



**Queensland
Government**

REPORT

ON

**THE SERVICE DELIVERY AND PERFORMANCE
MANAGEMENT REVIEW OF
QUEENSLAND TRANSPORT**

Service Delivery and Performance Commission

JUNE 2008

A Smart State Initiative

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The Honourable Anna Bligh MP
Premier of Queensland
Executive Building
100 George Street
BRISBANE QLD 4000

Dear Premier

In accordance with section 30 of the *Service Delivery and Performance Commission Act 2005*, I hereby provide you with the Commission's report on the Service Delivery and Performance Management Review of Queensland Transport.

This report is the culmination of an extensive consultation and research program involving staff from Queensland Transport, other Queensland Government agencies and community and industry stakeholders.

I commend this report to you and provide it for subsequent tabling in the Legislative Assembly.

Yours sincerely



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- the Director-General of Queensland Transport
- senior executive and staff from Queensland Transport
- representatives from transport industry groups, peak bodies and providers
- staff from Queensland Government departments
- ARENA Organisational Consultants Pty Ltd, and
- the Service Delivery and Performance Commission Review Team and support staff.

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List of Abbreviations

BACU	Business Analysis and Costing Unit
BIB	Boating Infrastructure Branch
BoM	Board of Management
CBRC	Cabinet Budget Review Committee
CEO	Chief Executive Officer
COAG	Council of Australian Governments
DETA	Department of Education, Training and the Arts
FTE	Full Time Equivalent (employee)
GST	Goods and Services Tax
HR	Human Resources
ICT	Information and Communications Technology
IMD	Information Management Division
IRC	Internal Review Committee (Queensland Transport)
ITP	Integrated Transport Planning (Division)
KER	Kilometre Exception Report
KRA	Key Result Area
LT&S	Land Transport and Safety (Division)
MPS	Ministerial Portfolio Statement
MSQ	Maritime Safety Queensland
PPA	Performance Planning Agreement
QGAP	Queensland Government Agent Program
QGCPO	Queensland Government Chief Procurement Office
QPASS	Queensland Public Agency Staff Surveys
QPS	Queensland Public Service
QR	Queensland Rail
QT	Queensland Transport

ROGS	Report on Government Services (produced annually by the Commonwealth Productivity Commission)
RMRG	Risk Management Reference Group (Queensland Transport)
RP&F	Rail Ports and Freight (Division)
SA(SM)	Senior Advisor (Service Management)
SCSS	School Crossing Supervisor Scheme
SDPC	Service Delivery and Performance Commission
SMD4	Shipping Movement Database
SPMS	Strategic Planning Management System
SPP	Significant Procurement Plan
SPU	Strategic Procurement Unit
SRAP	Strategic Resource Allocation and Priorities (process)
SSQ	Smart Service Queensland
STAS	School Transport Assistance Scheme
TICS	Transport Infrastructure Capability Scheme
TLT	Transport Leadership Team
TOPTA	<i>Transport Operations (Passenger Transport) Act 1994</i>
TPO	Transport Policy Office
TRAILS	Transport Registration and Integrated Licensing System
TTA	TransLink Transit Authority
WH&S	Workplace Health and Safety

1 Executive Summary

1.1 Executive Summary

Review context

Queensland Transport is the lead agency responsible for developing and managing land, air and sea transport environments in Queensland. It has diverse responsibilities across these transport modes including policy development, enforcement, management of significant transport contracts, and service delivery.

The department has delivered significant transport projects for government in recent years including the South East Queensland Busway Network, integrated and electronic ticketing in South East Queensland, transport security reforms for Queensland, and road safety reforms including the Young Drivers' Initiative.

In addition, the department maintains an extensive customer service network of more than 316 outlets (including Queensland Transport customer service centres and delivery through agents). It is responsible for processing approximately 60% of all Queensland Government transactions. The department also manages a significant number of major transport contracts for the provision of transport services to the Queensland public including for the provision of public transport and long distance bus and rail travel.

The department is entering a time of significant change in the transport and fiscal environment. One of its major functions, integrated public transport provision in South East Queensland, is in the process of being transitioned to a separate statutory authority – the TransLink Transit Authority. This will necessitate some structural changes within Queensland Transport, which the department has already commenced. These will provide an opportunity to narrow the range of activities the department undertakes.

The department also faces some critical emerging issues which will challenge its agility and responsiveness as an organisation. These include:

- the management of traffic congestion in South East Queensland as a key government priority
- the need to develop strategies to mitigate the effect of, and adapt to, climate change
- the challenge of road safety
- the strategic significance of ports and freight corridors to Queensland's economy
- the implementation of the New Queensland Drivers' Licence
- increasing state budget pressures, including the imposition of a productivity dividend
- changing federal-state relations, characterised by a revitalised Council of Australian Governments (COAG), changed priorities for service delivery funding and greater expectations around output/outcome reporting to the Federal Government for National Partnership Payments and Special Purpose Payments
- the Federal Government's creation of Infrastructure Australia
- the national standardisation of transport regulations

- local government reforms creating larger, more capable councils, and
- ensuring transport security in Queensland.

The SDPC recognises the extent and difficulty of the challenges to the department over the next five to ten years. These are complex issues which will require coordinated and innovative responses from the department in order to ensure that outcomes are delivered for the Queensland public.

Review Findings

Overall, the review found that Queensland Transport is complying with its statutory obligations across the broad range of requirements encompassed by SDPC's performance criteria. Further, some areas of Queensland Transport are demonstrating a high level of performance, a culture of achieving outcomes, and/or a focus on efficient service delivery. The review found strong divisional structures within the department. This has enabled the organisation to achieve a diverse range of outputs and outcomes for each of the department's broad range of business functions. It has, however, worked against the establishment of a cohesive corporate culture and common corporate reporting frameworks.

The review methodology focused on the organisation as a whole and therefore takes a global approach to the corporate systems and reporting processes that are evident across the department. Because of Queensland Transport's diverse business responsibilities, corporate systems and reporting processes have been a lower priority than for other differently structured and less complex agencies.

Queensland Transport acknowledges the timeliness of further attention to some elements of corporate reporting and governance frameworks and is moving to address this. The agency has been assessed as performing at the 'Developing Competency' level of maturity (Level 2) for the elements – planning and strategy, resource management, performance measurement and monitoring, evaluation and continuous improvement and leadership and capability. The department was assessed as performing at the 'Beginning' level of maturity (Level 1) for governance.

There are opportunities for Queensland Transport to draw on the experiences of those parts of the organisation performing well and apply this more broadly to strengthen the efficient and effective delivery of services across the board. Further attention to embedding more robust corporate reporting and decision-making processes will see these ratings improve in the future.

Key areas for attention identified during the review include:

Greater contestability in the range of activities undertaken

The review identified a need for greater contestability in the identification, resourcing, and management of activities undertaken by Queensland Transport. A tightening fiscal environment and the emergence of new challenges in the transport sector will place increasing pressure on the department to deliver its existing services with fewer resources. The need to focus resources and effort on addressing high priority issues will require the department to develop its capacity to critically evaluate services and identify those that could be ceased, delivered more efficiently, divested, or be funded from alternative revenue sources.

This report cites a number of case studies which illustrate opportunities to streamline, divest or fund services in an alternative manner in order to redirect resources towards high priority issues. Examples include the School Transport Assistance Scheme, the department's service delivery network, the management of school crossing supervisor employment arrangements, and funding for port safety infrastructure.

Strengthening the role of the centre

Queensland Transport is currently characterised by modally based divisions which operate relatively independent human resources, finance and policy units. The review found that strengthening the role of central functions such as human resources, finance, contract management, workforce planning, and strategic policy development would assist the department to embed corporate standards, reduce duplication and enhance coordination. In addition, it would allow tighter central control over matters such as full time equivalent (FTE) numbers.

Departmental goal setting and prioritisation

Queensland Transport faces challenges in setting priorities for the organisation given its diverse range of responsibilities across the transport sector. However, an agreed set of priorities allows departments to focus their activities in key areas and redirect resources to the areas of greatest need.

The department is demonstrating commitment to clarifying and communicating departmental goals and priorities through its current major review of the Strategic Plan. This review presents an opportunity to ensure that goals are achievable; are supported by appropriate authority, methodologies and performance controls; and are used to inform departmental planning and resource allocation decisions.

Governance arrangements

Queensland Transport has a well documented governance framework which encompasses core components of sound corporate governance. The review found that there are opportunities to build on this framework by clarifying the roles and responsibilities of key decision-making committees within the organisation including the Board of Management, a human resources committee, and a strategic finance committee. The department has already moved to formalise the Board of Management function and strengthen the core responsibilities of its major committees.

Relationship management

Queensland Transport is reliant on a large number of service delivery partners to assist in achieving its agenda for transport. These include other state government agencies, federal and local governments, and the private sector. During the review, the SDPC found that the department generally has good relationships with stakeholders in the transport sector.

There are, however, opportunities to enhance relationship management practices to increase information sharing and transparency, exchange ideas, leverage financial support from stakeholders, and secure commitment from critical stakeholders to assist in delivering the government's transport agenda.

The following recommendations are designed to assist the agency to strengthen and align its efforts across the key areas identified. Critical to the success of the

implementation process will be the ability of the organisation to address these issues with a cohesive and sustained commitment to change across the department.

1.2 Recommendations

Recommendation 1

It is recommended that by 1 July 2009 the Director-General, Queensland Transport:

- a) more clearly define performance outcomes to be achieved across the department, as part of its general performance management strategy, and
- b) ensure that the department's strategic performance measures and targets support the timely analysis of performance (including outcomes).

Recommendation 2

It is recommended that the Director-General, Queensland Transport:

- a) progressively review departmental programs to ensure that the level of resourcing and departmental oversight for the program is commensurate with the level of risk involved commencing from 1 September 2008, and
- b) streamline administration to achieve efficiencies in program delivery in the three highest priority programs identified by the department by 31 March 2009.

Recommendation 3

It is recommended that the Public Service Commission lead an independent study to:

- a) investigate the advisability, feasibility and options for Queensland Government customer service networks within the context of government directions for multi-channel service delivery, and
- b) prepare a report on its findings and make recommendations by 30 June 2009 for Cabinet consideration, including the best method and timing for implementation.

Recommendation 4

It is recommended that Queensland Transport negotiate and implement from 1 July 2009 more efficient management of school crossing supervisor staffing arrangements via the most appropriate mechanism.

Recommendation 5

It is recommended that the Director-General, Queensland Transport:

- a) ensure that the Strategic Procurement Unit provides central leadership, mentoring and coaching across the department in the area of procurement and contract management involving third party transport service providers
- b) instigate six monthly (at a minimum) summary reports by 31 December 2008 to the Transport Leadership Team (or an appropriate subordinate committee) on the implementation of all approved significant procurement plans (SPPs), including detailed exception reports on SPPs that are at risk
- c) ensure the department's strategic and annual internal audit plans make adequate provision for the ongoing assessment of the department's procurement capability and performance, by 30 June 2009, and
- d) instigate six monthly (at a minimum) reports to the Transport Leadership Team (or an appropriate subordinate committee) on the 'calendar of contract management events' including an analysis of the preparedness of the department to effectively undertake these events by 31 December 2008.

Recommendation 6

It is recommended that by 31 December 2008, the Director-General, Queensland Transport, in conjunction with the Chief Executive Officer, Queensland Rail and the Executive Director, Office of Government Owned Corporations, examine how the existing relationship management framework can be strengthened to promote the accountability, management authority and autonomy of Queensland Rail.

Recommendation 7

It is recommended that by 31 December 2008, the Director-General, Queensland Transport, in conjunction with the Chief Executive Officer, Queensland Rail, streamline the committee system supporting their government to business relationship with a view to strengthening its relevance and effectiveness in managing performance.

Recommendation 8

It is recommended that the Executive Director (Land Transport and Safety) in conjunction with the Executive director (Services Division) determine and define a strategy and action plan for Queensland Transport's road safety activities by 31 December 2008 which:

- a) communicates Queensland Transport's intent regarding its lead agency role for road safety
- b) clearly articulates policy responsibilities between divisions within Queensland Transport and with external agencies such as Queensland Police Service and the Department of Main Roads, and
- c) subject to the outcomes of Recommendation 4, redirects existing regional road safety resources away from management of school crossing supervisor staffing arrangements toward road trauma reduction initiatives from 1 July 2009.

Recommendation 9

It is recommended that by 30 June 2009 the Director-General, Queensland Transport:

- a) examines and develops options to fund future marine safety services and submit these options to Cabinet, and
- b) commences the implementation of a more extensive program of funding option analyses of departmental services.

Recommendation 10

It is recommended that the Director-General, Queensland Transport:

- a) establish policies and standards of leases for departmentally owned assets and infrastructure
- b) in line with government policy on fees and charges, examine current charges in areas such as marine leases to ensure an appropriate balance between the levels of public subsidisation and returns on government investments, and
- c) submit these options to Cabinet by 30 June 2009.

