2015

- ii. Tasmanian State Service Annual Report 2014-15
- iii. WFP Guides and Reports
- iv. Tasmanian State Service Workforce Survey.

Planning for this review began in September 2015 with fieldwork continuing until May 2016.

The Report was finalised in October 2016.

The review plan recommended a budget, excluding production costs, of \$105,000.

Total actual costs, excluding production, were \$130,473.

This page left blank intentionally

**Does the TSS have WFP capability
and a sound approach to WFP at
the agency level?**

1. Does the TSS have WFP capability and a sound approach to WFP at the agency level?

1.1 Introduction

This Chapter of the review considered the capability for, and approach to, WFP at the agency level including management objectives and policy frameworks, WFP initiatives and the use of central planning and data. WFP capability relates to the structural objectives and policies, use of data and general understanding of WFP which enable WFP to be effective within organisations.

1.2 Current state ('As Is')

The following Table outlines the findings in relation to the 'As Is' state across the TSS in relation to WFP. The findings have been summarised from the interviews and workshops conducted with the agencies.

Table 2: Key questions relating to 'As Is' state of WFP

Key questions	Findings
Do clear management objectives in relation to WFP, including succession planning, exist for each agency?	This review found that agencies have varied management objectives in relation to WFP and succession planning. These management objectives were not always documented however each agency could demonstrate activities occurring related to WFP and noted the assistance and resources available from SSMO. It was observed that the majority of agencies had a plan primarily focused on immediate needs; there was not a great emphasis on future planning or succession planning. It was also noted that each agency uses its own process for WFP. Although the TSS had undertaken employee surveys in recent years, there was little evidence that information about employees was being analysed in depth to assist with systematic future planning.
To what extent are outcomes of the Tasmanian State Service Workforce Survey acted upon by each agency?	The level of participation in the Tasmanian State Service Workforce Survey, 37-38%, compares to the public sector average at a state level, 35% ³ , and commonwealth 66% ⁴ and the private sector (>66% ⁵). The participation rate of the survey has been increasing over recent years. The survey results are noted by agencies but not utilised extensively for planning purposes.

³ Based on 2015 response rates for Victoria, Queensland and Western Australia.

⁴ Design and delivery using a census survey.

⁵ Source: Governance Intelligence 2016, Enterprise Care Pty Ltd.

Key questions	Findings
Are employment policies applied by each agency?	Whole of government Employment Directions (EDs) and policies are being adopted. Agencies expressed a need for greater flexibility in EDs.
What degree of WFP exists in each agency?	<p>WFP is variable across agencies. It was found that whilst an adequate level of WFP exists in each agency on an operational basis, there is a lack of coordinated strategic WFP. The TSS is structured such that each agency adopts an individualised approach to the concept of WFP despite the guidance provided by the SSMO. The WFP that is occurring does not include a clear advancement plan with the purpose of identifying high potential and emerging talent. It was mentioned several times throughout the interviews that many acting capacity roles exist and business continuity and agency effectiveness are impacted by the number of temporary appointments. This is a symptom of ineffective WFP.</p> <p>Succession planning, as an element of WFP, is not entirely reactive as some risk analysis is done for senior executive service (SES) roles. However, the structure does not lend itself to natural progression through the staffing structure as many of the progression pathways are unclear. As such, talent searches may be required in the future where the skill set is not available.</p> <p>It is noted that each agency is capable of identifying expertise and skills that are at risk and those that are critical, as well as the existing capacity and experience of the workforce to ensure the efficient and effective operation of that agency. It is further noted however that no systemic approach has been undertaken to address this from the TSS perspective.</p>
To what extent is central planning utilised? What potential barriers exist?	Central planning is not occurring. One barrier is the lack of a central register of TSS employee's skills, qualifications, and experience (refer further comment in Chapter 3 and Recommendation 5).
What has occurred in recent years in relation to WFP?	The last two years have been focussed upon planning to achieve budgetary targets. This review found that there was a lack of focus by some senior executives on the concepts of strategic HR management, specifically WFP.

Key questions	Findings
Were roles and responsibilities for WFP clear?	<p>Agency approaches differ on the basis that each agency manages its own workforce. The <i>State Service Act 2000</i> gives overall management responsibility to each agency, and the 25 EDs provide direction to agencies on their responsibilities. The Act also states that staff are to be appointed under the Act. There is no mention of roles and responsibilities, including the roles of the Minister and the agency.</p> <p>The agencies did indicate difficulties in applying EDs as they felt constrained by a 'one size fits all' approach.</p> <p>There was uncertainty about who was responsible for WFP, as budgetary constraints meant that directives were delivered to achieve full-time equivalent (FTE) levels irrespective of demand or delivery models in play. The consequences of management of headcount fell to each agency.</p> <p>This review found that the SSMO did provide direction in relation to WFP, but that direction was then deciphered and customised by each agency. There were no prescribed and clearly articulated WFP roles and responsibilities across the TSS.</p>
What is the level of understanding of WFP of key stakeholders in each agency?	Agencies consulted in the review noted that HR functions had a sound understanding of WFP. The understanding of WFP was noted as inconsistent across operational managers and senior executives.

1.3 Future state ('To Be')

The following Table outlines the opportunities identified in relation to the 'To Be' state across the TSS in relation to WFP. The findings have been summarised from the interviews and workshops conducted with the agencies.

Table 3: Key questions in relation to 'To Be' state for WFP

Key questions	Findings
Has there been an assessment of potential benefits in implementing a formal succession planning process as a subset of WFP?	The review found that agencies intuitively understood the concept of assessing the benefits of a succession planning process, however, this assessment had not been practically implemented for key roles or positions.

Key questions	Findings
What are the likely outcomes for WFP?	The agencies consulted noted that without executive support, the likelihood of a forward workforce plan with supporting succession planning was remote in most agencies (refer further comment in Chapter 3 and 4 of this Report).
Is there agency willingness to adopt a coordinated approach?	This review found a strong willingness across agencies to collaborate and work together in relation to a coordinated approach to WFP.
Could there be a central repository of data to facilitate planning across agencies?	Through the workshop phase, agencies concluded that a central repository of data for the TSS was important to facilitate effective WFP.
Would the TSS be better placed if all agencies adopted consistent elements?	The agencies consulted concluded that adopting consistent elements for WFP across agencies was essential to facilitating improvement in WFP for the TSS as a whole.

1.4 Conclusions

This review found that the TSS does not have a consistent approach to WFP across all agencies. This review has found that some WFP is occurring within agencies with various methods of WFP in practice that have been designed according to the specific needs of each agency. In particular, risk analysis is performed in relation to key SES roles, and agencies are able to identify key skill sets which have succession planning risks. The WFP that does occur does not include a clear advancement plan with the purpose of identifying high potential and emerging talent.

Contemporary advancement planning⁶ plays a critical role in retaining talent and developing high performers as succession strategies.

It was found that whilst an adequate level of WFP exists in each agency on an operational basis, there is a lack of coordination in strategic WFP. The TSS is structured such that each agency adopts an individualised approach to the concept of WFP despite the guidance provided by the SSMO.

⁶ **Advancement planning** is defined as a process which delivers a plan for the development of staff at multiple levels. It broadens the focus from career based succession planning for high potential and emerging talent to include a consideration of key specialist and valued employees who have particular skills and attributes but no desire or potential for structural career progression. In effect, an advancement plan widens the development focus and aims to advance the careers of a wider group of experienced staff. The following activities are all development activities which can be assessed in an advancement plan to build the capability of the TSS: shadowing experienced practitioners in a particular field or skill, coaching, mentoring, secondments, project work and full changes of job or agency.

Although the SSMO has had some input in agency behaviour through EDs in the past, we believe improvements in WFP would enable the TSS to operate more effectively. Agencies consulted noted that ‘one size fits all’ approach is untenable but basic standards can be adopted by all agencies to create a collective approach on the concept of WFP.

