



Australian Government
Department of Immigration and Citizenship

Address on
‘Enhancing ethics and governance while transforming the business’

Ethical leadership and governance in the public sector 2007

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Introduction

It’s a pleasure to be here. For our interstate colleagues, welcome to post-Budget Canberra!

If we look around at the successful organisations in the public and private sectors, we invariably see a strong and positive culture. In some cases the positive culture is defined to an extent by the task, such as in an ombudsman’s office, an audit office or an ambulance service. In some organisations, the culture will be established by strong leadership. I am sure we can all think of some private sector organisations where a set of strongly promoted values defines a successful organisational culture.

The challenge of establishing a positive culture arises for every public and private sector organisation. Some public sector organisations may have an existing culture based around corporate memory or long-serving staff who know the business thoroughly. The challenge there is to take the best of this experience and expertise but always remain relevant and responsive as the public sector and client service environment evolves. Other more specialist organisations such as health or industry agencies will employ health or industry professionals who may be inclined to bring the culture of their sector with them to the public sector. The further challenge in a nationally or globally dispersed organisation is to have the same cultural framework operating across the different locations.

The need for a unified and ethically-based public sector culture was recognised in the 1999 reforms to the Public Service Act, where the Australian Government imposed a common set of values and Code of Conduct on the entire Australian Public Service.

What needs to be understood is that the culture of an organisation cannot be changed overnight. While the value of the 1999 reforms was well accepted at senior levels across the APS, it takes time for a new culture to permeate throughout a large organisation. At the practical level, there was also likely to be a lag while agencies developed effective training tools and implemented these widely for their staff.

Since that time, the Australian Public Service Commission has promoted the importance of leadership through its Senior Executive Leadership Capability Framework and the Integrated Leadership System which provides a common language for leadership development in the APS.

Today, I will speak about what I see as essential to a high-performing public sector organisation — a strong and positive culture and good governance. I'll focus in on three key aspects of this being leadership, ethics and values. And I'll overlay as a case study what we have been doing in each of these areas since the Palmer report was released in mid-2005.

Governance

Fifteen years ago, the term corporate governance didn't really exist in the public sector — it was seen as very much an issue for large companies.

When it did come into the public sector toolbox, 'corporate governance' was seen as just that — something for corporate areas to worry about.

One of my key learnings over this period has been that governance is much more than rules, regulations, accountabilities, structures and frameworks.

For me, governance is also about institutional and individual attitudes, leadership, values and behaviours.

To be effective, governance has to break out of the corporate area and be on the minds of every person in our organisations. We need each staff member — in the hundreds of actions they take and decisions they make every day — to be well supported and guided in their tasks by a comprehensive set of ideal behaviours and values.

This guidance needs to be easily accessible and credible to staff. It needs to be driven from the top down through strong leadership, so there is acceptance and understanding at all levels of the organisation. And it needs to be supported by an effective committee and reporting structure and chief executive instructions — the framework that is usually thought of as corporate governance.

I consider that we achieve good governance when we integrate robust organisational structures and accountability with measures that achieve strong leadership, disciplined performance, ethical conduct and professional relationships with our stakeholders and clients.

Governance failures in the former DIMIA

There were clearly serious failures in governance in the then Department of Immigration, Multicultural and Indigenous Affairs affecting Cornelia Rau, Vivian Alvarez and other people held unlawfully.

These failures were documented in the Palmer and Comrie reports released in July and September 2005 and subsequent reports by the Ombudsman.¹

I acknowledge again that the department made a number of clear and substantial mistakes, for which we have apologised fully and frankly. We have made, or will make, other reparations to those affected.

¹ Inquiry into the Circumstances of the Immigration Detention of Cornelia Rau, Mr Mick Palmer AO APM, July 2005.

Inquiry into the Circumstances of the Vivian Alvarez Matter, Report by the Commonwealth Ombudsman, of an inquiry undertaken by Mr Neil Comrie AO APM, September 2005

I will just offer a cautionary note that it's much easier to identify the failures in governance when they occur than to anticipate them. Successful governance is not demonstrated by the apparent absence of a problem and we need to be vigilant, even if everything seems to be running well. This is where audits and other independent quality assurance measures can be very helpful. As in other areas of administration, complacency is the enemy of good governance.

In his report, Mr Palmer noted a 'culture that is overly self-protective and defensive, a culture largely unwilling to challenge organisational norms or to engage in genuine self-criticism or analysis'.