Recommendation 11

It is recommended that by 31 October 2008, the Director-General, Queensland Transport strengthen central oversight of planning requirements to ensure:

- a) clarity of responsibility for the preparation of plans by areas within the department
- b) timeframes are met for completion of plans in accordance with legislated requirements, and

- c) transport planning legislative provision are relevant to the current and future needs of stakeholders of the state's transport systems.

Recommendation 12

It is recommended that by 31 December 2008, the Director-General, Queensland Transport establish a central policy area which has the functions identified in section 6.1. The central policy area should be resourced through the reallocation and refocusing of existing policy officers and managers including:

- a) rationalising existing policy areas within the department where appropriate, and
- b) seconding relevant departmental officers from around the department into the central policy area to work on time limited project teams as needed.

Recommendation 13

It is recommended that the Director-General, Queensland Transport develop as part of the current review of the Strategic Plan and future annual planning cycles an agreed set of departmental priorities. These priorities should be articulated in planning documents and used by the board of management from 1 July 2009 to:

- a) decide what activities are undertaken, ceased, divested, delivered more efficiently, or receive additional resources to ensure effective delivery in Queensland Transport, and
- b) identify and address duplication or gaps in operational plans.

Recommendation 14

It is recommended that divisions of Queensland Transport:

- a) prepare the 2009–2010 and subsequent operational plans in accordance with a departmental standard set by the corporate planning area, and
- b) make operational plans available to staff in other divisions (e.g. via Village) to enhance transparency and information sharing about work programs across divisions.

Recommendation 15

It is recommended that the Director-General, Queensland Transport ensure all corporate and policy strategies and plans:

- a) developed or commencing from 1 January 2009, have an implementation plan that details how objectives will be achieved over the short, medium and longer term and funding arrangements to support delivery, and
- b) are monitored and their implementation progress reported to appropriate levels or committees within the organisation that have the authority to identify potential implementation problems and instigate strategies to address them (including conducting major reviews of strategies/plans where appropriate).

Recommendation 16

It is recommended that by 31 March 2009 the Director-General, Queensland Transport:

- a) strengthen the roles and responsibilities of the corporate finance and human resource management areas
- b) rationalise, where appropriate, the duplication of corporate services between corporate finance and human resources management areas and the divisions, and
- c) communicate throughout the department the enhanced roles, responsibilities, accountabilities and authority of corporate finance and human resources areas.

Recommendation 17

It is recommended that the Director (Finance), Queensland Transport:

- a) develop and begin implementation, from 1 July 2009, of a rolling biennial development program for the extension of corporate costing models to all departmental business areas, and
- b) develop and promote a suite of policy, methodological and administrative resources designed to specifically provide guidance to divisions on how costing exercises should be conducted and administered, by 30 June 2009.

Recommendation 18

It is recommended that by 30 June 2009, the Director-General, Queensland Transport, commission and finalise an independent review to:

- a) analyse the long term risks to the development and support of mission-critical ICT systems (including TRAILS), and
- b) comprehensively assess mission-critical ICT application change management models (including the model applied to TRAILS), with specific attention being given to the level and nature of the demand for changes, and functional responsibilities for identifying, prioritising and funding changes.

The review should be guided by a high level steering committee including representatives of the Queensland Government Chief Information Office and other agencies (e.g. Queensland Treasury) as deemed appropriate.

Recommendation 19

It is recommended that by 31 December 2009, the Chief Information Officer, Queensland Transport:

- a) in concert with Recommendation 18(a), investigate and report to the departmental ICT governance committee on opportunities to obtain efficiencies in the development and support of core ICT solutions for the department, including consideration of alternative long term technology strategies.
- b) commence and report to the ICT governance committee and the Board of Management, the findings of an independent benchmarking study of IMD's costs and charges, and an assessment of strategies that:
 - i) involves business areas in determining the scope of the study and its deliverables
 - ii) ascertains stakeholder needs and expectations from IMD's solution development processes
 - iii) identifies available improvements in the base costs of IMD operations, and
 - iv) analyses options for fundamental changes in the way IMD delivers ICT services, including outsourcing
- c) establish an externally sourced, integrated, change management program to:
 - i) implement the cultural change required within IMD, and
 - ii) establish clear protocols and mechanisms for genuinely consulting with and engaging business areas in the development of ICT solutions
- d) implement a multi-faceted communications strategy to improve the communication between IMD and its internal and external stakeholders, including the communication of transparent quotations and pricing decisions to business clients, and

- e) develop and implement strategies to support the retention of key ICT staff in a high competitive employment market.

Recommendation 20

It is recommended that by 30 September 2008 the Director-General, Queensland Transport amend the department's delegations manual to reflect that only the Executive Director (Corporate Office) has the authority to create positions within Queensland Transport's establishment.

Recommendation 21

It is recommended that by 30 June 2009 the Director-General, Queensland Transport, assess the continuing need for all vacant positions, abolishing those that are no longer required and identifying a funding stream and recruitment strategy for those retained.

Recommendation 22

It is recommended that by 31 December 2008, the Director-General, Queensland Transport finalise the development and commence implementation of the Queensland Transport Performance Management Framework with specific coverage being given to:

- a) regular and programmed auditing of performance measures and performance measurement systems
- b) appropriate engagement of staff and stakeholders in the design, development, annual review and quality assurance of performance information to enhance its relevance and usefulness
- c) the integrity of data used in all corporate level plans, divisional strategic and business/operational plans and any public plans/strategies that include explicit performance measures, and
- d) performance benchmarking.

Recommendation 23

It is recommended that the Director-General, Queensland Transport ensure that future third party service contracts and subsidies clearly stipulate the performance information specifications, minimum standards and expectations required by the department.

Recommendation 24

It is recommended that the Director-General, Queensland Transport ensure that:

- a) from 1 January 2009, corporate performance measures that sit below the level of the strategic plan be corporately endorsed prior to implementation
- b) all future corporate level plans detail corporate accountabilities for stated performance measures
- c) decisions made by executive managers within the department are informed by analysis of the available evidence, including performance information, and
- d) the disclosure and sharing of performance information with partners and stakeholders (including staff) is appropriate and fit for purpose.

Recommendation 25

It is recommended that the Director-General, Queensland Transport continue to use the information collected in the 2007 stocktake of committees to rationalise the number of committees by 30 September 2008, including formally ceasing any committees that are no longer relevant or adding value to the department's business.

Recommendation 26

It is recommended that the Director-General, Queensland Transport:

- a) engage a consultant coach by 30 September 2008 to provide feedback, guidance and development, collectively and individually, to the new executive board and its members, and
- b) monitor the department's new governance committee structure to ensure that it is effective in strengthening the department's decision-making capability (for example through improved briefing, analysis and action focused recommendations).

Recommendation 27

It is recommended that the Director (Governance and Planning):

- a) continue to work with the Risk Management Reference Group to improve the consistency and maturity of risk management capability across the department, and
- b) report to the Audit and Risk Committee on risk management standards and practices, and degree of consistency across divisions by 30 June 2009.

Recommendation 28

It is recommended that by 30 September 2008, the Director-General, Queensland Transport establish a pool of evaluation expertise either as a central cell within Corporate Office or through a network across the department to fulfil the functions listed in section 6.5.

Recommendation 29

It is recommended that the Director-General, as part of the current review of the Strategic Plan and other related plans, require:

- a) an assessment of the feasibility of the department's external leadership and stewardship commitments (including a consideration of the leadership function/s of other agencies and the extent to which the department is able to influence particular outcomes)
- b) the identification and development of clear goals, targets and performance indicators relevant to each of the department's external leadership commitments
- c) the design of effective governance and coordination strategies to deliver on these commitments, and
- d) the monitoring of performance with reference to specified targets and goals by the board of management.

Recommendation 30

It is recommended that by 30 September 2008, the Director-General, Queensland Transport extend the authority of the central Corporate Office to provide human resource interventions and support to line managers and supervisors, including coaching and advisory services as well as outsourced consultancy referrals where appropriate.

Recommendation 31

It is recommended that by 31 December 2008 the Director-General, Queensland Transport ensure that:

- a) Workplace Health and Safety training (including risk assessment, incident identification, response strategies, notification and reporting) is evaluated to

ensure that it is effective, relevant and able to be translated into workplace practices

- b) staff's participation in Workplace Health and Safety training is regularly monitored and reported to the human resources governance committee, and
- c) a department wide Workplace Health and Safety risk assessment process is introduced to enable a holistic analysis of reported incidents to identify emerging trends, and design tailored, place based interventions and strategies to respond to identified trends and risks.

Recommendation 32

It is recommended that by 30 September 2008, the Director-General, Queensland Transport:

- a) develop an Implementation Plan for the review's recommendations
- b) establish a time-limited, recommendations Implementation Team as outlined in section 7.1.2, and
- c) establish and have operating adequate governance arrangements applicable to the implementation of the review's recommendations.

Recommendation 33

It is recommended that from 1 October 2008, the Director-General, Queensland Transport institute:

- a) quarterly reporting of progress for the first full 12 months of actioning of the recommendation implementation plan
- b) six-monthly reporting for the remaining life of the implementation plan, and
- c) a post-implementation evaluation of the process and outcomes of the management of the implementation of the recommendations.

Recommendation 34

It is recommended that, before or by February 2010, the Director-General, Queensland Transport commission and conduct an independent external review of the department's progress in implementing the review's recommendations.

2 Agency Response



22 June 2008

Queensland Transport

Dr Leo Keliher AO
Chairman
Service Delivery and Performance Commission
PO Box 15335
City East Q 4002

Dear Dr Keliher 

Thank you for the opportunity to respond to the Report of the Service Delivery and Performance Commission's (SDPC) review of Queensland Transport.

As the report indicates, QT is a large and complex organisation with widely varied roles across Queensland. These roles can vary from constructing massive projects in south-east Queensland to airstrips in remote locations; from promoting fundamental reform of the rail industry to administering school crossing supervisors; from establishing TransLink to processing 60% of all Queensland Government transactions; from major road safety initiatives to responding to oil spills at sea.

The Department has received national and international acclaim for many of its achievements.

The report also points to a number of emerging challenges for the Department from the external environment. We have been alert to these and had already initiated actions in many cases before the review started.

We approached this review positively as providing an opportunity to take stock of how we could improve our performance into the future. We also made a very large resource commitment to supporting the review.

In the event, I have to record serious disappointment with many aspects of the conduct of the review. The focus seemed to be on processes rather than outcomes and relied on small samples of anecdotal comment. The approach was often academic with little acknowledgement given to many practical considerations especially the realities of political decision making.

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In particular, the scoring framework certainly favours less complex or single focus agencies and seems seriously flawed in its application to a large complex agency like QT. To exemplify this, a particular theme in the review was the decentralised, modally based divisional structure which has been a feature of QT since the early 1990s. This is a very complex matter which the review seemed to treat and score simplistically and negatively. I believe that the Department's business is too complex to adopt a "one size fits all" approach and that the historic approach has contributed to the achievement of many of QT's successes over time.

That said, I do accept that in the current environment, it is now timely to strengthen whole-of-department approaches to a number of corporate issues. Action is underway to achieve this.

Against this background, the Department and SDPC have arrived at agreement on the report's recommendations. The Department is committed to implementing these in accordance with the nominated timeframes. This of course, will be subject to funding availability remaining as presently anticipated and any other changes of direction which may arise.

Yours sincerely



Bruce Wilson
Director-General

3 Introduction

3.1 *Service Delivery and Performance Management Reviews*

The role of the Service Delivery and Performance Commission (SDPC) is to independently assess the performance and services delivery by Queensland Government departments and agencies to improve their accountability and to ensure effective performance and reporting frameworks that align with both government policy and community service expectations.

Service delivery and performance management reviews:

- identify opportunities to improve the delivery and integration of government services
- identify ways to reduce waste and duplication
- report on service delivery outcomes and standards
- foster and maintain a performance reporting regime
- encourage agencies to manage and monitor their own performance
- assist in the development of a culture of continuous improvement and performance and risk management, and
- ensure that planning and reporting practices are aligned with government policy as well as external service expectations.

The SDPC's Performance Management Review Framework details how performance management will be assessed. The key elements considered during the review were planning and strategy; resource management; performance measurement and monitoring; governance; evaluation and continuous improvement; and leadership and capability.

Assessment of the level of maturity for each of these elements was made along a continuum of increasing organisational capability. Each element was assessed according to the following four levels of maturity:

1. Beginning: basic compliance and conformance with statutory requirements
2. Developing competency: supervision and monitoring systems are in place
3. Embedded: sound performance management practices are used across the organisation to drive the business, and
4. Leading: the organisation is proactive, uses internal and external data to plan for and actively ensure that outcomes are achieved.

3.1.1 Governance arrangement for review

The governance arrangements for the review included a Steering Committee, which incorporated the following membership:

- Chairman, SDPC (Chair)
- Director-General, Queensland Transport
- Director, Economic Policy, Department of the Premier and Cabinet
- Executive Director, SDPC (ex officio member), and

- Director, SDPC (ex officio member).