On the basis of the assessment of the current ‘As Is’ state of WFP in the TSS, and the consideration of the key opportunities, the following is recommended:

Recommendation 1

We recommend that SSMO facilitates the development of a revised WFP framework which includes the adoption of agreed, consistent principles and standards of WFP across all agencies while enabling specific agency needs to be taken into account.

Recommendation 2

We recommend that agencies create an advancement plan with the purpose of identifying high potential and emerging talent, progression pathways, and opportunities for the development of staff. Elements to be addressed in advancement plans include succession, development opportunities for staff and the use of a range of programs that provide experiential learning and development. Advancement plans should ensure the merit principle is upheld.

Is the TSS effectively managing the different workforce profiles that exist in each agency?

2. Is the TSS effectively managing the different workforce profiles that exist in each agency?

2.1 Introduction

This chapter of the review considered the overall management of the workforce profile within the TSS, including concepts such as a strategic workforce plan and programs which are implemented to transition agencies from the current workforce profile to the 'required'⁷ workforce profile. Over recent years, many agencies have experienced significant changes to their service delivery profiles which, in turn, has had ramifications for the skills required from their workforce.

In this Chapter of the review, we considered the key challenges faced by agencies in relation to their current workforce profile through a review of the data utilised by the agencies. This included occupational groups, categories of employment conditions, and hard to fill roles. We noted during the review process that data relating to the whole of the TSS in relation to overall workforce profile is difficult to obtain due to the lack of a central register or data source (refer further comment in Chapter 3 and Recommendation 5 of this Report). Agencies therefore rely on their own data sources to facilitate reviews of the agency workforce profile.

In this Chapter we also noted areas of good practice within agencies where programs had been developed to assist in managing the workforce profile to match service delivery requirements.

2.2 Current state ('As Is')

As part of the review, the payroll data from each agency was obtained and reviewed to understand the data available to assist agencies in managing the workforce profile. The data available included:

- Occupational groups.
- Breakdown of employees and the various categories at a given date:
 1. Full-time

⁷ The 'required' workforce profile is the profile which organisations deem as necessary to deliver the services of the organisation. In periods of change, this 'required' workforce profile is the profile necessary in the future to create a new service delivery model based on the strategic objectives of the organisation.

2. Part-time
3. Casual
4. Contractor profiling
 - Turnover statistics
 - Hard to fill roles
 - Establishment versus actual positions including noted vacancies.

From our review of the data available within agencies, it was evident that data existed in multiple forms across agencies and this data was at an acceptable level to assist with workforce profile analysis. This data is available for the whole of the TSS through SSMO at certain times. However, the data is not available readily to agencies and is not dynamic; it captures a data set at a given point in time.

2.2.1 Did the approach to WFP across the TSS and within the agencies facilitate agencies addressing the challenges of workforce profile?

We found that while agencies had a general idea of how WFP should be undertaken, there was no overall TSS strategic workforce plan outlining exactly what basic planning tenets should be in place across all agencies.

As a result, this review found that there was a lack of clarity as to what the TSS and each agency was trying to achieve in relation to workforce profile, and what level of planning was required to enable the TSS to deal with the different workforce profiles and challenges that are in existence.

To facilitate an effective approach to WFP, expertise at the agency level is required to enable each agency to fulfil its WFP responsibilities. However, this needs to be supported by a clearly mandated and structured plan for the whole of the TSS. There is currently no clear delineation at the TSS level of what is currently occurring in relation to WFP (the 'As Is' state) and what agencies and the TSS as a whole are aspiring to do (the 'To Be' state). Instead, we found that the agencies responded as required to workforce management issues and did what was necessary for their day-to-day operations.

2.2.2 Are there programs in place to address the challenges of workforce profile within agencies? How well are these operating from a TSS perspective?

This review notes that SSMO participates in a workforce planning network with the aim of identifying and discussing the challenges with workforce planning across other jurisdictions.

Graduate and entry-level recruitment is another important area of focus in relation to addressing some of the challenges posed by the current workforce profiles in agencies. This review found that graduate and entry-level recruitment processes such as traineeships, internships and cadetships are all managed through each agency. Areas of excellence were noted in agencies; for example the sharing of graduates across agencies or divisions. This review noted important initiatives currently in place or being developed across the TSS to develop 'in species'⁸ graduate, cadet, intern and traineeship roles and also programs where agencies are developing specific functional talent specific to their needs, for example, in accounting.

We note however that there is no overall coordination or collaboration in relation to entry-level roles and the development of entry-level staff members. For example, where a particular agency has a graduate 'in species', there is little or no cross-pollination to enable skill development or processes to enable cross-agency exposure. There is no central register which could be used to provide information about available candidates. We noted during the consultation phase consistent anecdotal evidence across agencies of instances where graduates have been lost from the TSS as there were no further opportunities in an agency while another agency was recruiting for a similar role. Coordination or communication across agencies would facilitate the potential retention of an important cohort of the workforce.

2.3 Future state ('To Be')

During the interviews and workshops conducted, the following questions were asked of agencies:

- What are the projected future resource needs of each agency?
- Are there planned potential changes and reclassifications?

⁸ 'in species' relates to a group of individuals with the same training and qualifications consisting of individuals capable of exchanging roles across agencies

- Does portability of staff exist in the TSS?

Through the discussions, it was found that there is limited or no formalised projection of future resources needs for each agency. As a result, agencies did not have a clear documented plan for future changes and reclassifications related to the workforce profile. We also noted that there was no centralised strategic plan for the TSS based on projected future resource needs of each agency.

There are opportunities for agencies to document their projected future resource needs and workforce profile consistent with their strategic and corporate plans and related future service delivery changes. This, in turn, would highlight changes and reclassifications required to meet future required role definitions.

Agencies noted that portability of staff across the TSS does exist. These transfers occur through long-standing advertising and recruitment processes. Agencies noted however that there are limited programs focused on the flexible portability of staff across the TSS i.e. through means other than permanent transfer. Agencies also noted the lack of data relating to the whole TSS workforce limits their ability to identify potential candidates in other agencies that may be appropriate and available for a given role (refer Chapter 3 and Recommendation 5 of this Report).

2.4 Conclusion

We found that each agency had a number of key documents that described the concept of WFP. These documents, however, lacked forward planning and were reactive to specific needs of the agency. There was limited documented planning across the TSS in relation to transitioning existing workforce profiles to a workforce profile consistent with the strategic and corporate plans of the agency and related future service delivery changes.

Although all agencies recognised the need for a strategic workforce plan, we found that the TSS overall did not have a documented plan. Rather, each agency operated primarily on an individual basis with a focus on day-to-day issues, planning for the foreseeable issues and reacting to the matters at hand.

Strategic plans are important as they provide guidance for an organisation. For the TSS, a service strategic workforce plan could potentially identify opportunities to:

- Focus on preserving or minimising employee numbers
- Pursue flexible employment models

- Redefine the TSS workforce
- Identify where talent gaps exist
- Identify whole of service groupings such as graduates
- Outline strategies it intends to implement
- Define how to measure achievements.

This review concludes that a documented approach to enhancing WFP across the TSS is necessary to deliver sustainable change and adequately address the WFP issues that all agencies face. A multiple horizon approach⁹ would be beneficial to assist agencies in breaking down the strategies and actions into achievable time periods (refer further comment in Chapter 3 and Recommendation 6 of this Report).

Recommendation 3

We recommend that SSMO and all agencies explore the opportunity to develop a TSS strategic workforce plan for relevant elements or occupational groups within the TSS. We recommend that the SSMO facilitate any strategic TSS WFP and contribute through the provision of frameworks and principles with a flexible approach encouraged at the agency level.

This review also concludes that a coordinated whole-of-TSS entry-level level recruitment and development program would greatly assist in attracting and retaining entry-level staff members within the public sector.

Recommendation 4

We recommend that the TSS adopt a whole-of-system approach to entry-level level recruitment including:

- Graduates
- Trainees
- Interns
- Cadets.