More broadly, the Palmer and Comrie reports focused on leadership, governance, training, systems support, the relationship between policy development and implementation, client service delivery and records management.

These issues required an urgent response. We had to acknowledge failures had occurred and we had to develop an organisation-wide understanding of why the department as a whole had to change and improve.

At the same time, there were many areas of administration in which we were performing well and indeed, world leaders in some instances. These included our settlement programmes, including the settlement of humanitarian and refugee entrants, our border technology systems including the electronic visa and the Advanced Passenger Processing systems and our broader planned migration and humanitarian programmes.

Over a period of 62 years, the department has managed the visa approvals and settlement of nearly 7 million people. This is equivalent to more than 2000 migrants arriving every week for each of those 62 years. Without this work, Australian society would be very different, given around 25 per cent of us have been born in another country and a further 18 per cent or so are children of people born elsewhere. There is a huge economic, social and cultural contribution from the migrants whose arrival we have facilitated and supported.

We should also note the department is involved in some highly controversial areas of decision-making, affecting millions of people each year. An example is the case of *Nystrom v Minister for Immigration and Multicultural Affairs* which was the subject of a judgement in the High Court late last year. The court commented on the 'tortuous legislative history' and evolution of the legislation in its judgement. Overall, the case provides a glimpse of some of the complex issues, concepts and legislation my officers are required to administer.

Some of our clients can also be particularly challenging. There may be identity, mental health, or very complex family relationship issues to examine. This is where we must be at our most professional — we have to meet the highest standards of behaviour and accountability.

In balancing these considerations, it was nevertheless clear that the Palmer and Comrie reports required a comprehensive and effective response. We are now well-advanced with a business and cultural transformation based around implementing an ambitious reform and improvement agenda. The issues of culture, governance, ethics, leadership and values have been centre stage in this reform process.

A week in the life of DIAC

To clearly understand the ramifications of the Palmer report and other reports, it's also necessary to grasp the scale of the operations of my department.

We have around 7000 staff, dispersed globally across 80 offices.

Recognising that we provide services at the borders and in other areas on a 24-hour a day basis, during a typical week, my department will:

- receive more than 30 000 phone calls through our contact centres,
- grant nearly 3000 visas for permanent stay in Australia, and
- grant citizenship to nearly 2000 people.

The point I often make about this in the context of our business and cultural transformation is that if your car isn't working properly, you turn off the engine while you diagnose and fix the problem.

We didn't have that luxury and have continued to deliver high levels of business output and outcomes while implementing our plans for change.

Governance and culture

To build a new governance framework and culture in the department, we first had to develop a shared understanding among the senior managers and staff of why the governance failures had occurred.

This was not an easy task. We had to recognise the considerable experience and insights of people who had worked in the pre-Palmer environment, while being clear that nearly every aspect of our governance needed fundamental reform. We had to engage people across DIAC to ensure ownership of the new approach at all levels.

I mentioned the complex issue of how to integrate in this view the many successes of our activities with the clear mistakes that had been made. We also had to recognise that some staff had been directly and personally affected by working for long periods in difficult and sensitive areas of administration.

These were delicate and complex issues, and we had very little time to resolve them. Not surprisingly, we were under significant pressure to show quick results that the culture of the department had changed for the better.

We are now at a difficult point in the implementation of our reforms, where we have not yet benefited from all the efficiencies that will be realised in the future, but our resources are being strained because we must keep investing to achieve these future benefits.

We also faced a significant challenge in drawing out the potential of our Senior Executive Service as a unified, high-level leadership team, working across a globally dispersed organisation. In the pre-Palmer environment, many senior managers had significant autonomy over their resources and operations. We are migrating to a very different model where all leaders in the department must share and implement a common view on core issues such as governance, priority-setting and resourcing.

This is a huge cultural change which is exacerbated by the need to continue to run a very large and complex business, and also make major transformations in that business through initiatives such as overhauling our legacy IT systems and business processes.

Just on that point, a few weeks ago, we made a significant advance in improving our IT with the release of a major set of portals under our *Systems for People* programme. Over the next three years, we will be progressively rolling out improved services to clients and using this programme to increase the consistency in our business processes, record keeping, quality control and reporting.

One of the sensitivities we had to address early on was that while many staff were eager for change, we did face some early lack of engagement from some staff who felt that they did not need to participate in the reforms as the problems were confined to other areas of the organisation.