The Steering Committee was responsible for influencing the direction of the review, the process for stakeholder engagement and the recommendations arising from the review. In addition, nominated officers from each agency participated as part of the review team. These officers possessed a high level understanding of the core business of the agency at the strategic and operational levels and contributed significantly to all aspects of the review.

Workshops were held with senior executives of the department to present and discuss findings and issues and to determine the action plan to implement the recommendations.

The Terms of Reference for the Review of Queensland Transport are included in Appendix 1.

3.2 Review Methodology

3.2.1 Framework

As noted above, the fundamental basis of the review was provided by the SDPC's Performance Management Framework. The SDPC has adopted performance management as a means to drive a greater focus on achieving outcomes. This is in line with current international governance reform approaches. In this context, performance management is considered to be the system that integrates organisational strategic management, performance information, evaluation, performance monitoring, assessment, and performance reporting (OECD 2004).

The performance management reviews undertaken by SDPC do not duplicate the role and responsibility of other central agencies but use reports from these agencies as a data source. While at times, there may be items of interest to both SDPC and the monitoring bodies, the reviews are pitched at a broad assessment across all elements of performance management to determine where the agency is performing well, areas for improvement and how the integration of performance information informs decision-making and leads to improvements in client services and service delivery.

The emphasis is on effective use of performance management tools as an enabler towards making decisions that will optimise outcomes for clients, rather than on the use of the tools as an end in themselves.

3.2.2 Evidence

The SDPC considered a range of evidence to review the department's performance against the SDPC's Performance Management Review Framework. This evidence included:

- a range of corporate documents and departmental records
- interviews and focus groups with departmental managers and staff
- interviews with Australian, state and local government stakeholders
- interviews with stakeholders from non-government agencies including registered providers who deliver services on behalf of the department
- data from surveys conducted with staff and stakeholders, and

- submissions from a range of departmental staff, stakeholders and clients.

3.3.3 Analysis

The analysis of collected evidence informed a set of Issues Papers on the six performance elements comprising the SDPC's Performance Management Review Framework. These papers were presented to senior management in the department for consideration and comment.

The review also:

- assessed the overall efficiency and effectiveness of the department (Chapter 4)
- linked the assessment of the department's capability with service delivery (Chapter 5), and
- assessed the department through the Performance Management Assessment Summary, which lists the strengths and issues for each review element, discussed aspects of performance that were evidenced and not evidenced, and provides the overall rating of level of maturity for each element (Chapter 6).

This report was then developed to provide an overall summary of the department's performance.

Since development of this report, the SDPC worked collaboratively with Queensland Transport to develop an action plan to implement the recommendations. This action plan:

- prioritised recommendations to focus on critical areas of performance improvement that would enable the department to move to the next level of maturity
- determined an appropriate level of achievement for each recommendation
- determined responsible officers and timelines for implementation, and
- outlined reporting processes and milestones.

Timeframes for implementation of the recommendations have been informed by the process indicated above.

3.3 Organisational Context

The vision for Queensland Transport is *"Better transport for Queensland – Connecting people, places, goods and services to enhance economic, social and environmental wellbeing"*.

The department's stated objectives relating to each of its Key Result Areas (in bold, below) are:

- **Transport leadership:** Queensland Transport leads the future direction and development of the transport system in Queensland
- **System stewardship:** Queensland Transport plans and manages a transport system that is sustainable, safe, efficient and equitable
- **Service and infrastructure delivery:** Queensland Transport delivers and operates consistent, integrated and efficient services and infrastructure, to an agreed standard

- **Effective relationships:** Queensland Transport is an organisation that develops and sustains effective relationships with stakeholders to achieve transport outcomes, and
- **Capable organisation:** Queensland Transport's people, systems and processes are capable, innovative and accountable; and promote performance to achieve business outcomes.

The department's goals have remained relatively constant in recent years. Their alignment with government priorities and correlation with departmental outputs are captured in Figure 1 on page 26.

Excluding its responsibilities for trade (which are outside the scope of this review), the department administers 20 primary pieces of legislation on behalf of government, including:

- *Maritime Safety Queensland Act 2002*
- *State Transport Act 1938*
- *State Transport (People Movers) Act 1989*
- *Transport Infrastructure Act 1994*
- *Transport Operations (Marine Pollution) Act 1995*
- *Transport Operations (Marine Safety) Act 1994*
- *Transport Operations (Passenger Transport) Act 1994*
- *Transport Operations (Road Use Management) Act 1995, and*
- *Transport Planning and Coordination Act 1994.*

Queensland Transport is primarily funded through output revenue provided through the State Budget process, but also collects a significant amount (estimated at almost \$300 million in 2007–2008) of user charges generated by the department's activities. In 2006–2007, the department operated within a total budget of \$1.95 billion and managed a non-current asset base of \$1.44 billion.¹

¹ *Queensland Transport Annual Report 2006–2007, Vol 2, Operating Statement and Balance Sheet*

Figure 1: Queensland Transport Facts

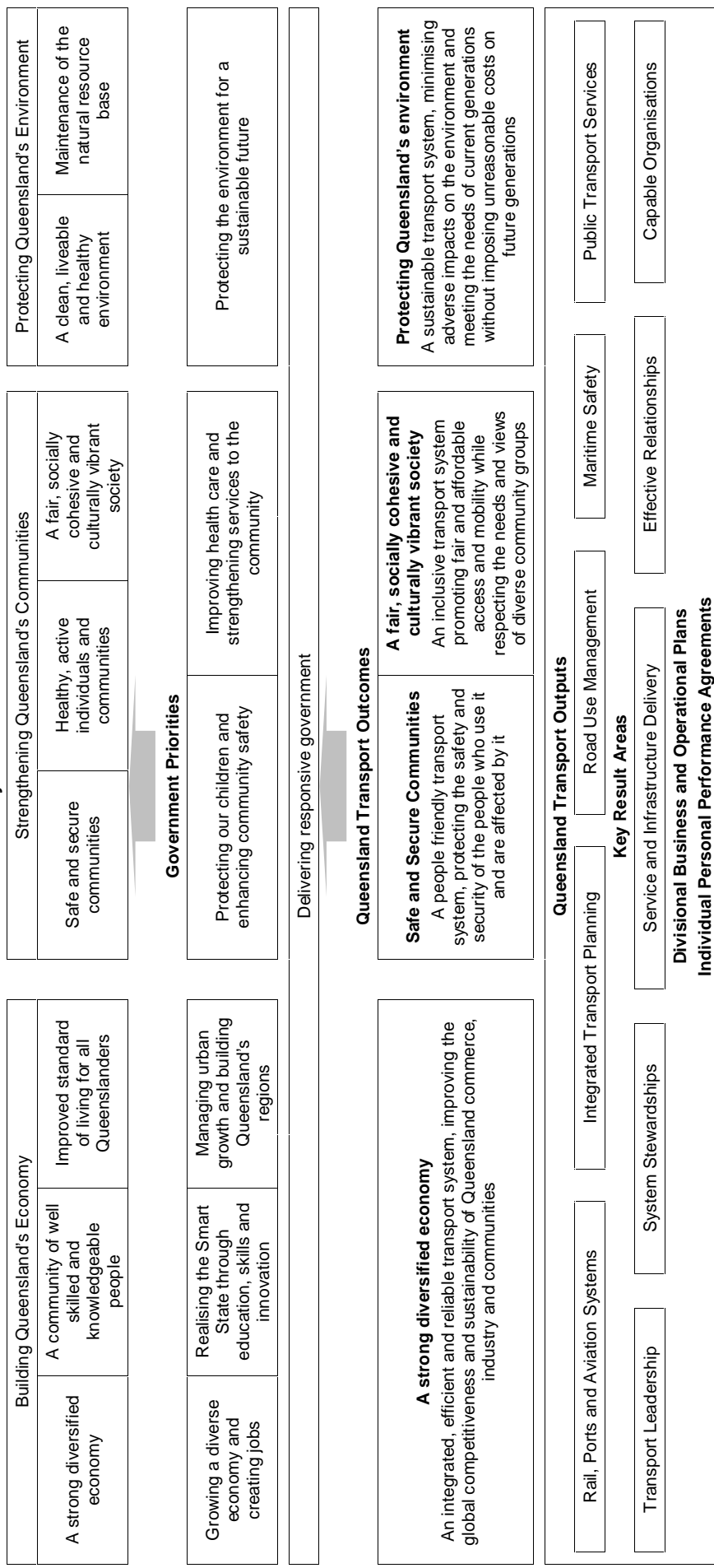
Each year in Queensland:

- over 7446 ships visit Queensland ports, transporting an estimated 237 million tonnes of goods through Queensland ports
- vehicles travel over 47 billion kilometres, and
- passengers make more than 168 million trips on public transport services in South East Queensland.

Queensland Transport's service delivery and management responsibilities include:

- almost 9800km of rail corridor as at 30 June 2007
- more than 3.9 million registered vehicles
- more than 212 000 registered recreational vessels as at 30 June 2007
- more than 5600 registered commercial vessels as at 30 June 2007
- more than 2.9 million licensed vehicle drivers
- more than 150 airports (including two of Australia's largest international airports)
- 20 ports
- more than 5185 accredited transport operators
- more than 49 570 authorised drivers of public transport
- 35 performance based urban bus contracts
- 1250 school bus contracts
- two air service contracts
- 23 taxi services contracts throughout Queensland
- more than 3 100 licensed taxis throughout the state
- 17 long distance scheduled bus routes providing 50 regional and remote communities with access to essential services in larger population centres, and
- providing essential services to 26 transport disadvantaged communities through the rural and remote air service network.

Figure 2: Alignment of Departmental Key Result Areas and Outputs to Government Priorities ²



² Queensland Transport Strategic Plan 2007–2011. Based on the government's previous priorities, which were in place at the time of the plan's publication.

The department had a full time equivalent (FTE) staff of 5372 as at 30 June 2007, including a large number of part time and casual workers, such as school crossing supervisors. The department's central office in Brisbane is spread across five main offices in Spring Hill, Fortitude Valley and Brisbane Central Business District. It also operates a regionalised service delivery network through five regional offices. There are 316 Queensland Transport service delivery outlets and channels throughout the state operated through a variety of agencies, including:

- Queensland Transport Customer Service Centre outlets
- agents such as QGAP offices, Australia Post and Smart Service Queensland (SSQ)
- Queensland Police stations
- two CSDirect Call Centres located in Brisbane and Emerald
- electronic channels including the internet, BPay and Interactive Voice Recognition (IVR) payment systems
- mail services
- planning and infrastructure offices, and
- vehicle inspection centres, and mobile on road inspection services.

3.3.1 Organisational structure

The department's outputs are delivered through seven divisions, two offices and two agencies:

- **Integrated Transport Planning Division**, which develops economically and environmentally sustainable transport plans and strategies for efficient, integrated transport infrastructure, systems and services.
- **Land Transport and Safety Division**, which develops, promotes and implements policies and standards affecting road use management, road and rail safety, driver safety and education and vehicle management.
- **Passenger Transport Division**, which works with bus and ferry operators, taxi and limousine companies, and regional air services to provide Queenslanders with efficient, flexible and sustainable transport services. PT is encouraging smarter travel choices and removing barriers to improve accessibility and mobility.
- **Rail, Ports and Freight Division**, which coordinates transport policy, strategy, funding and investment initiatives in relation to rail, ports and freight. The division develops and implements policies, regulations and strategic plans to promote more effective and efficient rail, port and freight systems in Queensland and to facilitate internationally competitive freight logistics practices.
- **Services Division**, which acts as the face of Queensland Transport in the community. Queensland Transport (QT) services and products are provided through a network of service centres, offices and field based activities in metropolitan, regional and rural Queensland – including a call centre and online customer services. The division also provides support functions for the whole department.
- **Information Management Division**, which undertakes:
 - ICT asset and resource strategic planning

- allocation of ICT resources to meet service demands and achieve desired outcomes
- information management and performance reporting, and
- delivery of electronic and ICT services.
- **Trade Division**, which does not deal with Queensland Transport's transport related outputs and has recently been subject to a separate review, and is therefore out of scope for the purpose of this review.
- **Corporate Office**, which provides a sound framework for the management and governance of the organisation, to achieve its strategic objectives and operational goals and to meet government obligations and community expectations.
- **Infrastructure Program Office**, which manages the departments capital works program.
- **Maritime Safety Queensland**, which protects Queensland's waterways and the people who use them – providing safer, cleaner seas.
- **TransLink**, which leads and delivers an integrated public transport network in South East Queensland. On behalf of the Queensland Government, TransLink also funds, plans and delivers major public transport infrastructure and initiatives.

Appendix 3 shows the purpose and main functions of each of these areas.

3.3.2 Establishment of the TransLink Transit Authority

In October 2007 the Premier announced the establishment of a new transit authority to manage passenger transport services in South East Queensland. The new authority, to be named the TransLink Transit Authority (TTA), will be operational from 1 July 2008.