This approach can be developed formally through the SSMO or through collaboration between agencies and can be applied on an occupational basis as appropriate.

⁹ Multiple horizon approaches outline key strategies and actions over defined future time periods. For this review, we would consider 1 year, 2-3 year, and 3 year plus timeframes as appropriate.

Is the TSS addressing the varying demographic influences?

3. Is the TSS addressing the varying demographic influences?

3.1 Introduction

This Chapter of the review considered how the TSS is currently addressing the demographic influences on its workforce including key data analytics and assessments against the community demographic profile. We also considered key programs in place to address key demographic challenges faced by the TSS.

3.2 Current state ('As Is')

The 2014 TSS Workforce Snapshot data and report have been utilised by this review to understand the demographic profile of the TSS¹⁰.

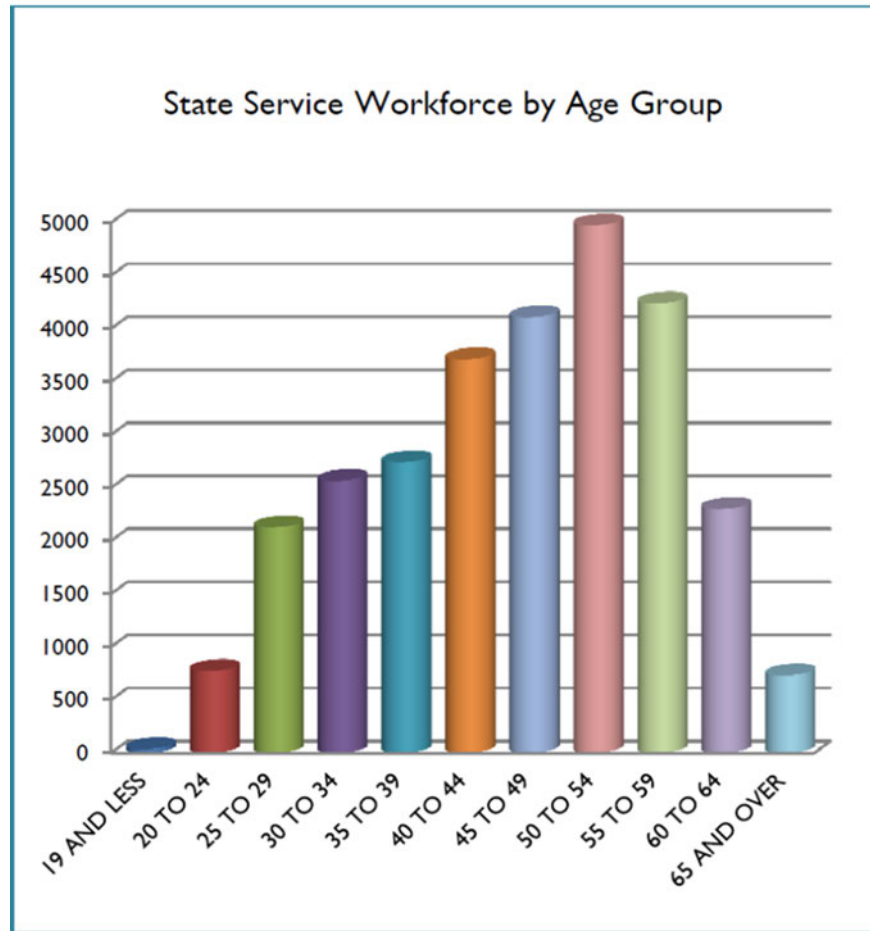
The TSS had a diverse permanent and fixed-term workforce of 28 310 employees in June 2014 (paid headcount) compared to 27 938 in June 2013. The paid FTE numbers in 2014 were 22 480 compared to 22 257 in 2013.

There are more than 200 occupational groups represented within the TSS, including nurses, teachers, police service members, accountants, pharmacists, arborists, debt collectors, cartographers, auctioneers, and historians.

In June 2014 there was diversity of ages across the TSS, with 26 employees aged 74 or older and 42 aged 19 or under. The average age of permanent employees was 46.77 years, an increase of 0.35 years over the previous two years. Of the workforce, 10.38% was under 30 years of age, and 25.69 % were over 55 years of age, while 27.62 % were in the 40 to 49 years age group. Figure 1 on the next page illustrates the age diversity within the TSS as at June 2014.

¹⁰ The 2015 TSS Snapshot Report has recently been released however at the planning phase of this review the 2014 data was the agreed base data to be utilised.

Figure 1: State Service workforce by age group



Source: 30 June 2014 Workforce Snapshot Report

The review considered whether the TSS as a whole had utilised the Workforce Renewal Incentive Program (WRIP) and transition to retirement programs as part of a broader workforce strategy. This review noted that many agencies used the program as one tool available to assist in re-profiling the structure of the agency in conjunction with other tools such as redundancy programs. Some agencies indicated that the WRIP process had primarily been utilised in conjunction with redundancies to meet budget targets rather than being utilised as a strategic approach to workforce renewal. Transition to retirement programs were in place within agencies. These programs are variable in nature and reflect individualised requirements rather than a systematic approach consistent with a strategic workforce plan.

3.2.1 Was demographic information about employees obtained and evaluated to assist with future planning?

This review found that there was no centralised approach to capturing whole-of-TSS employee data to assist with future WFP. We found that each agency was focussed upon its own workforce and had access to data relevant to its own operation. We did not find any evidence that an agency's needs were assessed against a whole-of-TSS view. Agencies noted that while demographic data was available, there was limited focus on addressing the challenges with a higher priority placed on managing the immediate HR priorities within the agency. The main focus for agencies in relation to demographic profile was gender and retirement age. There was limited attention given to other critical areas such as age spread, youth employment, experience or qualifications.

Although SSMO had undertaken analysis of the TSS in recent years, we did not find compelling evidence through the interview processes that employee data was being thoroughly evaluated for the purposes of WFP. Thorough evaluation of employee data is required to assist with future planning and to address the challenges faced by the TSS. Strong data analytics can greatly assist decision making through defining what the TSS/agency have and what the TSS/agency need to deliver the services required cost-effectively. We concluded that the TSS could further increase its focus and analysis on demographic realities through more thorough data analytics.

There is also an important need to understand the skills and capabilities that already exist in the TSS to facilitate WFP and to enable more effective utilisation of the capabilities of the staff within the TSS. There is currently no data that can be utilised across the TSS to understand staff capabilities and therefore effectively put in place strategies for the future.

3.2.2 Did the agencies include strategies to address diversity?

The data analysis included within the 2014 TSS Workforce Snapshot indicated that diversity is a key challenge faced by the TSS and is also an opportunity in relation to addressing some of the workforce profile challenges posed by changing service delivery models.

This review found diversity, and the approach taken to address this issue across all agencies, is a work in progress with projects and initiatives being undertaken by SSMO and agencies including:

- Flexible workplace practices and employment structures.

- Examples of effective returning to work from maternity leave programs.
- Examples of flexible arrangements to facilitate family planning objectives were also noted.
- Some work from home examples were cited and related to suitable roles.

However, there were still a number of diversity challenges for agencies including:

- Female representation at senior executive levels.
- Data related to other demographic elements such as ethnic background and skills and qualifications.

Flexibility in workforce practices and EDs was also highlighted as a key factor impacting diversity in the TSS. Agencies noted that the strict application of EDs that were narrowly defined lacked the true flexibility to allow agencies to develop flexible work practices. Greater flexibility in HR employment structures is necessary to address future workforce challenges.

It was also suggested that a greater focus at an executive management level on understanding the WFP challenges and attendant issues would assist in providing the permission and strategic direction to achieve greater flexibility in terms of the workplace and this would, in turn, enhance diversity in the workforce.