One of the ways I have addressed this is through frequent and regular communication on these issues through twice-weekly all-staff emails, an address to every staff members every six to eight weeks and additional video messages on topics such as leadership as required. One of the key themes of these messages is that everyone needs to participate in embracing our new ways of working.

A further key development has been the influx of a significant proportion of new managers and staff through replacement or addition, bringing with them the normative effect of attitudes and cultures prevailing in the wider public and private sectors.

While we didn't start out naming governance as the leading conceptual change required, the work we have done has been heavily focussed on governance issues. To begin with, it was necessary to talk about the clear failures in client service, accountability and leadership, to demonstrate the case for change. In talking about these concrete and critical issues, we prepared the ground for organisation-wide reflection about our culture and values. In turn, this has allowed us to build a solid case for tying together our many client service, culture, leadership and values initiatives in a strong governance framework.

The building blocks for change

One of my very first decisions when appointed as secretary in July 2005 was to establish a small, high-level Change Management Taskforce to support the executive team in developing the change agenda.

I drew on people from outside the organisation, to bring a fresh perspective, as well as committed staff from inside the department to bring an understanding of the business and the department's culture. We obviously worked very closely with the portfolio minister and central government agencies.

The deputy secretaries and the taskforce met with me every morning for four months to craft the messages that would go out to staff, cut through any road blocks and calibrate all the different streams of activity underway.

This group was a natural forerunner for our present Executive Management Committee or EMC.

The EMC consists of myself, the three deputy secretaries, the Chief Finance Officer, our Chief Lawyer and two other senior executives.

The committee is a powerful and valuable resource for the good governance of the department. I think corporate disasters like Enron in the US and the HIH collapse in Australia a few years ago, demonstrate that as well as having appropriate structures and approaches to governance, the quality of the people in key positions is very important.

The Executive Management Committee would not be as effective without the combined expertise and insight of the people involved and we could not have made the progress we have in the tricky issues of transforming our culture without this resource.

We meet for at least three hours each week and we cover a great range of activity. We use the committee to set strategic directions and corporate priorities across the organisation, and ensure our senior leaders are aware of key developments.

Having established this leadership team within the department, our greatest challenge now is to support all our leaders across our onshore and offshore offices to adopt consistent approaches within a strong and unified framework.

At the outset, the Change Management Taskforce was very aware of the goal we were working towards.

Among other things, we wanted to be a high-performing organisation, focussed on excellence in client service. We wanted to be respected for our work externally, as well as being an employer of choice within the Australian Public Service. And we knew our staff also wanted this by their comments in our staff survey and other feedback mechanisms.

I should also mention some of our staff have very difficult jobs, such as sometimes detaining people who are in the country unlawfully, or working at the borders to ensure people are not attempting to enter illegally. This work can be very emotionally and personally demanding, especially where clients exhibit difficult or confronting behaviour. For anyone who has watched the programme 'Border Security' on television recently, this provides a glimpse into the difficulty of this work.

Where perhaps we had gone wrong in the past, was not to realise that unless we define and constantly reinforce appropriate behaviour and values for our staff, there is the possibility that staff will develop their own value set based around the very difficult work they do.

Instilling a new culture of behaviour and values has to come from the top. The leaders in an organisation are closely scrutinised and we have to be seen to be living the values we espouse for others to follow.

At the same time, the magnitude and nature of the culture change required meant that all staff had to be participants in the process. It was essential that each staff member felt ownership of the department's new direction.

As I mentioned earlier, we had to develop a collective understanding across the organisation of where we were and where we were going.

We started by developing a very clear statement of what we do, through the motto — **people** our business. '**People** our business' was developed after asking for staff input, so there was ownership and pride taken in this fundamental statement of what our work is about.

We added another level of detail by developing three strategic themes for the organisation to guide every aspect of our work.

These are to:

- be an open and accountable organisation
- have fair and reasonable dealings with clients, and
- ensure well-trained and supported staff.

In my frequent communications with staff, I ensure the three themes are constantly reinforced and linked to whatever issue I am discussing. This is to guide staff so they are in no doubt as to what we are doing — and how and why we are doing it. The themes are at the top of my 'home' page on our intranet. I ask my staff to undertake their work with these three themes in mind for everything they do.