At the time of this review the operating arrangements for the TTA were still being determined under the oversight of a Ministerial Steering Committee and an Interdepartmental Implementation Committee consisting of senior representatives from Queensland Transport, the Department of the Premier and Cabinet, the Department of Infrastructure and Planning, the Department of Employment and Industrial Relations, Queensland Treasury and the offices of the Premier and relevant Ministers.

The impact of the new TTA on existing Queensland Transport operations is yet to be seen. However, its establishment provides an opportunity for Queensland Transport to undertake a fundamental reassessment of its structure, functions and operations to ensure that its remaining lines of business remain relevant, efficient and effective.

Queensland Transport commenced this process with a review of some of its business arrangements and how these are likely to change under the new administrative arrangements. The SDPC encourages such reviews within the department. The department is positioned by the establishment of the TTA to question assumptions regarding existing structures, organisational arrangements and establish new ones which will enable the organisation to meet the transport challenges of the future.

4 Service Delivery Performance Analysis

Service delivery performance analysis focuses on Queensland Transport's actual achievement against planned and targeted performance. The analysis examines strategic (outcome) and operational (output and efficiency) achievement in terms of scope and extent of achievement.

The analysis has been framed using performance information contained in the following public documents:

- Queensland Transport strategic plans for 2005–2009 and 2006–2010
- Queensland Transport annual reports for 2005–2006 and 2006–2007
- Queensland Transport Ministerial Portfolio Statements (MPS) for 2004–2005, 2005–2006, 2006–2007 and 2007–2008, and
- Productivity Commission's Report on Government Services 2008.

4.1 Strategic (Outcome) Performance

The Queensland Transport strategic plans for 2005–2009 and 2006–2010 both presented the department's strategic intent using strategy maps. These maps contained the following five key result areas: *Transport leadership*; *System stewardship*; *Service and infrastructure delivery*; *Effective relationships*; and *Capable organisation*.

The key result areas were supported by 15 strategies in the 2005–2009 plan and 17 strategies in the 2006–2010 plan. Both plans were supported by 22 performance indicators.

Performance information in the department's annual reports for 2005–2006 and 2006–2007 indicates the department successfully pursued strategies contained in the key result areas of *System stewardship*, *Service and infrastructure delivery* and *Capable organisation*.

Table 1: Quantification of strategies and performance outcomes against departmental Strategic Plans for 2005–2009 and 2006–2010

Strategic Plan Content	Strategic Plan 2005–2009	Strategic Plan 2006–2010
Number of stated key result areas ^(SP)	5	5
Number of stated strategies ^(SP)	15	17
Number of strategies reported against ^(AR)	14 ⁽¹⁾	17 ⁽¹⁾
<i>Percentage of strategies reported</i>	93%	100%
Number of strategies not reported ^(AR)	1	0
Number of stated performance indicators ^(SP)	22	22
Number of performance indicators reported against ^(AR)	19	20

- (1) The implementation of ten strategies listed under the key result areas of 'System stewardship', 'Effective relationships' and 'Capable organisation' was not reported in a manner that enabled direct assessment of whether the strategies had actually been implemented. The review had to take the position that implementation was implied given that content contained in relevant sections of the report could be reasonably associated with the strategies documented in the 2005–2009 Strategic Plan. A similar position had to be taken with respect to twelve strategies

listed under the 2006–2010 key result areas of ‘Transport leadership’, ‘Services and infrastructure delivery’, ‘Effective relationships’ and ‘Capable organisation’ for the 2006–2007 annual report.

(SP) As per the relevant strategic plan.

(AR) As reported in the relevant annual report.

From QT’s 2005–2006 and 2006–2007 annual reports it can be seen that the department actioned a significant majority of the strategies contained in its 2005–2009 and 2006–2010 strategic plans – 93% and 100%, respectively (Table 1). The annual reports also show that it successfully achieved against a large majority of its performance indicators – 86% in 2005–2006 and 91% in 2006–2007 (Table 1).

Based on the department’s annual report, it was evident that eight performance indicators had either improved or were static in outcome between 2005–2006 and 2006–2007. The eight indicators were:

- Public transport service levels across Queensland (KRA: *System stewardship*)
- Public transport patronage in South East Queensland (KRA: *System stewardship*)
- The proportion of public transport services that are accessible to people who are less physically able or have who have a disability (KRA: *System stewardship*)
- Community confidence in the safety and security of the transport system (KRA: *System stewardship*)
- Community satisfaction with public transport services (KRA: *Service and infrastructure delivery*)
- The cost of delivery of QT’s customer transactions (KRA: *Service and infrastructure delivery*)
- QT staff satisfaction and corporate health (KRA: *Capable organisation*), and
- The capability of QT people (KRA: *Capable organisation*).

From the information available, one indicator exhibited a slight decline between 2005–2006 and 2006–2007. This indicator was ‘*customer satisfaction with the quality of QT’s customer services*’, which decreased from 7.9 in 2005–2006 to 7.6 in 2006–2007 (on a ten point ascending scale). The remaining 13 performance indicators contained in the department’s strategic plans could not be readily assessed using information contained in departmental annual reports.

From a qualitative perspective, it was evident from the department’s MPSs for the period 2005–2006 to 2007–2008, that the department generally maintained a level of client satisfaction at or above its targeted performance levels in relation to integrated planning and bus, train, taxi and ferry services.

Some additional quantitative data in the area of transport safety outcomes, perceptions and behaviours were available from the Productivity Commission’s annual Report on Government Services (ROGS). The time series data contained in 2008 report indicated that Queensland had consistently performed well, relative to the other seven jurisdictions in the report, in relation to perceptions on speed driving (ROGS Table 6A.29 and ROGS Table 6A.39), safety on public transport (ROGS Table 6A.23), the use of seat belts (ROGS Table 6A.38) and drink-driving (ROGS Table 6A.40).

While this benchmarked information from the Productivity Commission constituted a useful tool for comparative performance analysis, augmentation of the measures with performance targets would aid in the assessment of actual performance against planned/desired performance.

More in-depth analysis of the department's strategic performance would be possible with improved structural and content alignment between the department's annual reports and strategic plans. Greater availability of relevant and consistent qualitative strategic performance information in the department's annual reports would also enable more thorough strategic performance analysis.

This observation has not been limited to this review. The Auditor-General of Queensland, in a recent report on annual reporting practices by ten public sector agencies (including Queensland Transport) indicated annual reports were generally deficient in linking output measures with strategic plans³.

The review notes that the department has recently put in place a number of initiatives designed to improve its reporting practices, including the conduct of an internal review of the department's 2006-2007 Annual Report and incorporation of the Auditor-General's recommendations in the department's 2007-2008 annual report checklist.

4.2 Operational (Output) Performance

The scope of operations for the department is broad and its performance expectations are set out in a vast number of corporate documents, however, for the purposes of this review, the examination of departmental operational performance was limited to an analysis of its performance against its Ministerial Portfolio Statements for the period 2004–2005 to 2006–2007.

The annual MPS for the department predominantly provides financial and non-financial information by funded output. The MPS supports implementation of the department's four year strategic plan through a 12 month budget cycle snapshot.

Table 2: Quantification of Ministerial Portfolio Statement (MPS) Future Directions and Performance Outcomes Against Output Measures for 2004–2005 to 2006–2007⁽¹⁾

MPS Content	MPS 2004–2005	MPS 2005–2006	MPS 2006–2007
Number of stated Future Directions ⁽²⁾	71	76	80
Total number of Recent Achievements reported in the following MPS ⁽³⁾	95	84	93
Number of Future Directions reported in the following MPS as Recent Achievements	43	55	56
<i>Percentage of Future Directions reported in the following MPS</i>	61%	72%	70%
Number of output measures	111	109 ⁽²⁾	110 ⁽²⁾
Number of output measures reported against	111	109	110

³ Auditor General of Queensland, *Report to Parliament No. 1 for 2008: Enhancing Accountability through Annual Reporting (A Performance Management Systems Audit)*, Brisbane.

MPS Content	MPS 2004–2005	MPS 2005–2006	MPS 2006–2007
Number of output targets exceeded or met ⁽³⁾	85	76	80
<i>Percentage of output targets exceed or met</i>	<i>77%</i>	<i>70%</i>	<i>73%</i>
Number of output targets exceed or met with +/- 5% tolerance ⁽³⁾	97	92	98
<i>Percentage of output targets exceed or met with +/-5% tolerance</i>	<i>87%</i>	<i>84%</i>	<i>89%</i>

- (1) Includes outputs relating to: Rail, Ports and Aviation Systems; Public Transport Services; Integrated Transport Planning; Road Use Management; and Maritime Safety.
- (2) Quantifies the achievement of the Future Directions commitments detailed in the Ministerial Portfolio Statements for 2004–2005, 2005–2006 and 2006–2007 (but excludes achievements that were not previously identified as planned achievements).
- (3) Quantifies the total number of reported Recent Achievements for each financial year irrespective of whether the Report Achievements were a Future Directions commitment or not.
- (4) Quantifies the achievement of MPS targets in terms of being met or exceeded both in terms of nominal values as well as adjusted for a +/-5% achievement tolerance.

In terms of its performance against its output targets, when adjusted for a +/-5% achievement tolerance the percentage achieved ranged from 87% for 2004–2005 to 89% for 2006–2007, indicating that a significant percentage of operational performance outcomes were within an acceptable range of their respective target.

Again, the analysis of the department's operational performance would be better facilitated by the institution of reporting practices that promoted high levels of clarity and consistency in performance-related information.

4.3 Operational (efficiency) performance

From the information contained in the department's MPSs, it can be said that the department improved, in real terms, its efficiency outcomes over the period 2004–05 to 2006–07.

This improvement was seen across three outputs in particular: *Road Use Management*, *Maritime Safety*, and *Public Transport Services*. However, the variability in percentage changes to organisational efficiency was quite significant over the period 2004–2005 to 2006–2007, ranging from a 10% (approximately) reduction in efficiency to a 50% increase. Reducing the variability in performance efficiency is a performance management agenda which the department should pursue in the general course of designing and implementing its performance management strategy.

An analysis of a number of efficiency related MPS output measures reported by the department indicates that a range of cost pressures were being managed well in various areas in the department including Land Transport and Safety, Maritime Safety Queensland and Passenger Transport as evidenced by:

- real efficiency gains in the output of Road Use Management, with both the direct cost per delivery of registration renewals and the cost of output per capita increasing by less than 2.1% per annum between 2005–2006 and 2006–2007

- subsidy costs per bus passenger kilometre were static between 2005–2006 and 2006–2007
- the ratio of overhead costs to total assistance payments and subsidies reduced by 8.6% between 2004–2005 and 2006–2007, and
- the whole of product cost per transaction for bus/taxi driver authorisations and average operator accreditation bus/taxi/limousines increased by less than 3% per annum between 2004–2005 and 2006–2007.

4.4 Performance Summary

The level of performance achieved by the department over the past three years is generally sound. It was strong in terms of operational performance, particularly its transaction-based services. It was also a solid performer in terms of managing a large range of contracted service relationships.

From a qualitative perspective, the department's stakeholders and clients consistently rated its performance at or above the department's client satisfaction targets.

The overall performance of the organisation against its stated plans and targets will improve with maturing of the department's capabilities in the priority areas identified in this report.

Recommendation

- 1) It is recommended that by 1 July 2009 the Director-General, Queensland Transport:
 - a) more clearly define performance outcomes to be achieved across the department, as part of its general performance management strategy, and
 - b) ensure that the department's strategic performance measures and targets support the timely analysis of performance (including outcomes).

5 Service Delivery

5.1 Summary and Background

Queensland Transport has been relatively stable for the past decade in terms of organisational change and the services it delivers. During this time, an incremental approach to change has served the department and its customers relatively well. The department has kept abreast of technological change, innovation and changing customer demands relating to its transactional business areas (e.g. driver licensing, vehicle registrations and integrated ticketing). In addition, the department has contributed to the development of a transport framework for the state through various regional planning and infrastructure programs.

Recently issues are emerging in the transport and broader planning environment which will require a major reconsideration of the services that Queensland Transport delivers and how they are delivered. Services currently offered may now be of lower relative value in terms of achieving government priorities and need to be reassessed. The rate and pace of change will require innovative responses from the department to anticipate future challenges.

The Premier has clearly identified congestion in South East Queensland as the government's number one priority, and has established a unit within the Department of the Premier and Cabinet to lead this. This will be an important leverage point for Queensland Transport in addressing the transport challenges for Queensland.

Other high priority issues which face Queensland Transport include:

- climate change adaptation and mitigation
- road safety
- the strategic significance of ports and freight corridors to Queensland's economy
- the implementation of the New Queensland Drivers' Licence
- the establishment of the TransLink Transit Authority
- increasing budgetary pressures, including the imposition of a productivity dividend
- changing federal-state relations, characterised by a revitalised COAG, changed priorities for service delivery funding and greater expectations around output/outcome reporting for National Partnership Payments and Special Purpose Payments
- the Federal Government's creation of the Infrastructure Australia Council
- national standardisation of transport regulations
- local government reforms, including the creation of a smaller number of larger councils, and
- maintaining transport security in Queensland.