3.2.3 Did agencies have strategies to retain existing employees and attract new employees?

As stated previously, the TSS did not have an all-agency strategic WFP. The established elements that make up a strategic workforce plan are as follows:

Table 4: Elements of a strategic WFP assessment

Elements of a strategic WFP	Exists for the TSS as a whole?	Documents in place
Overall strategic objectives in WFP	No	Supportive procedures and a model for WFP exist as developed by SSMO
Long-term goals for WFP	Some by agency	Nil
Short-term goals	Yes by agency	Nil
Action plan	Partial and on an individual or reactive basis by agency	Agency plans exist, but there is no overall TSS approach or review

As the Table above indicates, none of the key elements of a strategic workforce plan exist in full within the TSS. Important elements, such as long and short-term goals, were developed on an agency-by-agency basis but no overarching TSS plan exists. An associated action plan, which should allow for implementation of the long and short-term goals, has not been developed.

We were satisfied that all agencies constantly made efforts to retain existing employees and attract new employees. Nevertheless, without an overarching strategic workforce plan, efforts by agencies to develop the workforce required to meet future objectives will lack cohesion and the efficiencies which can be generated from working together.

3.2.4 Were performance management issues dealt with in an effective manner to enable the career progression of employees and to retain existing employees and attract new employees?

Some agencies felt constrained in the way that they manage under-performing staff given the compliance processes associated with dealing with poor performers within the TSS. Agencies noted that performance management is impacted by complicated procedures which do not encourage decisive action on poor performers. These processes and outcomes were noted as generating a culture of performance management impacted by the likelihood of an appropriate outcome to address under-performance.

Agencies also noted that the capability of some operational managers in relation to managing poor performance is not at the level required to appropriately manage such performance. In relation to WFP, it is important that protocols, procedures, and activities are designed to retain existing employees and attract new employees and facilitate a high-performance culture through the retention of good performers and the appropriate management of poor performance. We note that at the time of this review ED 26 relating to performance management is currently under review.

3.3 Future state ('To Be')

Agencies were consulted during the review in relation to the future opportunities in relation to addressing the varying demographic challenges of the current workforce. It was noted by agencies that limited focus had been placed on considering or analysing demographic challenges for the medium term which considers the period beyond two to three years.

While ten years into the future was seen as too much of a stretch target, agencies agreed that there is an opportunity to strategically plan for anticipated workforce demographic challenges over the medium term being three to five years in advance (refer related comments in Chapter 2).

3.4 Conclusion

Overall, we concluded that there is limited evaluation of employee data to assist with future planning and to address the challenges faced by the TSS. We concluded that the TSS could further increase its focus and analysis on demographic realities through more thorough data analytics. In order to achieve this, there is a need for a central repository of agency data that captures skills, demographic attributes, experience and qualifications of the current TSS workforce. Once this metadata is established, this will facilitate the next phase in maturity for WFP within the TSS.

We have concluded that the key elements of a strategic workforce plan do not exist in full within the TSS. Important elements, such as long and short-term goals, are developed on an agency-by-agency basis, but no overarching TSS plan exists. A strategic WFP for the TSS, which includes strategic objectives, long and short-term goals and an action plan that identifies clear strategies will be an important first step in addressing the challenges posed by changing service delivery models and the current demographic and workforce profile of the TSS. Important support elements to a strategic WFP will be the encouragement of greater flexibility in HR employment structures and a demonstrated focus by executives within agencies to WFP challenges.

We also concluded that the management of poor performance is an important element in addressing the current demographic challenges of the TSS. The capability of operational managers in relation to managing poor performance, and the removal or review of ineffective or inefficient processes, will need to be addressed by agencies in order to see an improvement in this area.

Recommendation 5

We recommend that SSMO consider an improved mechanism to capture agency workforce data. The intent is to provide the capability to assess the skills and competencies that exist within the TSS in a real-time and dynamic manner as opposed to a retrospective reporting basis.

This assessment should cover skills and demographic attributes, experience and qualifications of the current TSS workforce. We recommend that an IT solution be investigated by the SSMO in collaboration with agencies to facilitate capture and use of this data.

Recommendation 6

We recommend that each agency develops a strategic workforce plan, which includes strategic objectives, long and short-term goals and an action plan that identifies clear strategies to develop and re-profile the existing workforce and formally embracing diversity as strategic elements. This strategic workforce plan should have the expressed support from the agency executive. This will necessitate the inclusion of appropriately skilled and qualified HR practitioners within each agency to develop and implement the resultant workforce plan.

Recommendation 7

We recommend that the TSS, through SSMO, review the current performance management mechanisms for poor performers and work with agencies to address the concerns highlighted by this review such as management capability and ineffective processes.

**To what extent do strategic HR skills and capabilities exist
across the TSS?**

4. To what extent do strategic HR skills and capabilities exist across the TSS?

4.1 Introduction

It is important that WFP be supported by an appropriate level of HR capability. HR capability within an organisation underpins the execution of key strategic HR tasks such as WFP. HR capability is important to not only make decisions regarding key focus areas but also to enable the TSS to make informed decisions about the overall workforce.

For the purposes of this review, a proprietary survey methodology 'HR Capability Health Check'¹¹, developed as a benchmarking tool to assess HR functions in large enterprises, was utilised to assess the level of HR capability across the TSS. Details of the survey are included in Appendix 1 to this report.

4.2 Current state ('As Is')

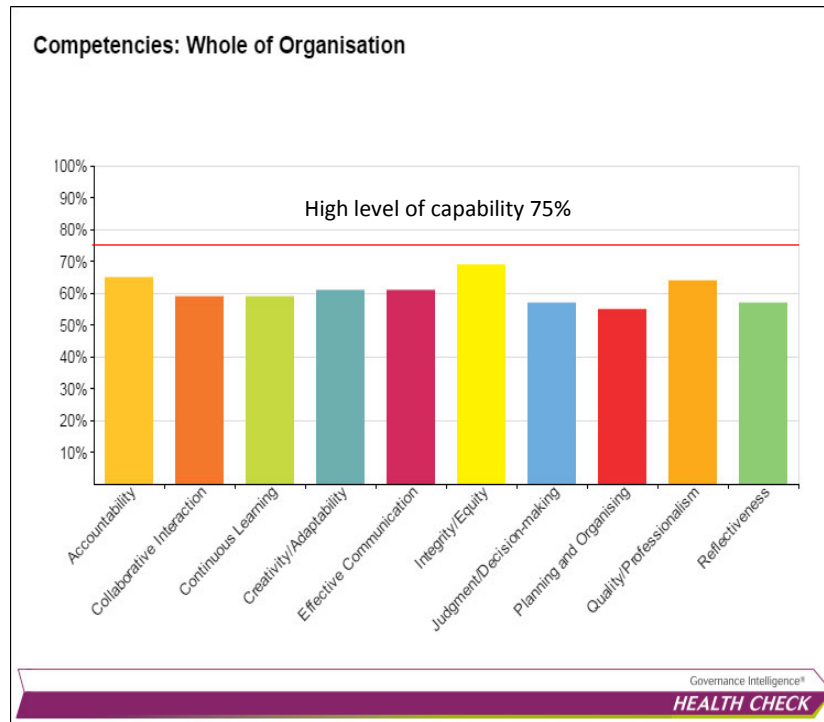
4.2.1 Overall HR Capability Health Check Survey Results

Based on the results from the HR Capability Health Check utilised in this review, the TSS has a HR capability level of 61% (out of a possible 100%), which is described as 'average'. For an HR function to operate at a level which delivers a high standard of HR service across all competencies, the HR Capability Health Check indicates that an organisation requires a score of 75% or above for each element.

Figure 2 on the following page shows the HR capability scores for the whole TSS (all participants) in terms of the ten competencies that define HR capability within the HR Capability Health Check tool.

¹¹ 'HR Capability Health Check' is a proprietary survey tool designed by Hranywhere.