As I said, it was vital that staff bought into the reforms and as part of our approach, I instituted a feedback mechanism on my home page, so that any staff member can email me at any time and know their comments will be taken seriously.

And in the major exercise of developing our overarching Plan for 2006-07 — the high-level plan that guides all our work — we asked for feedback on the contents and text, with many useful suggestions forthcoming.

This plan has been a critical element of communicating the vision for the future of the organisation. It sets out in a dozen small pages, clear direction on our purpose, what we value, expected leadership behaviours, our strategic themes, expected outcomes, strategic priorities and values.

In the past twenty or so months, we have delivered major initiatives in key areas, including:

- client service, through our flagship Client Service Improvement Programme and an initiative to establish case management for complex or sensitive cases
- quality training, through the College of Immigration
- values, ethics and high-quality decision making, through a new leadership tool known as IDEAL, and other initiatives such as our Onshore Compliance Strategic Plan
- detention services reforms, including tendering for the Detention Services Contract and the Detention Health Services Contract as separate processes
- stakeholder engagement, through the establishment and staffing at a senior level of our Stakeholder Engagement Taskforce
- planning, through the first overarching departmental plan and the cascading business unit plans that sit underneath it, and
- information technology, through the roll-out of a more integrated and accessible IT system under the \$495m *Systems for People* programme.

We are anchoring the cultural change by institutionalising the new approaches through major initiatives across the organisation, but especially in business planning, resourcing and risk management.

Specific governance initiatives

I mentioned that governance is much more than the structures and committees, but these foundations are essential to good governance and have to be effective and supporting the business of the organisation.

It's not too far from the truth to say we had to institute a new governance regime from scratch, with a whole range of structures and supports to improve planning, performance, accountability, communication and decision-making. These were mechanisms most counterpart agencies already had in place.

What we needed to do in the department was to implement the essential governance mechanisms that would support a performance-based culture.

The key initiatives we undertook were to:

- establish a new Governance and Assurance Branch to oversee an expanded audit programme
- bring renewed focus to areas identified as weak in the Palmer Report, such as risk management, quality assurance, records management and client service, and
- strengthen our performance through robust corporate and business planning.

Our Governance and Assurance Branch has developed Chief Executive Instructions on governance in general and about the governance committees in particular. These instructions set out how the department is held accountable, how we plan, how we manage performance and how the work of our staff is circumscribed by legislation, policies and codes that require them to act in a certain way.

We set up a number of committees, including a specific committee to address values and standards, and another committee on programme performance management. The Values and Standards Committee includes an APSC member, an Ombudsman's representative, as well as two former senior public servants. Having external members of key committees provides a necessary independent view. Our Departmental Audit and Evaluation Committee is chaired by an external person with an additional external committee member.

And we have been inviting prominent external speakers such as the Secretary of the Department of the Prime Minister and Cabinet, the Public Service Commissioner, the President of the Human Rights and Equal Opportunity Commission, the Auditor-General and the Ombudsman to address our Senior Executive Service or SES as part of the Governance and Leadership seminar series.

We have put a lot of effort into building our leadership capability through training and defining the leadership behaviours we expect of our staff and project managers.

We have also established:

- a new client service charter
- a model for better communication with stakeholders, and
- resources to help leaders guide their teams in making complex decisions.

The last of these includes the management and leadership decision-making tool called IDEAL, which I have already mentioned, which workplace teams use to explore a variety of ethical and other dilemmas.

In doing so, they are expected to apply the APS Values and the APS Code of Conduct, but also to consider our DIAC-specific values of:

- teamwork
- service excellence
- respect
- openness, and
- commitment.

For instance, under the last of these, we commit to delivering government policy in a fair and reasonable way and constantly striving to improve policy and programme performance. We also commit to each other and to support each other in times of crisis — we always go the extra mile. And we are also committed to a balanced work and personal life, respecting the needs of our staff.

These clearly stated values are not negotiable. There has to be a fundamental set of standards and principles to guide our work. We communicate and provide training across the organisation in these values to ensure we are working ethically, appropriately and in line with public sector and community expectations.

To summarise, our governance system is made up of a number of interconnected elements:

- strong and effective leadership to set the ‘tone from the top’, provide strategic direction and uphold and exemplify our values and standards
- a focus on accountability to our ministers, the parliament and stakeholders
- effective performance against goals and standards in our corporate plan, business plans, service delivery plans and individual performance and learning agreements
- decisions that comply with the controls that govern how we do business - legislation, policies, guidelines, instructions and published standards, and finally
- independent audits and other interventions to give the assurance that our outputs and activities are being delivered effectively, efficiently, lawfully and in a fair and reasonable way.