Queensland Transport's preparedness to anticipate, appropriately resource and respond to these issues will be critical to its future success. Several themes emerged from consultation and analysis of departmental documents during the review which suggest opportunities within Queensland Transport to:

- simplify processes and service delivery including exploring opportunities for reengineering business processes to improve efficiency
- take a more holistic approach to improvement and driving change
- regularly review and analyse activities to ensure that resources are directed towards agreed priorities
- pursue new models of service delivery to improve efficiency and effectiveness, and
- review organisational structures to enhance accountabilities and reinforce role clarity.

Mobilising resources to address emerging high priority issues will require a greater degree of contestability and selectivity over the activities and services that are delivered. In particular, consideration needs to be given to fully or partially divesting those activities and services that may be more appropriately delivered by, or in partnership with, other agencies, non-government organisations or the private sector.

Where activities and services are retained, administrative processes must maximise efficiency while still delivering the outcomes desired by government. Importantly, this will require establishing and maintaining focused, positive and productive relationships with stakeholders and service delivery partners within and external to government.

This chapter uses case studies to illustrate how Queensland Transport could pursue improved service delivery efficiency and effectiveness across its business activities. The case studies are grouped within themes:

4.2: Streamlining administration – examines opportunities to achieve efficiencies by streamlining program administration.

4.3: Service delivery efficiency – examines how departmental services could be efficiently and effectively delivered through industry partners or other arrangements.

4.4: Contract management – examines how the department can maximise the performance of its third party service providers through enhanced contract management arrangements.

4.5: Relationship management – examines how the department can enhance its key relationships to improve outcome and output performance.

4.6: Funding services – examines ways to reduce the burden on the public purse of providing essential services, while maintaining or improving their economic sustainability.

5.2 Streamlining Administration

Processing and control efforts need to be commensurate with the level of risk associated with a program. Overly intensive processing results in less timely and more costly services.

There are opportunities within Queensland Transport to streamline governance and reporting to ensure that services are timely and cost effective. An example of this is the administration of the School Transport Assistance Scheme (STAS).

Case Study 1: The School Transport Assistance Scheme

This case study demonstrates opportunities for Queensland Transport to critically analyse and reengineer the way in which it delivers services to eliminate unnecessary administrative processes and improve efficiency. The SDPC does not intend to specify changes to the scope of this particular program, but rather to highlight the broader issue of the need for greater analysis and contestability in how services are delivered relative to the risks involved.

Background

The School Transport Assistance Scheme (STAS) helps students who are disadvantaged by distance, disability or income to travel to school via funded kilometre-based bus travel; fares-based bus, rail or ferry travel; or payment of allowances (conveyance allowances) for driving students to school or a transport service. The program has its origins in School Road Transport Services introduced in Queensland in 1945.

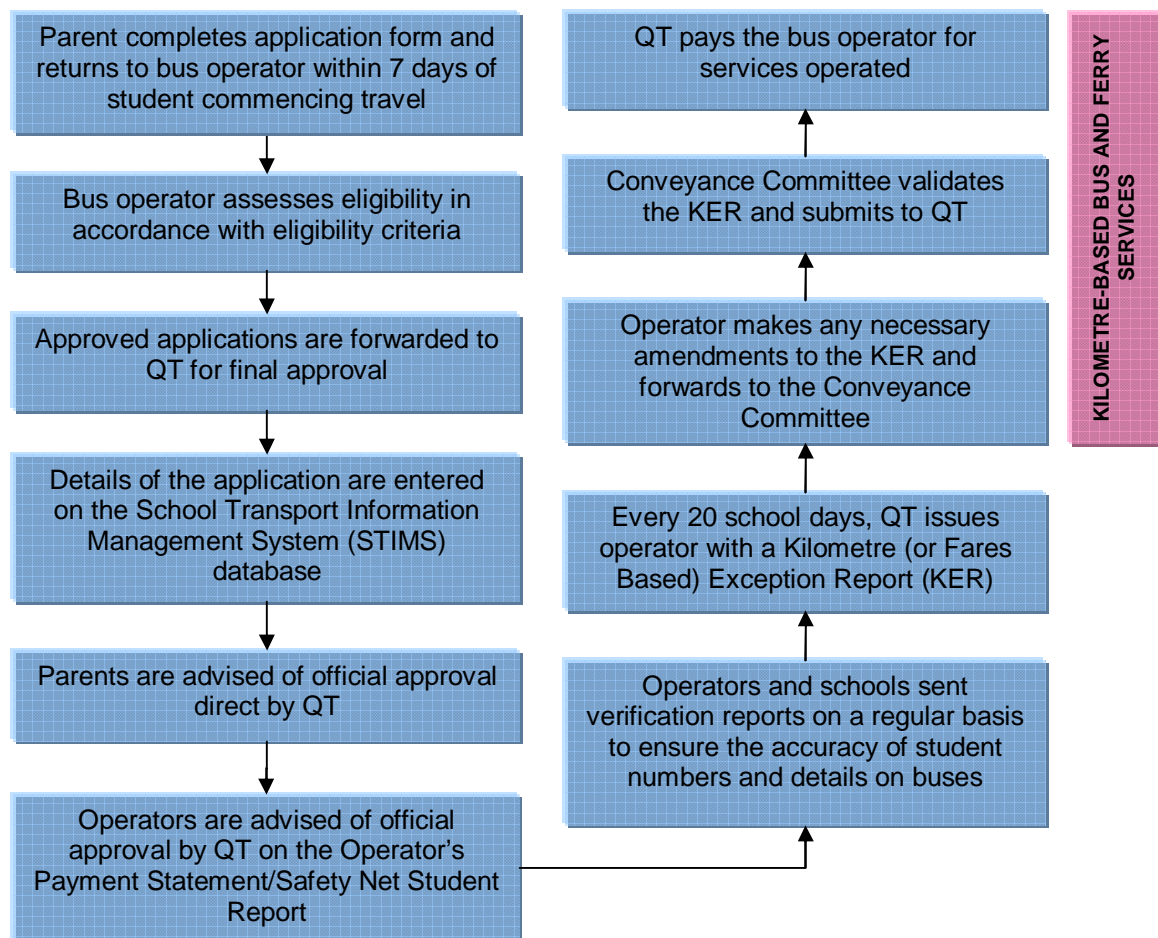
In 2006–2007, the scheme provided assistance to 145 960 students (22% of the total student population) at a cost of \$147.7 million. Queensland Transport is accountable for payments to STAS operators and recipients of the conveyance allowance; and the Department of Education, Training and the Arts (DETA) is accountable for approximately \$28 million for students with disabilities who use taxi and mini bus transport.⁴

Students are eligible for assistance if they attend primary school and live further than 3.2km from their nearest school (with some exceptions) or attend secondary school and live further than 4.8km from their nearest school (with some exceptions).

The administrative processes for the scheme are illustrated in Figure 3. An estimated 63 Queensland Transport officers from Passenger Transport and Services Divisions are involved in administering the program, with wages for administration representing 3.3% of scheme outlays. This is a relatively low proportion of the value of the scheme, however, it represents approximately \$4.8 million in administration costs. Even a small efficiency gain in the administration of STAS could enable the department to redirect significant resources and staff time to other, high priority initiatives.

Reviews of aspects of the scheme (e.g. the impact of rising fuel costs on operator expenses or the role of conveyance committees) have been undertaken in recent years. There has not been an independent evaluation of the scheme as a whole in the past five years.

⁴ NOTE: This case study focuses only on Queensland Transport's administration of STAS. The aspect of the scheme administered by DETA is out of scope.

Figure 3: STAS Administration Process

Source: *Guides to the School Transport Assistance Scheme: Kilometre Based School Bus Services and Fares Based School Bus Services Administrative Arrangements; and SDPC interviews.*

The review identified three areas of STAS where there is potential to streamline processes to improve administrative efficiency and allow resources to be directed elsewhere:

- assessment of eligibility for assistance
- the use of conveyance committees to administer services, and
- reporting requirements and audit controls.

Assessment of eligibility

Streamlining the assessment of eligibility for STAS, thereby using resources more effectively, could involve the use of existing mapping technology to remove the need for a Queensland Transport officer to manually assess distance in a vehicle. Another option may be to move to eligibility criteria based on designated remote zones or urban fringes, which could alleviate the administrative burden involved in assessing individuals' eligibility on distance grounds.

Conveyance Committees

Conveyance committees consist of parents/guardians of eligible students using the service. Their role, among other things, is to monitor the performance of school service contract holders by acquitting Kilometre Exception Reports (KERs) each month. Conveyance committees have a significant responsibility for overseeing the acquittal of approximately \$53 million per annum. There are approximately 1000 committees across the state managing 1200 bus routes.

The SDPC was advised of deficiencies with the conveyance committee model including:

- poor attendance at conveyance committee meetings
- difficulty in identifying people willing to participate in the committees
- questions as to the degree of rigour exercised by conveyance committees in approving KERs, and whether committee members had the knowledge to do this, and
- the fact that responsibility for ensuring an active and effective conveyance committee falls largely on bus operators to ensure they receive payment for services operated.

Conveyance committees provide a control measure in the acquittal of funds. Queensland Transport, however, needs to consider whether this is the most effective and efficient way to validate bus operators' claims. There is an opportunity for Queensland Transport to engage with bus operators, students, parents, schools, regional offices and professionals in the audit field to identify alternatives which would streamline administration while still ensuring appropriate controls are in place. They may include, for example, having school principals or Parents and Citizens Associations verify KERs or a major redesign of the program to eliminate the need for KERs altogether.

Reporting requirements and audit controls

Key control measures used to ensure that bus operators are not being overpaid and that students are not wrongly claiming assistance include:

- the Operator's Payment Statement/Operator's Safety Net Student Report – to advise the bus operator of eligible students travelling on their services
- the Operator Verification Report – to ensure the accuracy of student numbers on buses
- Verification Reports for Schools – to confirm and update details of each student
- the Kilometre Exception Report – to identify changes to vehicle type, route or student numbers that may impact on the amount paid to operators, and
- the Fares Based Exception Report – to verify the amount paid.

These reports, while meeting statutory requirements, could be streamlined through critical analysis of the scheme and its legislation to determine whether there is a more efficient means of managing the risks involved. Consideration also should be given to whether staff and operators are being overburdened by processes that add limited value.

As highlighted in this case study, there are opportunities for Queensland Transport to redesign its programs, such as STAS, to achieve efficiencies and enable resources to be redirected towards high priority initiatives.

Recommendation

- 2) It is recommended that the Director-General, Queensland Transport:
 - a) progressively review departmental programs to ensure that the level of resourcing and departmental oversight for the program is commensurate with the level of risk involved commencing from 1 September 2008, and
 - b) streamline administration to achieve efficiencies in program delivery in the three highest priority programs identified by the department by 31 March 2009.

5.3 Service Delivery Efficiency

The review found that there are further opportunities for Queensland Transport to analyse what services it should continue to offer and whether there are other service delivery options that could improve cost effectiveness or service delivery outcomes. Divesting delivery of services that could be managed by other government departments or provided by the market would enhance Queensland Transport's capacity to focus on high priority activities.

One function that could be considered for divestment is the department's face-to-face and call centre service delivery operations. Divesting customer service centres and the Customer Direct call centre to Smart Service Queensland would support whole-of-government objectives in terms of providing 'one stop shops' for government services and allow Queensland Transport to enhance its focus on the policy and regulatory aspects of its role rather than on direct operations. These issues are further discussed in Case Study 2.

Another example related to improving the utilisation of internal resources is discussed in Case Study 3: School Crossing Supervisor Scheme. Queensland Transport should retain policy responsibility for road safety in the school environment. However, ensuring administrative responsibility for staffing and local engagement of School Crossing Supervisors is streamlined and/or outsourced would allow the department to focus on higher priority issues such as reducing road trauma through targeted regional interventions.

Queensland Transport is already investigating other programs (not included here as detailed case studies) that may be suitable for divestment, including driving examinations and vehicle inspections.

Case Study 2: Queensland Transport's Service Delivery Network

Consolidation of State Government counter services provides Queensland Transport with the opportunity to:

- improve the separation of its policy, regulatory and service delivery roles
- support whole-of-government policies for integrated service delivery, and
- redirect its resources towards other higher priority activities.

This example explores options for how Queensland Transport might strengthen this separation, allowing it to focus more strongly on its policy development role.

Integrated Service Delivery

The government's vision for service delivery is to successfully integrate government services and information to facilitate faster and easier access for Queensland Government customers. Smart Service Queensland (SSQ) has been established within the Department of Communities to take a lead role on customer service delivery for the Queensland Government, where customers are able to conduct a range of transactions or obtain information through a single website, phone number and integrated service counter.