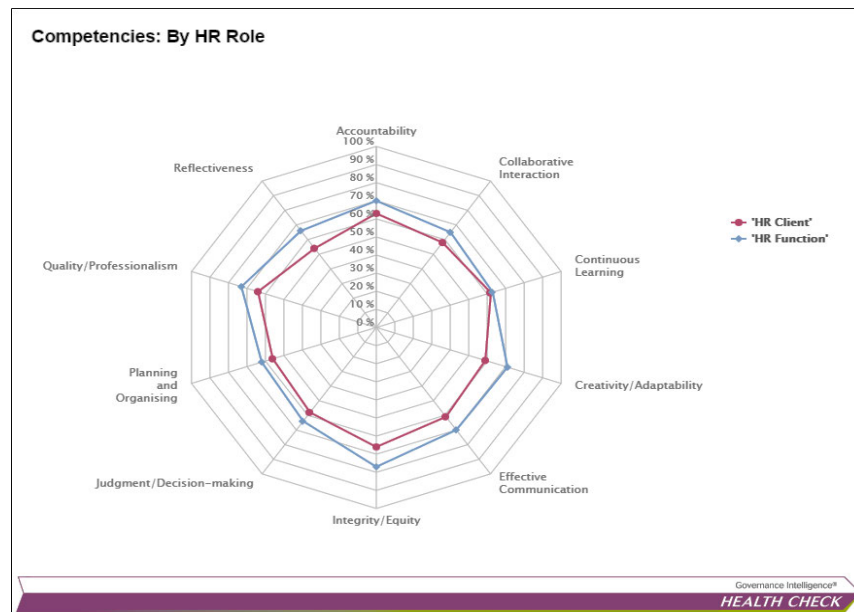
Figure 2: HR competency results for whole of TSS



Source: HR Capability Health Check survey results for the TSS

Figure 3 below outlines the comparison between what the HR functional participants in the survey for the whole TSS believe their competency level is and what their clients perceive their competency to be.

Figure 3: HR competency rating by client and function for whole of TSS



Source: HR Capability Health Check survey results for the TSS

It is quite normal for a differential to exist between client and function. The differential in this instance for the whole TSS is not significant. It is interesting to note that there are common assessments between clients and HR functions in relation to the key competencies as can be seen by the consistent shape of the graph results. Planning and organising has been assessed by both groups as low.

4.2.2 Detailed HR Capability Health Check Survey Results

The average scores given to specific questions in the survey have been analysed for key themes. Specifically, the top and bottom results for individual questions were analysed along with average responses for HR clients and HR functions across the whole TSS (refer further detail in Appendix 1 of this Report).


Participants in the survey were asked to score individual statements relating to HR competencies/capabilities in their agency (refer 'statement' column in the tables below) out of 10 with a score of 1 being extremely poor through to a score of 10 being extremely good. The tables below outline key findings from the detailed survey results for the whole of the TSS. The 'average response' on the table is the average score of all survey responses and is grossed up and provided out of 100 i.e. scores of 8 out of 10 would be averaged at 80.

Analysing the detailed results of the survey highlighted areas where the TSS scored very highly indicating strong performance (refer Table 5 below) in the areas of:

- Integrity
- Role modelling values
- Specialist advice.

Table 5: Top survey questions by average response score for the whole of the TSS

Top Statements: Whole of Organisation Ranking	
Statement	Average Response
The organisation's HR practitioners demonstration of personal and professional integrity is	81
The ability of HR practitioners to act as role models for the organisation's values and culture is	76
The provision, by HR practitioners, of specialist advice to clients within the organisation is	75
The specialist advice provided by HR on people management and performance matters is	75
The inclusion of key accountabilities in all position descriptions is	73
The approved Financial Authorities concerning management of salaries and manpower related matters are	72



Source: HR Capability Health Check survey results for the TSS

The top survey question results indicate that the HR professionals operating within agencies are highly regarded, and the specialist advice provided by the HR groups is valued.

Table 6 below highlights the lowest scoring elements from the survey for the whole of the TSS (all participants). The results are consistent with the findings of this review and indicate low levels of capability and performance in the areas of succession planning, HR strategy, and recognition.

Table 6: Lowest survey questions by average response score for the whole of the TSS

Bottom Statements: Whole of Organisation Ranking	
Statement	Average Response
The formal succession planning process that is in place and operational is	35
The reward system for the recognition of staff encouraging learning in the workplace is	42
The ability of HR to capture the capability levels by recording people's skill levels, contact time, attributes, strengths is	43
The conduct of workforce planning and labour analysis against the organisation's operational needs is	46
The current three (3) year HR Strategy is	48

Governance Intelligence®
HEALTH CHECK

Source: HR Capability Health Check survey results for the TSS

Table 7 below shows that clients of the HR function (key executives and operational managers) for the whole of the TSS rated succession planning, WFP and the provision of relevant data to inform business decisions as relatively low.

Table 7: Lowest survey questions by average response score by HR client for the whole of the TSS

Bottom Statements: HR Client Ranking	
Statement	Average Response
The formal succession planning process that is in place and operational is	37
The conduct of workforce planning and labour analysis against the organisation's operational needs is	44
The reward system for the recognition of staff encouraging learning in the workplace is	45
The delivery, by HR, of broad ranging relevant data to inform all business decisions is	47
The current three (3) year HR Strategy is	50

Governance Intelligence®
HEALTH CHECK

Source: HR Capability Health Check survey results for the TSS

The findings of this review highlighted that HR capability within the TSS is primarily focused on the 'transactional' responsibilities of HR such as recruitment, industrial negotiations, performance management, and employment regulation. The survey results above reinforce that there is an identified need to focus on developing the strategic capability of HR in relation to WFP and providing strategic input at the executive management level within agencies.

4.2.3 HR Capability Framework

An HR Capability Framework is in place through the SSMO. This review has noted that each agency has used the framework at some point, but it is not adopted as a systemic device and entrenched as a standard framework. The concept of HR capability is understood within the agencies however it is noted that there is a lack of a formalised assessment of needs and actions to develop HR capability.

4.2.4 Developing HR Capability

There are currently no documented plans to address the issue of HR capability across the TSS, nor are there detailed plans at the agency level in relation to HR succession planning.

This review has found that in order to ensure that the HR capability of the TSS shifts from 'average' to a high performing level, strategies guided by higher-level decision makers are required to inject and develop HR expertise. This strategy also requires a forward plan to ensure HR capability is developed.

Furthermore, this review found that there was generally inadequate attention to WFP at the executive levels within agencies. In our view, this was in part a result of the lack of HR capability and consequently a lack of input by HR practitioners at the executive level. It was also impacted however by organisational structures whereby HR was not represented at the senior levels or was represented through a Corporate Services Director with multiple responsibilities.

We were pleased to note that some effort was being made at the SES level to benchmark leadership standards and competencies. More of this approach is needed across the TSS. To be developed, HR capability cannot be engaged and assigned to agencies; it must be both a strategic priority and be systematically developed. At present, this review found that neither are occurring to a strong level. In order to enable issues such as WFP to be more extensively addressed and effectively implemented, the executive within agencies must adopt an aspiration to do so. Without executive sponsorship, the likelihood of a collective improvement in HR capability is reduced.

Critical questions at the executive management level that would assist in considering the issues include:

- Should capable HR practitioners be included at the senior or executive management levels within agencies?
- What does the HR data tell us about our workforce?

- How can we improve our WFP?

HR capability may be both accessed and enhanced through strategic initiatives such as secondments, cross-agency project teams and pooling of resources.

4.3 Future state ('To Be')

Agencies were consulted during the review in relation to the future opportunities in relation to developing HR capability.

For the majority of agencies, the HR function operates at a transactional and business partner level but not at the strategic level. The survey results, and the results of the workshops with stakeholders indicated that there are significant opportunities to enhance the role and capability of HR teams within agencies to more effectively contribute to the strategic objectives and corporate plans of the agencies. Specifically, there is an opportunity for HR to place greater focus on developing the workforce strategically for anticipated changes in service delivery models, and in providing data and analytics to enhance strategic decision making. In order to achieve this, stakeholders identified that there is a strong opportunity to create HR capability that delivers sustainable change through initiatives such as communities of practice and HR resource and knowledge sharing across the TSS.