Leadership

I mentioned the strong emphasis I have asked the department to place on leadership since becoming secretary in July 2005.

Other early leadership initiatives included:

- restructuring our National Office to ensure that there were clearer lines of responsibility and accountability.
- ensuring that those areas which posed the highest levels of risk to organisational outcomes were restructured to provide more realistic spans of control.
- over 40 appointments, promotions and transfer to our SES ranks, including many from outside the department.
- establishing the Executive Management Committee and the Corporate Leadership Group.

In September 2005, we established the Change Leader Network across the state and territory offices. The group has helped implement the DIAC reform agenda and built collaborative relationships and useful and effective networks across our National Office and the states and territories.

As I have mentioned, one key challenge is to have our leadership team working in a unified way across the Australian and overseas offices and the myriad of discrete functions we undertake.

We have regular senior executive forums where all SES officers come together to discuss and reflect on current issues and undertake strategic planning. I insist that every SES officer spends some time at a client service point each year so they have an insight into the demands on our client service staff. And as much as possible, I ensure that SES officers in the state and territory offices and overseas posts are not isolated in terms of opportunities to interact with other SES and the National Office in Canberra.

We also set out the capabilities and individual behaviours expected of leaders in DIAC. These are to:

- provide vision and meaningful direction
- operate consistently with our values
- communicate constantly and meaningfully
- create the environment for success
- function as team players
- persist to achieve good outcomes

These capabilities and behaviours now underpin all our work and initiatives on leadership, such as our SES and Executive Level Leadership Programmes and our SES Forums. In a video message to all staff on leadership at the beginning of the year, I asked all leaders in the department to test their actions against these behaviours every day, as I do.

I also send a weekly leadership message to SES in which I canvas some of the key leadership issues around communication, resourcing, personal behaviour, values, client service and every aspect of our culture.

Conclusion

We put these stronger governance arrangements in place about a year ago and as part of the ongoing reform, we have just completed a review of our governance arrangements to fine-tune them and set directions for the future.

Because we were instituting new governance arrangements almost from scratch, there was a freshness to our approach in presenting governance to staff, and we have been able to keep the momentum going because there have been many initiatives to roll out.

I have been mindful as we have established our new approach of the need to build staff confidence, trust and resilience so that we are ready for any future challenges.

Bearing in mind my comment about the absence of a problem not being an assurance of good governance, I would like to record some of the positive feedback we have been receiving from groups and individuals.

Minister Andrews is on the record as saying implementation of the Palmer report is 'well-advanced' and the former minister made similarly positive comments.

The CEO of the Refugee Council of Australia, Paul Power has said recently 'that advocates who are raising issues of concern are now able to get listened to and issues that come to light are being addressed fairly quickly'.

The Commonwealth Ombudsman, John McMillan said late last year that there had been 'significant culture change' in the department.

He has also commented that ‘there is a strong framework that has been established for better staff training. A College of Immigration has been established... [and]...agencies such as my own have been actively involved in the development of the curriculum for officers’.

And the Human Rights Commissioner, John Von Doussa has said that ‘[the department]...has made great strides towards creating a more open and accountable organisation’.

He also said ‘I recognise and respect the great strides that DIMA has made towards creating a culture which does respect human rights’.

And in the recent release of a report on detention facilities, Human Rights Commissioner, Graeme Innes said²:

‘It is clear to us that the [department] has gone to great lengths to improve the approach and attitude of staff towards detainees in immigration detention centres over the last year.’

These comments are encouraging, but I recognise very clearly that we have much more to do in terms of cementing cultural change and making our governance arrangements a strong and effective element of our performance and accountability.

I see the initiatives we have implemented on leadership, ethical decision-making and values as central to our future success.

The Palmer and Comrie reports had lessons for every public sector organisation, and I hope my exposition today has furthered your understanding of these issues and how we are responding to them in DIAC.

I wish you well as you consider these central issues of leadership and governance during the rest of the conference.

Thank you.

² *Summary of Observations following the Inspection of Mainland Immigration Detention Facilities*, Human Rights and Equal Opportunity Commission, released 19 January 2007