SSQ delivers the following Queensland Transport services through its call centre, internet and interactive voice recognition (IVR) channels:

- information on payment of infringements, registration renewals, reporting smoky vehicles and VCheck
- change of address
- Q-Ride enquiries
- Planned Payment Scheme
- Learner Licence enquiries
- replacement labels/certificates and renewals
- registration renewal enquiries
- compulsory third party insurance changes and enquiries, and
- Authorised Inspection Station locations.

Queensland Transport's Information Management Division is developing an interface to provide SSQ with access to appropriate areas of the department's licensing and registration database, TRAILS. The two agencies are also discussing the possible migration of the Property Search function to an online environment for subsequent transition to SSQ for delivery.

Challenges

Existing agency investments in counter service provision, a lack of clarity and agreement regarding 'generic' versus 'specialised' services, and the cost of transitioning services have all impeded the implementation of whole-of-government counter service delivery. In part, this is because proposals have largely been based on either:

- a) setting up new counters run by SSQ that can take on other agency services, or
- b) one agency (e.g. Queensland Transport) taking the lead agency role for counter service delivery on behalf of government.

Both would be complex undertakings made more difficult because of different philosophies, priorities and preferred approaches of the agencies involved.

The Smart Service Queensland CEO Committee has recently considered a feasibility study and a range of options for moving towards whole-of-government counters. The direction endorsed by the CEO Committee (on which Queensland Transport is represented) creates a range of future opportunities for the department to:

- transition transactional services and transfer ownership and day-to-day management of Queensland Transport CSCs including accommodation, staff, infrastructure and budgets to SSQ
- rationalise Queensland Transport service delivery arrangements where they overlap e.g. in some locations driver licences are issued from police stations, but registration applications are processed at a QGAP office or courthouse, and
- strengthen the ability of the department to focus on policy and regulatory aspects of transport related service delivery.

The direction being pursued by the CEO Committee also supports government policy of transitioning services to a single point of service delivery and thus creates opportunities for greater economies of scale and opening additional service locations,

to the benefit of Queensland Transport's clients. For example, with appropriate legislative authorisation and sufficient training and accountability/probity mechanisms in place, there is no practical reason why licences could not be issued from a provider such as SSQ or QGAP. Not only would this potentially benefit Queensland Transport and its clients, it would also free local police resources currently utilised in the administration of driver licensing for operational policing activities. Transitioning Queensland Transport's customer service network to SSQ would relieve the department of a significant transactional service delivery burden and effectively separate its service delivery role from its regulatory and compliance roles. In effect Queensland Transport could purchase transactional services from a specialist provider set up specifically for that purpose (e.g. SSQ). This is consistent with business models used elsewhere in the department. For example, the department purchases public transport services from rail and bus providers. Managing such purchaser-provider relationship is a strength of the department as noted in section 4.4 of this report.

The review recognises the positive steps that Queensland Transport has taken in recent years to increase take up of lower costs service delivery channels, such as online services, demonstrated in Figure 4. Transferring ownership and management of Queensland Transport's service delivery network to SSQ would allow other agencies to benefit over time from Queensland Transport's maturity in this area.

Figure 4: Case Study – Queensland Transport's Online Services

Queensland Transport delivers products and services through electronic channels including the internet, BPAY (telephone and internet) and telephone (Interactive Voice Response (IVR)). These channels provide flexible, easily accessible and secure services for customers and the community. It also reduces costs by transferring customers from higher cost face-to-face delivery to lower cost electronic delivery where appropriate.

Twenty per cent of all Queensland Transport transactions are conducted via electronic channels (internet, BPAY and IVR). A growing number of clients are choosing to access services online. Eleven per cent of transactions were made online between 1 July 2007 and 31 March 2008, compared to 8% in 2006–2007.

Customers experience an average wait time of ten minutes in Customer Service Centres. This would be more than double (21 minutes) without the range of products and services currently available via electronic channels.

With the rapid population growth in Queensland, Queensland Transport is experiencing unprecedented growth in demand for products and services. The availability of electronic channels is helping to manage the increasing demand for Queensland Transport services.

Over 2.7 million transactions per annum are conducted via electronic channels, the equivalent of approximately:

- 24 additional Customer Service Centres
- 90 additional full time counter staff, or
- \$22 million per annum in reduced transaction costs.

Short and long term strategies are being proposed to further increase the usage of electronic service delivery. Services Division is developing an Electronic Service Delivery Strategy to address future delivery options for all Queensland Transport products and services.

Source: Based on information provided by Queensland Transport.

A change of this magnitude challenges existing service delivery models, directions and thinking of both Queensland Transport and SSQ. It also presents significant implementation challenges for all agencies involved and for government, including:

- transitioning to new staffing models
- developing appropriate and sustainable costing models
- developing service standards that meet government and client needs and expectations, and
- developing ICT solutions that bridge the needs of a centralised approach to counter services across the public service.

To further progress the work of the SSQ CEO Committee, Queensland Transport and SSQ in realising whole-of-government counters, there is an opportunity for independent assessment of the options thus far considered and to extend this work further. This assessment would help inform critical decision making by the government in relation to its ongoing commitment to whole-of-government counters within the context of the broader multi-channel service delivery strategy

Case Study 3: School Crossing Supervisor Scheme

This case study presents an example of how Queensland Transport could improve service efficiency by utilising broader expertise and knowledge in the coordination and support of the State's 1745 school crossing supervisors (as at 12 September 2007).

The School Crossing Supervisor Scheme (SCSS) was introduced into Queensland in 1984. School crossing supervisors assist children to safely cross roads at designated points on their way to and from school. Successive governments have committed to expand the scheme with the most recent commitment in 2006 for an additional 45 supervisors over three years at a cost of \$1.11 million. As at 12 September 2007 the 1,745 school crossing supervisors supervised 1140 crossings at 632 schools throughout Queensland.

Usually a crossing operates between half an hour to one hour before school starts and for 30 minutes after school closes each school day. School crossing operating times are determined by Queensland Transport in consultation with the school principal and depend on school start times and other factors such as the volume of traffic at the crossing.

As a general rule, School Crossing Supervisors do not operate at schools with pedestrian crossings controlled by traffic lights. There are, however, a small number of exceptions. These are colloquially known as 'Look out Ladies'. The value added by these Look out Ladies is questionable, given that they do not provide active assistance to children.

Services Division manages policy development and delivery of the SCSS. The key tasks of administering the scheme are:

- policy development and maintenance
- scheme administration
- identification, prioritisation and establishment of new crossings, and
- staffing school crossings.

During the course of the review two issues were consistently raised:

- the time and energy spent by regional safety officers on locating and coordinating relief staff for crossings, and
- the impact this had on the ability of safety officers to devote effort into priority safety issues in their local context.

Assessing the costs and benefits of this program would allow the department to make informed decisions about where its resources are best directed. It would also ensure that the administration of the scheme is connected with school communities and community networks to:

- make it easier and faster to identify suitable substitute supervisors as needed, and
- allow the community to contribute to decisions about the value (or otherwise) of operating 'Look out Ladies' where these exist.

For example, the Department of Education and the Arts has an automated system which locates relief teaching staff and updates payroll accounts seamlessly.

Strengthening the department's policy development and review functions (as discussed in section 6.1 (Planning and Strategy)) will better enable the department to focus its efforts on improved service delivery and outcomes.

Recommendations

- 3) It is recommended that the Public Service Commission lead an independent study to:
 - a) investigate the advisability, feasibility and options for Queensland Government customer service networks within the context of government directions for multi-channel service delivery, and
 - b) prepare a report on its findings and make recommendations by 30 June 2009 for Cabinet consideration, including the best method and timing for implementation.
- 4) It is recommended that Queensland Transport negotiate and implement from 1 July 2009 more efficient management of school crossing supervisor staffing arrangements via the most appropriate mechanism.

5.4 Contract Management of Third Party Providers

Contract management is a significant lever to ensure services are delivered according to agreed standards and timelines. The extent and value of third party provider contracts in delivering services makes this a particularly important aspect of Queensland Transport's business. This section analyses the department's contract management practices and opportunities for strengthening and developing this work.

Background

Queensland Transport's controlled expenditure in 2006–2007 was \$1 946.4 million.⁵ In 2006–2007, 66% of Queensland Transport's total controlled budget was used, either by way of subsidies or contracts with transport service providers, in providing transport services (\$1 289.3 million excluding capital) (see Table 3, below). This made the department the second largest public service manager of third party service provision within the state (behind Queensland Health).

To maintain critical capability for managing its third party service provider relationships, Queensland Transport needs to address two issues, highlighted in Table 3. First, maximising value from a small number of high value commercialised contracts. Contractual payments to Queensland Rail (\$852 million) and TransLink's 18 bus operators (\$279 million) accounted for 88% of the department's total subsidised and contracted expenditure on transport services in 2006–2007.

Second, juxtaposed to the need to manage a relatively small number of high valued service delivery relationships, there is also a need for the department to also manage 750 subsidised service relationships with School Transport Assistance Scheme (STAS) operators, payments to which totaled \$123.3 million in 2006–2007 (with an average operator payment of \$164 426). While this is a considerable amount of public money, the relationship management risk lies not in the total value of payments but in the number of operators involved and consequently the number of provider relationships that need to be appropriately and adequately managed, monitored and maintained by the department.

Provider relationship management is made more complex by the fact that rail transport contracts not only involve Queensland Rail, but also private sector companies (e.g. CKS Pty Ltd) and other jurisdictions (e.g. New South Wales through the NSW Department of Transport).

Table 3: Payments to Transport Services Providers 2006–2007

Service provider	Total value of payments (\$)	% of controlled budget	% of total subsidies/ contracts	Number of providers paid
Passenger bus operators	22 237 566	1.1%	1.7%	32
Air	7 779 391	0.4%	0.6%	3
Ferry	2 570 548	0.1%	0.2%	6
Long distance bus	2 226 029	0.1%	0.2%	10

⁵ Queensland Government, *State Budget 2006-2007, Budget Paper No. 2 - Budget Strategy and Outlook*, Table 6.3, page 125, Brisbane, 2006.

Service provider	Total value of payments (\$)	% of controlled budget	% of total subsidies/ contracts	Number of providers paid
School Transport Assistance operators	123 319 273	6.3%	9.6%	750
Total subsidies – transport services	158 132 807	8.1%	12.3%	--
TransLink bus contract payments	278 966 843	14.3%	21.6%	18
Queensland Rail services	852 161 000	43.8%	66.1%	1
Total contracts – transport services	1 131 127 843	58.1%	87.7%	
Total subsidies/contracts – transport services	1 289 260 650	66.2%		
Queensland Transport Controlled Budget 2006–07	1 946 400 000			

Source: Queensland Transport 2006–2007 Annual Report, Volume 1.

Maximising value for money

Imperatives for maximising value for money from procurement were articulated in the SDPC Report on the Review of Purchasing and Logistics in the Queensland Government, and include:

- increasing demands of communities, as consumers of government funded services become better educated and have better access to information
- the complexity of the purchasing decision, taking into account not only price but also economic, social and environmental considerations
- stronger demand for accountability and stewardship
- the introduction of new business models, and
- the globalisation of markets.

High on the list for Queensland Transport is what the SDPC Report on the Review of Purchasing and Logistics identified as the “...*increasing monopolisation of markets, which in some instances narrows the purchaser’s role and increases the level of sophistication required of the purchaser to function effectively in increasingly complex markets*”.

Coordinated procurement capability

Corporate consistency and quality of contract management is critical to maximising value for money through the procurement process. Central coordination, monitoring and oversight play a legitimate part in promoting consistency and quality.

Queensland Transport has recently strengthened the role of the Strategic Procurement Unit (SPU) within its Finance Branch. The Finance Branch has always developed the department’s Corporate Procurement Plan, Procurement Profile and Forward Procurement Schedule, and provided advice to divisions in relation to the

State Procurement Policy (formerly, State Purchasing Policy) and the Departmental Purchasing Policy. Strengthening the Strategic Procurement Unit has focused on building a centrally-led contract management capability within the department. This direction is supported by the review.

In strengthening the SPU, the department needs to consider the unit's role and influence in promoting standardisation of contract:

- penalty strategies and triggers
- governance arrangements, and
- performance measurement frameworks and reporting requirements.

Commensurate with strengthening the SPU, the department has indicated that it will be restructuring the unit in response to its increased procurement responsibilities. In doing so the department has recognised the government-wide difficulties in recruiting staff with suitable procurement qualifications and experience. To compensate for the tight recruitment market, the department needs to complement recruitment activity with investment in skills and experience of existing staff. This investment should be considered as part of an organisational capability development plan and should be adequately resourced.

There are experienced and highly skilled contract managers and administrators across Queensland Transport. Approximately 118 staff were involved in some way in managing and administering procurement related contracts, as well as regional staff working on STAS. Irrespective of the exact quantity, this sizable network of officers should be developing and delivering contract management strategies that enable the department to use available skills and resources to best affect. This will also encourage better practice in contract management and administration by sharing and applying consistent practices and processes across the department.