4.4 Conclusion

In summary, this review revealed that the TSS's all-agency 'HR Capability Health Check' score was 61% (out of a possible 100%). This indicates that there is some evidence of good processes and systems, but there is significant room for improvement for the TSS to be regarded as 'above average' in its state of readiness to deal with the workforce challenges in a three to five year horizon. Based on the ratings provided by the HR clients in the survey, areas in need of attention in the short-term are:

- Succession / WFP.
- Data capture and analysis.
- HR strategy.

In order to ensure that the state of readiness of the TSS shifts from 'average' to 'above average,' strategies guided by higher-level decision makers are required to inject and develop HR expertise. This strategy also requires a forward plan to ensure HR capability is developed.

Furthermore, this review found that there was generally inadequate attention to WFP at the executive levels within agencies. Without executive sponsorship, the likelihood of a collective improvement in HR capability is reduced. The development of HR capability would also benefit from a greater focus on 'communities of practice'; that is sharing HR knowledge, resources and approaches to improve HR capability across the TSS. There exists an opportunity to build on strengths and share competencies across agencies.

Recommendation 8

We recommend that agencies ensure there is sufficient HR capability at the executive management level to ensure a greater focus on building HR capability and WFP. This capability can be facilitated through changes to the organisational structure whereby HR is included at the executive management level, through enhancing the HR capability of the current executives, or at a minimum ensuring that HR professionals are present at executive management meetings where important HR related issues are discussed.

Recommendation 9

We recommend the sharing of HR expertise and WFP strategies across agencies via a more formalised approach, such as participation in a 'community of practice.'

Heat map assessment

5. Heat map assessment

5.1 Introduction





The following heat map assessment has been performed based on the results of this review by each element.

- Agencies involved in this review were graded out of a score of one to four (see Table 8 on the following page) for each the following elements determined from the interviews and data supplied by each agency in relation to the questions posed in the relevant Chapters above. The elements were:
 - WFP
 - Workforce profiling
 - Demographic influences
 - HR capability
- The fourth element, HR capability, was scored as a direct outcome of the survey in which participants confidentially rated the HR capability of their own agency. The participants assessed ten HR capability competencies:
 - Accountability
 - Collaboration
 - Continuous learning
 - Creativity and adaptability
 - Communications
 - Integrity and equity
 - Judgement
 - Planning
 - Quality professionalism
 - Reflectiveness
- An overall 'readiness' score was then determined by a combination of the four elements.

5.2 Heat map assessment definitions

The following heat map assessment definitions have been used to score the four elements.

Table 8: Heat map assessment score definitions

Heat Map	Score per Element	Score Summary Definition	Overall Readiness Score per Agency for the 4 Elements	State of Readiness
	4	Outstanding Level	13-16	Outstanding level of readiness
	3	Good Level	11-13	Good level of readiness
	2	Average Level	8-10	Some evidence but action required
	1	Poor Level	1-7	Urgently requires action
Score per Element	Definition for Score			
4	<p>Strong evidence that element was clearly included within formal objectives / plans / agendas of the agency.</p> <p>Strong evidence that the element was regularly and consistently reviewed / performed in a thorough manner.</p> <p>Strong evidence that processes were in place formalised and documented.</p> <p>Survey results for HR capability on average were greater than 75/100.</p>			
3	<p>Reasonable evidence that the element was included within formal objectives / plans / agendas of the agency at a broad level.</p> <p>Reasonable evidence that the element was reviewed / performed within the past 2 to 3 years.</p> <p>Reasonable evidence that processes were in place and in most instances were formalised and documented.</p> <p>Survey results for HR capability on average were between 65-75/100.</p>			
2	<p>Some evidence that the element was included within formal objectives / plans / agendas of agency at a broad level.</p> <p>Some evidence that the element was reviewed / performed at some point in the last five years.</p> <p>Some evidence that processes were in place and were partly formalised and documented.</p> <p>Survey results for HR capability on average were between 50-65/100.</p>			
1	<p>No evidence that the element was included within formal objectives / plans / agendas of agency at a broad level.</p> <p>No evidence that the element was reviewed / performed at some point in the last 5 years.</p> <p>No evidence that processes were in place and were formalised or documented.</p> <p>Survey results for HR capability on average were below 50/100.</p>			

5.3 Heat map assessment of 'readiness' by element for the TSS

The following heat map (Table 9) has been developed from the findings of this review to visually demonstrate the overall assessments of each element for the whole TSS.

Table 9: Heat map assessment of 'readiness' by element for the TSS

Group	Agency	WFP	Work-force Profiling	Demo-graphic Influences	HR Capability	Overall Readiness Score
Total	Average score for TSS	2.4	2.4	2.4	2.4	9.6/16

The detailed survey results and heat map assessment for each individual agency have been provided to agencies for their information.

Appendices

Appendix 1 - HR Capability Health Check

Background

For the purposes of this review, a proprietary survey methodology 'HR Capability Health Check', developed by Hrananywhere as a benchmarking tool to assess HR functions in large enterprises, was utilised to assess the level of HR capability across the TSS. The survey rates the average responses out of a total possible score of 100. For a HR function to operate at a high level, the HR Capability Health Check indicates that an organisation requires a score of 75 or above for each element. Specifically for this project:

- Ten HR capabilities were assessed:
 - Accountability
 - Collaborative interaction
 - Continuous learning
 - Creativity / adaptability
 - Effective communication
 - Integrity / equity
 - Judgement / decision-making
 - Planning and organisation
 - Quality / professionalism
 - Reflectiveness
- Our target audience within each agency was made up of:
 - Nominated HR practitioners
 - HR clients (executives and operational managers) within each agency
- Health check participants were requested to complete a survey relating to their own experience within their own agency.

Number of participants that completed the HR Capability Health Check

Table 10 below summarises the participants in the survey.

Of the 44 participants, 57% represented the HR functional role and 43% represented HR clients being those who manage the agency.

Table 10: Number of participants per agency

Group	Agency	HR client number of participants	HR function number of participants	Total number of participants
1	State Growth	3	2	5
2	Police, Fire and Emergency Management	3	4	7
3	Education	3	3	6
4	Tasmanian Health Service	1	2	3
5	Justice	2	3	5
6	Treasury and Finance	2	3	5
7	Health and Human Services		2	2
8	Premier and Cabinet	2	1	3
9	Primary Industries, Parks, Water and Environment	3	5	8
Total		19	25	44

Survey Results for the TSS – summary of HR client and HR function results

The following tables provide the highest scored individual questions for HR clients (Table 11) and the HR function (Table 12) for the whole of the TSS (all participants).

The top statements from both the HR client and HR function survey results indicate that, across the TSS, HR professionals are deemed to demonstrate a high level of personal and professional integrity and act as role models for the agency's objectives and culture. Similarly, there are key themes that HR functions perform well in relation to critical responsibilities such as the provision of advice and ensuring key accountabilities are included in statements of duties.

Table 11: Top scores by HR clients for whole of TSS


Top Statements:HR Client Ranking	
Statement	Average Response
The organisation's HR practitioners demonstration of personal and professional integrity is	75
The approved Financial Authorities concerning management of salaries and manpower related matters are	69
The provision, by HR practitioners, of specialist advice to clients within the organisation is	68
The specialist advice provided by HR on people management and performance matters is	68
The ability of HR practitioners to act as role models for the organisation's values and culture is	67
The inclusion of key accountabilities in all position descriptions is	67
Employees awareness of the organisational goals/objectives is	65

Governance Intelligence³
HEALTH CHECK

Source: HR Capability Health Check survey results for the TSS

Table 12: Top scores by HR function for whole of TSS

Top Statements:HR Function Ranking	
Statement	Average Response
The organisation's HR practitioners demonstration of personal and professional integrity is	86
The ability of HR practitioners to act as role models for the organisation's values and culture is	83
The provision, by HR practitioners, of specialist advice to clients within the organisation is	81
The specialist advice provided by HR on people management and performance matters is	80
Clearly defined reporting relationships in all organisational positions is	78




Source: HR Capability Health Check survey results for the TSS

Bottom statements

The bottom statements for both the HR function and HR clients (outlined in Tables 13 and 14 below) identify clear themes in relation to opportunities for improvement; specifically in relation to succession planning, reward systems, WFP and capturing capability data.