Planning for engagement – Significant Procurement Plans

The State Procurement Policy requires every agency to prepare Significant Procurement Plans (SPPs) when procuring goods, services and capital works that the agency has identified as representing high expenditure or high risk. In Queensland Transport, the financial threshold for significant procurements plans is \$25 000 where the overall risk rating is high or extreme, and all procurement valued at more than \$250 000.

Since June 2007, the SPU has been reviewing SPPs developed within the department and it is a requirement that SPU review and endorse all SPPs before tendering processes commence. This occurred on six occasions between June and November 2007.

SPPs provide a systemic mechanism through which the department can develop strategic responses to the monopolisation of supply markets, the need to develop economically sustainable supplier markets, and the need to assess the potential of alternative business models. The department's adept and consistent use of SPPs is fundamental to its future strategic success and its derivation of value from public monies. The recently evident commitment to SPPs must be maintained and built upon over the coming years. This includes application of the principles of the State Procurement Policy to contractual arrangements that fall within specific statutes, such as the *Transport Operations (Passenger Transport) Act 1994*. While these

statutes provide specific requirements, the State Procurement Policy provides a higher level strategic policy framework that should also be observed.

One objective of the SPU must be to promote, corporately, a single point of truth in all contract management matters. To do this, it must have on hand copies of all complete and signed SPPs and actively uses these documents to:

- regularly monitor and assess divisional contract management performance
- satisfy itself as to the veracity of variations that divisions make to approved SPPs, and
- report to an appropriate governing body where significant high risk contracts are not meeting agreed performance indicators and milestones.

The SPU maintains a central register of all departmental contracts (discussed on page 42) but does not at this time maintain a register of SPPs.

Evaluation and continuous improvement

Contract management is incorporated (as appropriate, according to departmental priorities) in Queensland Transport's Internal Audit Plan. In 2004, the Internal Audit Branch released a report on *Contract Management – Passenger Transport (Passenger Transport Development – Public Transport Management)*. Localised contract evaluation is also undertaken, as evidenced in the minutes of the TransLink Advisory Board meeting of 23 August 2007, which included a presentation and discussion on the development of future G4 (4th Generation) contracts. Some individual contracts were also subject to localised review and evaluation. For instance, the negotiation of the TransLink bus operator G3 contracts entailed a significant exercise in performance and cost research and analysis at an individual operator level as well as at an industry level, resulting in high levels of value for money for government.

However, devolution of contract management in the department increases the risk that not all areas manage contracts to the same level of sophistication and, as a result, value for money cannot be guaranteed for the department as a whole.

To mitigate contract management risks and to promote consistency with the State Procurement Policy, and in recognition of the significant role played by the department in government purchasing of third party services, the department needs to institute a rigorous regime of procurement capability and performance assessment across all areas of the department.

In addition to the State Procurement Policy requirement to undertake triennial assessments of procurement capability and performance, the department should ensure that its internal audit program has a strong focus on assessing third party service provider contract management.

Managing service provider relationships

Managing contract predicated relationships

Contracts across the department appeared to be consistently and highly structured. They included coverage of basic parameters relating to:

- definitions and interpretations
- the relationship being established

- the term of the contract and renewal options
- variations to the contract
- the services being contracted
- pricing, costs, payments, GST and adjustments
- communication between the parties
- marketing under the contract
- contract management
- performance management
- legislative requirements
- contract transfers, default and termination
- dispute resolution
- force majeure
- indemnities and insurance
- confidentiality, privacy and records maintenance
- intellectual property
- subcontracting
- review of contract, and
- administrative provisions.

Highly structured and detailed schedules were also integral to contract documentation and covered issues pertaining to:

- contract payments and payment adjustments
- performance management including performance measures and reporting requirements
- scheduled services
- audit protocols
- safety and security
- contract management and variations
- service costings and revenue
- capital programs and project schedules, and
- asset management.

Contract negotiation was generally undertaken using a team based approach. For larger more complex contracts such as the Queensland Rail CityTrain contract, a team consisting of legal, financial and contract management expertise was used. This team was supplemented by specialist advice provided by Queensland Treasury. For smaller contracts such as for STAS, templates were developed centrally and negotiated locally within regions, with local service needs reflected in the contract schedules.

Managing and monitoring individual contracts was the responsibility of the division with functional responsibility for the contracted services. The department has generally received positive Internal Audit feedback on contract management and monitoring.

Feedback from bus and rail industry operators attested to the department's sound performance in contract management and monitoring, including negotiation, variation negotiation and administration, monitoring and reporting, governance arrangements and payments. Service providers also suggested the department could improve contract management in areas such as:

- improved continuity of contract managers
- appropriately senior departmental representation in contract negotiations
- improved management and control of ancillary requests for information beyond the scope of service contracts, and
- reduced use of informal officer to officer communication to initiate or progress service related matters, where executive management or chief executive officer involvement is warranted (because of political sensitivities) or required (because of contract governance arrangements).

For Queensland Rail, the relationship is more complex than merely one of 'purchaser provider' and must take account of the operation of the *Government Owned Corporations Act 1993*, and the department's regulatory and executive government support roles. Managing the Queensland Transport-Queensland Rail (QR) relationship is further explored in Case Study 4.

Contract management has been strengthened by the establishment of internal standards that set out contract management requirements and accountabilities. These have been documented in the Standard Thresholds and Requirements in Procurement, which also sets out the functional responsibilities of the SPU and divisions in the procurement process. To segregate responsibilities, contract and supplier performance analysis and regular reporting are divisional responsibilities, while SPU gathers the necessary data to report contractor and supplier performance to the Queensland Government Chief Procurement Officer (QGCPO).

Building and maintaining consistent capability to manage contractor relationships across the department is important to avoid the risk that one or more contract relationships fails to realise its intended service delivery outcomes. The SPU can play a central role in promoting this consistency through mentoring and coaching of divisional staff involved in contract management. The focus of this contribution and the assessment of its return on investment can and should be undertaken through Internal Audit attention to divisional contract management practices and performance.

Understanding what relationships need managing – the contracts register

The SPU coordinates a central register of all departmental contracts. The register is an amalgam of data captured and maintained in divisional contract registers. The SPU updates the central register monthly. The register acts as a library for information relating to individual contracts. It is used to identify whole-of-government and agency specific opportunities and contains information relating to the contract's name, description/goods and services provided, terms, commencement and

completion dates, financial approval/value, contract manager, and spend against contracts.

Maintaining the contracts register is a useful element of contract management. However, its effectiveness could be improved. For example, the lag between the central and divisional registers inhibits the department's ability to source a single point of definitive and authoritative information relating to contracts. The development of a whole-of-government Contract Lifecycle Management System by the QGCPO will provide a platform that is more contemporaneous in its information at all levels of the department. Until that system is deployed, the department will be exposed to the deficiencies and risks inherent in a tiered information system.

Importantly, regular analysis of the contracts register will provide the department with information about the forthcoming priority areas and associated workloads in relation to the contracting task. This information should be used to direct resources to the areas of greatest need as well as identifying how the department's internal contract expertise can be best engaged in negotiating and managing contracts.

Recommendation

- 5) It is recommended that the Director-General, Queensland Transport:
 - a) ensure that the Strategic Procurement Unit provides central leadership, mentoring and coaching across the department in the area of procurement and contract management involving third party transport service providers
 - b) instigate six monthly (at a minimum) summary reports by 31 December 2008 to the Transport Leadership Team (or an appropriate subordinate committee) on the implementation of all approved significant procurement plans (SPPs), including detailed exception reports on SPPs that are at risk
 - c) ensure the department's strategic and annual internal audit plans make adequate provision for the ongoing assessment of the department's procurement capability and performance, by 30 June 2009, and
 - d) instigate six monthly (at a minimum) reports to the Transport Leadership Team (or an appropriate subordinate committee) on the 'calendar of contract management events' including an analysis of the preparedness of the department to effectively undertake these events by 31 December 2008.

5.5 Relationship Management

Queensland Transport relies on partners and stakeholders to deliver many of its services. There are opportunities for Queensland Transport to enhance service delivery through stronger relationships with stakeholders and partners.

In August 2007, the Transport Leadership Team (TLT) allocated primary relationship management responsibility for key stakeholders to Executive Directors (EDs). For example, the ED (Land Transport and Safety) is the stakeholder manager for the Queensland Police Service, the ED (Services) is the manager for the RACQ, the ED (Integrated Transport Planning) is responsible for the Local Government Association of Queensland, and so on.

Some of the issues that stakeholders commonly raised are inherent in the case studies included in this section. Stakeholders consistently raised the following themes:

- senior executives are helpful, professional and responsive and lower level staff have the skills and knowledge necessary to perform their work
- stakeholders generally have positive and productive relationships with staff at local regional offices or Customer Service Centres. Relationships are less strong and productive with policy divisions
- it can be difficult at times to identify and make contact with people with the appropriate authority to make decisions in a large organisation Such as Queensland Transport
- high levels of staff turnover being experienced throughout the sector can lead to slow decision making and reduces the department's capacity to keep stakeholders informed of the progress of decisions
- the department could be more receptive to ideas and suggestions put forward by stakeholders, and to constructive debate on policy options, and
- the department's desire to manage risk in contractual arrangements can lead to micro-management of its contractual relationships, rather than management based on performance and the achievement of agreed outcomes.

5.5.1 Case Study 4: Maximising outcomes from statutory relationships – Queensland Rail

In financial terms, Queensland Rail is the single largest supplier of third party transport services to the Queensland Government. It is also a Government Owned Corporation (GOC) under the *Government Owned Corporations Act 1993 (GOC Act)*.

The relationship between Queensland Rail and the state is complex; however, three dependencies tend to dominate the relationship, these being:

- the Minister for Transport, is one of two shareholding Ministers; the other being the Treasurer. Shareholding Ministers of Queensland Rail may jointly give its board directions in the public interest and notify the board of public sector policies (including community service obligations) that apply to it. Importantly, shareholding Ministers are not directors of the board and thus are not responsible for the commercial policy or management of Queensland Rail. The intent is to provide the board with the management authority and autonomy necessary to make commercial decisions within its areas of responsibilities

- the provision of services by Queensland Rail is defined through transport services contracts that are negotiated by Queensland Transport, and
- the provision of services by Queensland Rail is subject to regulatory oversight and accreditation by Queensland Transport in the area of rail safety management.

These dependencies create an environment where roles and responsibilities may be unclear. It may prove useful for the department and Queensland Rail to establish a mechanism, such as a Memorandum of Understanding, that provides guidance and boundaries on the execution of relationship dependencies by both parties. The current arrangements may result in Queensland Rail being inhibited in its pursuit of its corporate intent and, as a consequence, undermine Queensland Transport's ability to achieve its strategic goals in the long term.

There is a need for the mechanisms by which this relationship is managed to be critically evaluated by all the parties involved and appropriately matured so that the government and Queensland Rail can confidently meet the current and evolving rail transport needs of Queensland.

Currently Queensland Transport and Queensland Rail use a range of committees to support business outcomes. There are more than 30 committees on which both the department and Queensland Rail participate (excluding four committees which relate to common relationships with universities). While the committees can be classified according to a hierarchical matrix (strategic/tactical/operational by internal/external) which paints a picture of the complexity of the relationship, it would appear that the range of committees has evolved progressively over time, rather than by holistic design. Queensland Transport would benefit by redesigning the committee system to support the broad common priorities underpinning the relationship with Queensland Rail, including:

- strategic relationship risk management
- transport service provision and performance
- infrastructure and asset planning, and
- regulatory compliance.

5.5.2 Case Study 5: Queensland Police Service

In recent times, the boundaries between the road safety responsibilities of the Queensland Police Service and Queensland Transport have become blurred. For example, both agencies have become involved in advertising campaigns designed to influence driver behaviour.

Queensland Transport believes that running multiple intervention strategies is duplicative and dilutes effectiveness of programs for road safety. Queensland Transport notes that its interventions are based on solid research and target systemic road safety issues. The Queensland Police Service, on the other hand, believes that its efforts are more timely and are based on localised rather than statewide needs.

Both arguments are valid. Road safety strategies, including marketing and advertising campaigns, need to be both based on solid evidence and research, and responsive to local and current road safety concerns.

Queensland Transport has access to road safety research data through its relationships with organisations such as the Monash University Accident Research Centre (MUARC). Using this information to work collaboratively with road safety partners, such as the Queensland Police Service, will ensure that the government's responses to road safety are:

- evidence based
- well coordinated
- responsive to localised and changing road safety concerns
- implemented efficiently
- monitored, and
- ultimately effective.