Table 13: Lowest scores by HR clients for whole of TSS


Bottom Statements: HR Client Ranking	
Statement	Average Response
The formal succession planning process that is in place and operational is	37
The conduct of workforce planning and labour analysis against the organisation's operational needs is	44
The reward system for the recognition of staff encouraging learning in the workplace is	45
The delivery, by HR, of broad ranging relevant data to inform all business decisions is	47
The current three (3) year HR Strategy is	50



Source: HR Capability Health Check survey results for the TSS

Table 14: Lowest scores by HR functions for whole of TSS

Bottom Statements: HR Function Ranking	
Statement	Average Response
The formal succession planning process that is in place and operational is	43
The reward system for the recognition of staff encouraging learning in the workplace is	46
The ability of HR to capture the capability levels by recording people's skill levels, contact time, attributes, strengths is	48
The conduct of workforce planning and labour analysis against the organisation's operational needs is	50
The current three (3) year HR Strategy is	54

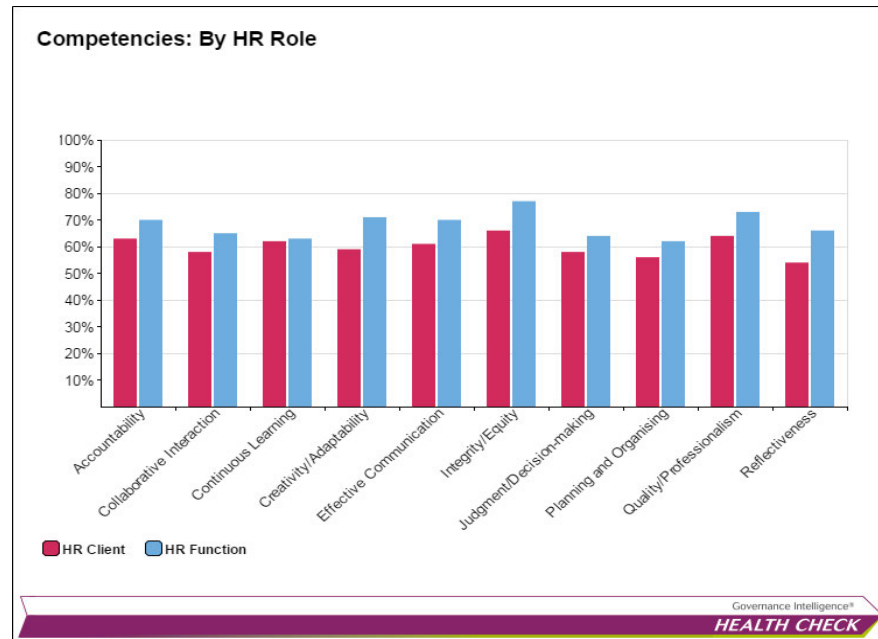


Source: HR Capability Health Check survey results for the TSS

Overall HR Capability Health Check capability scores by HR role and function

The following graph shows the survey results for each capability analysed by the average results given by the HR function participants and the HR clients.

Figure 4: Summary results for capabilities by HR role



Source: HR Capability Health Check survey results for the TSS

Detailed Survey Results by Question

The following tables provide the average survey results for all questions within the survey for the whole of the TSS. The question scores are reported by capability category. The tables also provide an average score for each capability for the whole of the TSS (out of a possible 100%).

Table 15: Accountability question scores – whole of TSS

Statement	Average Response	Competency
ACCOUNTABILITY 68%		
Clearly defined reporting relationships in all organisational positions is	72	Accountability
HR's track record for taking responsibility in meeting role, team and organisational objectives is	70	Accountability
The clear assignment of the responsibility of creating and maintaining the organisation's position descriptions is	74	Accountability
The importance given to HR elements in the organisation's business strategy is	63	Accountability
The inclusion of key accountabilities in all position descriptions is	75	Accountability
The provision of ongoing performance feedback by line managers to staff is	59	Accountability
The regular monitoring of employee behaviour as part of a commitment to quality Performance and Behaviour in the workplace is	60	Accountability

Source: HR Capability Health Check survey results for the TSS

Table 16: Collaborative interaction question scores – whole of TSS

Statement	Average Response	Competency
COLLABORATIVE INTERACTION 62%		
HR's ability to clearly and confidently communicate across all levels of the organisation is	69	Collaborative Interaction
HR's identification and implementation of strategies and practices to attract, retain, develop and motivate a skilled workforce is	55	Collaborative Interaction
HR's influence on the organisation's people management and performance to deliver an effective HR strategy is	64	Collaborative Interaction
HR's open and collaborative basis in order to address stakeholders' HR requirements within the organisation is	73	Collaborative Interaction
Line Managers active engagement with HR is	71	Collaborative Interaction
The ability of HR to drive the organisation's people management and workforce planning agenda is	57	Collaborative Interaction
The reward system for the recognition of staff encouraging learning in the workplace is	46	Collaborative Interaction
Governance Intelligence [®] HEALTH CHECK		

Source: HR Capability Health Check survey results for the TSS

Table 17: Continuous learning question scores – whole of TSS

Statement	Average Response	Competency
CONTINUOUS LEARNING 63%		
Everyone's awareness of the procedures for discipline and behaviour reviews is	70	Continuous Learning
HR's maintenance of up-to-date knowledge of all HR issues, trends and good practices is	67	Continuous Learning
The level of proper HR training provided to line managers is	58	Continuous Learning
The strong support for widespread exchange of knowledge across the organisation is	58	Continuous Learning
Governance Intelligence [®] HEALTH CHECK		

Source: HR Capability Health Check survey results for the TSS

Table 18: Creativity / adaptability question scores – whole of TSS

Statement	Average Response	Competency
CREATIVITY/ADAPTABILITY 66%		
HR constantly seeks improved ways to deliver value-added HR services is	68	Creativity/Adaptability
HR's ability to adapt its learning to new change initiatives within the organisation is	69	Creativity/Adaptability
HR's monitoring of the progress and impact of initiatives and ability to make timely adjustments is	61	Creativity/Adaptability
Regular reviewing & assessing of the existing HR systems & processes is	63	Creativity/Adaptability
The creativity by HR practitioners in the designing and/or brokering of timely and appropriate interventions to suit the requirements of clients across the organisation is	68	Creativity/Adaptability
The prompt response by HR practitioners to business requests for customised programs is	66	Creativity/Adaptability
Governance Intelligence [®] HEALTH CHECK		

Source: HR Capability Health Check survey results for the TSS

Table 19: Effective communication question scores – whole of TSS

Statement	Average Response	Competency
EFFECTIVE COMMUNICATION 67%		
Employees awareness of the organisational goals/objectives is	72	Effective Communication
HR's ability to communicate the outcomes of its work across all levels of the organisation is	61	Effective Communication
HR's facilitation of different communication mediums and technology to share knowledge and experiences across the organisation is	66	Effective Communication
HR's help in employees understanding of the impact of their behaviour on the organisation's culture is	67	Effective Communication
Governance Intelligence [®] HEALTH CHECK		

Source: HR Capability Health Check survey results for the TSS

Table 20 Integrity / equity question scores – whole of TSS

Statement	Average Response	Competency
INTEGRITY/EQUITY 72%		
The ability of HR practitioners to act as role models for the organisation's values and culture is	79	Integrity/Equity
The clear alignment of the HR Strategy to the organisation's direction is	65	Integrity/Equity
The organisation's HR practitioners demonstration of personal and professional integrity is	84	Integrity/Equity
The strong alignment of HR operations with the organisation's culture is	69	Integrity/Equity
The structural alignment of HR functions to meet the organisation's needs are	65	Integrity/Equity
Governance Intelligence® HEALTH CHECK		

Source: HR Capability Health Check survey results for the TSS

Table 21: Judgment / decision-making question scores – whole of TSS

Statement	Average Response	Competency
JUDGMENT/DECISION-MAKING 62%		
HR's monitoring and assessing of the organisational climate and employee engagement is	62	Judgment/Decision-making
Governance Intelligence® HEALTH CHECK		

Source: HR Capability Health Check survey results for the TSS

Table 22: Planning and organising question scores – whole of TSS

Statement	Average Response	Competency
PLANNING AND ORGANISING 60%		
The ability of HR to capture the capability levels by recording people's skill levels, contact time, attributes, strengths is	50	Planning and Organising
The ability of HR to embed new behaviours in HR systems, processes and metrics to sustain achievements and change within the organisation is	63	Planning and Organising
The approved Financial Authorities concerning management of salaries and manpower related matters are	76	Planning and Organising
The current three (3) year HR Strategy is	53	Planning and Organising
The effectiveness of organisational goals flowing through to individual objectives and measures is	63	Planning and Organising
The formal succession planning process that is in place and operational is	40	Planning and Organising
The guidance and assistance that is available for the formulation of each job description is	70	Planning and Organising
The integration of people management and performance initiatives into all people management strategies is	61	Planning and Organising
The line managers development with their staff of action plans is	62	Planning and Organising
The organisation's capacity to deliver the approved outcomes using existing HR resources is	61	Planning and Organising
Governance Intelligence® HEALTH CHECK		

Source: HR Capability Health Check survey results for the TSS

Table 23: Quality / professionalism question scores – whole of TSS

Statement	Average Response	Competency
QUALITY/PROFESSIONALISM 69%		
HR's facilitation in the establishment of clear performance standards throughout the organisation is	64	Quality/Professionalism
The accurate description of existing roles & accountabilities and reporting relationships in all job descriptions are	70	Quality/Professionalism
The appropriate level of HR resources within the organisation is	59	Quality/Professionalism
The delegation of all appropriate HR functions to the organisation's line managers is	68	Quality/Professionalism
The provision, by HR practitioners, of specialist advice to clients within the organisation is	80	Quality/Professionalism
The specialist advice provided by HR on people management and performance matters is	80	Quality/Professionalism
When filling roles within the organisation, the matching of resourcing needs according to a formal planning process is	63	Quality/Professionalism
Governance Intelligence® HEALTH CHECK		

Source: HR Capability Health Check survey results for the TSS

Table 24: Reflectiveness question scores – whole of TSS

Statement	Average Response	Competency
REFLECTIVENESS 61%		
HR's integration of contemporary HR development into HR practices and solutions across all levels of the organisation is	66	Reflectiveness
The conduct of workforce planning and labour analysis against the organisation's operational needs is	48	Reflectiveness
The delivery, by HR, of broad ranging relevant data to inform all business decisions is	60	Reflectiveness
The seeking from HR of data by line managers to inform business decision is	63	Reflectiveness
The understanding shown by HR of the organisations and senior executive short and long term business imperatives is	67	Reflectiveness

Governance Intelligence
HEALTH CHECK

Source: HR Capability Health Check survey results for the TSS

Recent reports

Recent reports

Tabled	No.	Title
July 2015	No. 1 of 2015-16	Absenteeism in the State Service
August	No. 2 of 2015-16	Capital works programming and management
October	No. 3 of 2015-16	Vehicle fleet usage and management in other State entities
October	No. 4 of 2015-16	Follow up of four reports published since June 2011
November	No. 5 of 2015-16	Financial Statements of State entities, Volume 2 — Government Businesses 2014-15
November	No. 6 of 2015-16	Financial Statements of State entities, Volume 3 — Local Government Authorities and Tasmanian Water and Sewerage Corporation Pty Ltd 2014-15
December	No. 7 of 2015-16	Financial Statements of State entities, Volume 1 — Analysis of the Treasurer's Annual Financial Report, General Government Sector Entities and the Retirement Benefits Fund 2014-15
February 2016	No. 8 of 2015-16	Provision of social housing
February	No. 9 of 2015-16	Funding of Common Ground Tasmania
May	No. 10 of 2015-16	Financial Statements of State entities, Volume 4 — State entities 30 June and 31 December 2015, findings relating to 2014-15 audits and other matters
June	No. 11 of 2015-16	Compliance with legislation
September	No 1 of 2016-17	Ambulance emergency services

Current projects

Current projects

The Table below contains details performance and compliance audits that the Auditor-General was conducting and relates them to the *Annual Plan of Work 2016–17* that is available on our website.

Title	Audit objective is to...	<i>Annual Plan of Work 2016–17</i> reference
Funding forestry agreements	... assess the effectiveness of the State's administration of projects listed for implementation by the Tasmanian Government, under the Tasmanian Forests Intergovernmental Agreement 2011 and 2013.	Page 16 Topic No. 1
Management of national parks	... form an opinion on how effectively the Parks and Wildlife Service manage the State's national parks by reference to the adequacy of planning processes and planning implementation.	Page 16 Topic No. 2
Event funding	... to express an opinion on whether supported events are cost effective for Tasmania and funded in accordance with applicable government policy.	Page 16 Topic No. 3
Follow-up of special projects not covered by the Public Accounts Committee	... follow up the implementation of recommendations from previous audits not covered by review by the Public Accounts Committee, including: Tourism Tasmania: is it effective? (Tabled: 1 September 2011) The assessment of land-use planning applications (Tabled: 27 March 2012) Hospital bed management and primary preventive health (Tabled: 28 May 2013) Teaching quality in Tasmanian public high schools (Tabled: 26 June 2014).	Page 17 Topic No. 5

Title	Audit objective is to...	<i>Annual Plan of Work 2016-17</i> reference
Tasmanian prisons	... assess the management of Tasmanian prisons including security, reduction in recidivism and cost control/efficiency considerations.	Page 17 Topic No. 1 (2016-17)

AUDIT MANDATE AND STANDARDS APPLIED

Mandate

Section 17(1) of the *Audit Act 2008* states that:

'An accountable authority other than the Auditor-General, as soon as possible and within 45 days after the end of each financial year, is to prepare and forward to the Auditor-General a copy of the financial statements for that financial year which are complete in all material respects.'

Under the provisions of section 18, the Auditor-General:

'(1) is to audit the financial statements and any other information submitted by a State entity or an audited subsidiary of a State entity under section 17(1).'

Under the provisions of section 19, the Auditor-General:

'(1) is to prepare and sign an opinion on an audit carried out under section 18(1) in accordance with requirements determined by the Australian Auditing and Assurance Standards

(2) is to provide the opinion prepared and signed under subsection (1), and any formal communication of audit findings that is required to be prepared in accordance with the Australian Auditing and Assurance Standards, to the State entity's appropriate Minister and provide a copy to the relevant accountable authority.'

Standards Applied

Section 31 specifies that:

'The Auditor-General is to perform the audits required by this or any other Act in such a manner as the Auditor-General thinks fit having regard to –

- (a) the character and effectiveness of the internal control and internal audit of the relevant State entity or audited subsidiary of a State entity; and
- (b) the Australian Auditing and Assurance Standards.'

The auditing standards referred to are Australian Auditing Standards as issued by the Australian Auditing and Assurance Standards Board.



Tasmanian Audit Office

Phone (03) 6173 0900
Fax (03) 6173 0999
email admin@audit.tas.gov.au
Web www.audit.tas.gov.au

Address Level 8, 144 Macquarie Street,
Hobart

Postal Address GPO Box 851, Hobart 7001

Office Hours 9am to 5pm Monday to Friday

Launceston Office

Phone (03) 6173 0971

Address 2nd Floor, Henty House
1 Civic Square, Launceston