The 2006 Road Safety Summit focused on seven at risk road safety areas: young drivers and riders, seniors, impaired driving (alcohol, drugs and fatigue), speed, motorbikes, road environment and vehicle technology. The summit brought together government agencies, road safety stakeholders and community representatives to develop targeted road safety initiatives to lower the Queensland road toll. The *Queensland Road Safety Action Plan 2006–2007* is based on the government's response to the summit recommendations and community consultation. It supplements existing road safety initiatives.

Queensland Transport's recent road safety effort has focused on implementing the initiatives included within the Action Plan. There is an obvious need to implement these initiatives in line with government policy. It is also important for the department to continue to develop appropriate road safety strategies for the future to ensure that there continues to be a clear vision and focus for road safety. It is particularly important for Queensland Transport, as the lead agency for road safety, to maintain a vision and share it with departmental staff and external partners, such as the Queensland Police Service, in the road safety effort.

Recommendations

- 6) It is recommended that by 31 December 2008, the Director-General, Queensland Transport, in conjunction with the Chief Executive Officer, Queensland Rail and the Executive Director, Office of Government Owned Corporations, examine how the existing relationship management framework can be strengthened to promote the accountability, management authority and autonomy of Queensland Rail.
- 7) It is recommended that by 31 December 2008, the Director-General, Queensland Transport, in conjunction with the Chief Executive Officer, Queensland Rail, streamline the committee system supporting their government to business relationship with a view to strengthening its relevance and effectiveness in managing performance.
- 8) It is recommended that the Executive Director (Land Transport and Safety) in conjunction with the Executive director (Services Division) determine and define a strategy and action plan for Queensland Transport's road safety activities by 31 December 2008 which:
 - a) communicates Queensland Transport's intent regarding its lead agency role for road safety

- b) clearly articulates policy responsibilities between divisions within Queensland Transport and with external agencies such as Queensland Police Service and the Department of Main Roads, and
- c) subject to the outcome of Recommendation 4, redirects existing regional road safety resources away from management of school crossing supervisor staffing arrangements toward road trauma reduction initiatives from 1 July 2009.

5.6 Funding Services

In 2006–2007, total appropriation funding for the department (excluding equity adjustments) was approximately \$1.5 billion which represented approximately 80% of its total revenue in that year. Revenue raised through non-appropriation streams, such as fees and charges, has little relationship with the actual cost of the provision of services and often has a historical basis that has not recognised growth in the cost of service provision over time.

There are opportunities to critically examine existing funding arrangements and charging regimes to achieve an appropriate balance between community service obligations and ‘user pays’ fees and charges.

Case Study 8 discusses the need to explore potential options for funding the future provision of maritime safety services in such a way as to reduce the financial burden on the public purse.

5.6.1 Case Study 8: Funding for marine safety services

A marine aid to navigation is a device or system external to a vessel that is designed and operated to enhance the safe and efficient navigation of vessels and/or vessel traffic.

As at March 2008 there were:

- 6435 navigation aids registered on the Aids to Navigation Asset and Management System (ANAMS), including: 406 buoys; 2244 beacons; 1844 navigation lights; and 1941 marine signs. Of these assets 37% were in the Brisbane region and 28% were in the Gold Coast region, and
- approximately 1130 aids to navigation (excluding marine signs and counting beacons with lights as one aid) within 16 port controlled areas and approximately 1520 in non-port controlled areas. A further 130 aids (the majority being signs) were located in inland waterways (dams and lakes).

The estimated book value of beacons, buoys and lights as at 30 June 2007, was \$16.3 million and their estimated replacement cost was \$47.9 million. These assets were depreciated by approximately \$0.5 million in 2006–2007.

Capital expenditure on navigation aids in 2006–2007 was \$2.7 million (excluding insurance recoverable reinstatement expenditure) with expenditure in 2007–2008 and 2008–2009 expected to be \$4.9 million and \$2.9 million, respectively. The average annual capital expenditure over the three year period is estimated to be \$3.5 million.

The annual MSQ operating budget in support of navigational aids was estimated to be \$8.4 million (including depreciation) in 2006–07. This represented 46% of the estimated \$18.3 million spent by MSQ in 2006–07 on the operation of navigation aids, the vessel tracking system (\$7 million), the vessel tracking management information system (\$0.03 million), VHF communications systems (\$0.2 million), tidal information services (\$0.5 million), navigation information services (\$0.5 million) and hydro graphic services (\$1.6 million).

MSQ generated ordinary non-appropriation revenue of \$22 543 in 2006–2007 in relation to navigation aids. This revenue was sourced from private aid owners, port

users, local councils and other government agencies. The department also generated an additional \$332 000 in extraordinary navigational aid related revenues.

In 2006–2007, MSQ's ordinary retained revenue from maritime safety services (aids to navigation, vessel tracking system, tidal information and navigation information) was approximately \$352 000. In 2006–2007, the value of hydro graphic sales was estimated to be \$768 000, which went to consolidated revenue. From 2007–2008 this revenue stream will be retained by the department.

Asset management for marine safety equipment is managed through the ANAMS database. The department also relies on engineers from the Department of Main Roads to inspect and report on the condition of these assets. The functionality of the ANAMS database, however, exposes the department to risks in terms of managing the maintenance of existing and the installation of new harbour safety equipment. The department is working to mature its asset management practices so that it has access to more comprehensive and timely information regarding the condition and the full cost of replacing or maintaining these assets.

The SDPC estimates that the net annual ordinary operating cost of navigation aids is in the order of \$8.4 million. The estimated net annual ordinary cost (including capital expenditure) of navigational aids per annum is \$20.6 million. These net amounts represent estimates of annual government funding from consolidated revenue for the provision of navigational aids.

Notwithstanding arguments for and against the general public utility derived from, and cost sharing between direct users and indirect beneficiaries of these services, there is a real opportunity to reduce the cost burden of these services on the public purse by increasing the recovery of costs from commercial and other major users of the state's waterways.

There are precedents in this regard. For instance, federally provided coastal aids to navigation are primarily funded by the commercial shipping industry through a navigation levy imposed by the Australian Maritime Safety Authority. While this cost recovery is achieved through an excise on the carriage of goods (i.e. a tax), it demonstrates that there are mechanisms that can be used to assist in the appropriate targeting of the recovery of service delivery costs from service users. Other mechanisms include increasing conservancy charges (port charges on large ships) and boat registration and licensing fees.

Navigation aids is one area where there are opportunities for the department to strategically examine future funding options. The department could also take a broader view and examine how user fees could be better utilised to fund all of its maritime services. Reducing the estimated \$96 million (output revenue and corporate services allocation for Maritime Safety in 2006–2007) of taxpayer funds required to annually support maritime safety operations would free resources to pursue other government priorities.

Outside of the maritime safety environment there are other examples of services that warrant closer scrutiny in terms of long term funding options (e.g. levels of passenger transport subsidisation, driver testing and heavy vehicle inspections to cite but a few). As demand for transport services grow in an expanding economy and capacity limitations stretch existing infrastructure and services, the long term effectiveness and efficiency of the transport system will depend on the state's ability to adequately, and in a timely manner, source and direct investment and operating resources to this

system. Ensuring these future options are brought into play at the right time and in the right way requires the timely analysis and presentation of options to government.

As a first step the department could undertake an options analysis in relation to maritime safety services and then apply the learnings of this process to other departmental services.

Recommendations

- 9) It is recommended that by 30 June 2009 the Director-General, Queensland Transport:
 - a) examines and develops options to fund future marine safety services and submit these options to Cabinet, and
 - b) commences the implementation of a more extensive program of funding option analyses of departmental services.
- 10) It is recommended that the Director-General, Queensland Transport:
 - a) establish policies and standards of leases for departmentally owned assets and infrastructure
 - b) in line with government policy on fees and charges, examine current charges in areas such as marine leases to ensure an appropriate balance between the levels of public subsidisation and returns on government investments, and
 - c) submit these options to Cabinet by 30 June 2009.

6 Assessment Against Elements of the Review Framework

6.1 Planning and Strategy

The element of planning and strategy focuses on the process of organisational planning and strategic direction setting that informs resource allocation and managers' decision-making.

Evidence gathered for this element considered the:

- quality of organisational planning
- the alignment of programs and activities to whole-of-government priorities and outcomes
- the quality of strategic direction setting for the organisation
- the quality of public policy development that achieves government priorities, and
- the extent to which plans and strategies are implemented across the organisation.

Summary

Queensland Transport is operating in a very complex policy environment. It has wide ranging responsibilities for transport service, infrastructure, and policy provision as well as providing a regulatory role. The department is also reliant on a large number of delivery partners including other levels of government, other state government agencies, and the private sector to deliver its agenda for transport in Queensland. This complexity creates challenges for Queensland Transport in undertaking its planning and strategy activities.

Adding to the complexity facing Queensland Transport in developing a coordinated vision for the future of transport in this state, is the emergence of highly complex policy problems such as congestion, climate change and road safety which cut across many modes and the responsibilities of many areas of transport. Issues such as these require an integrated response from Queensland Transport and the ability to leverage support from key delivery partners.

It is against this backdrop that the SDPC has considered Queensland Transport's performance in the Planning and Strategy element and, in particular, whether the organisation has positioned itself well to deal with these factors.

The SDPC found that Queensland Transport is undertaking a wide range of planning and strategic direction-setting activities, including:

- developing a range of corporate and policy specific plans that draw links to whole-of-government priorities and outcomes and govern its operations
- undertaking a major review of the Strategic Plan, its goals, strategies, and performance measures
- developing a Strategic Performance Management Framework and a Business Planning Framework to enhance planning and reporting functions across the department

- developing a Strategic Management Planner which documents the timing of planning, resource allocation, monitoring and reporting activities in the department
- investing in the development of policy skills through the Applied Policy Skills Program, the Advanced Diploma in Government, and sponsorship of Griffith University's Graduate Certificate in Policy Analysis
- involving stakeholders and staff in some planning and policy development processes
- using a comprehensive project management framework (OnQ) which encourages good planning at the project level, and
- responding to government priorities.


However, there are opportunities for Queensland Transport to strengthen its planning and strategy activities to heighten its ability to deal with future challenges. The SDPC found potential to:

- enhance departmental compliance with legislated planning requirements and to use these plans to drive change
- improve departmental goal and priority setting to drive Queensland Transport's activities
- strengthen the department's strategic policy and policy coordination capacity
- enhance divisional operational plans so that they identify synergies/gaps and ensure activities align with departmental priorities
- improve strategy implementation and monitoring practices, and
- strategically use stakeholder relationships to leverage results for transport in Queensland.

New directions at the federal level driven by COAG, the Queensland Government's new approach to managing whole-of-government risks, and local government amalgamations all present opportunities for Queensland Transport to leverage support and funding for key directions. These opportunities can be maximised through an enhanced focus on planning and strategy activities.

Summary assessment

Table 4: Summary Assessment for Planning and Strategy

Strengths and Opportunities	
<ul style="list-style-type: none"> Queensland Transport has a Strategic Plan and divisional plans in place and is currently undertaking a major review of the Strategic Plan and associated reporting system with a view to better integrating these with the department's business. Queensland Transport invests in policy skills development and is able to respond to policy issues that are the clear responsibility of a particular division. The department has adopted a robust project management framework, OnQ, to provide guidance to staff on appropriate project management practices. 	
Issues	
<ul style="list-style-type: none"> Queensland Transport has a suite of plans that govern its operations. The department needs to enhance its planning oversight systems to ensure this suite of plans is complete and current. Queensland Transport sets departmental priorities and needs to use these consistently to prioritise activities and resources. The department could strengthen its capacity to develop strategic policy and coordinate issues which cut across multiple divisions. The department's operational plans could be aligned more consistently across the organisation to avoid the risk of duplication and to enhance its ability to reallocate resources across divisions. Queensland Transport could improve implementation and monitoring strategies across the department to ensure commitments are followed through and that outcomes are achieved. The department effectively engages stakeholders in some planning processes and it could invest more effort in leveraging resources and commitments from key partners to improve transport outcomes. 	
Evidenced	Not or Partially Evidenced
All Level 1 descriptors, plus: 2.1 An analysis of performance informs the planning process at the corporate level. 2.2 The implementation of plans and policies is monitored at the relevant level of the organisation. 2.3 The organisation has sound governance and project management practices in place to plan, monitor and report on projects. 2.5 The organisation invests in planning skills across the organisation.	2.4 The agency regularly reviews its plans, strategic directions and key public policy directions to ensure relevance and alignment to whole-of-government priorities.
Rating	
Rating	Level of Maturity
	Developing competency

6.1.2 Findings

Compliance with planning requirements

Queensland Transport has developed a suite of plans and strategies to direct its operations. The department largely demonstrates compliance across the broad range of corporate planning requirements for Queensland Government agencies. In addition, the department also has a range of policy specific strategies to guide action in areas such as road safety, integrated transport planning, public transport in South East Queensland, and the South East Queensland freight network.

At the time of the Review, the department was in the process of enhancing its processes for overseeing the range of plans for which it is responsible. Such processes are necessary in a large and complex organisation to ensure all plans are kept current and up-to-date with changing environmental circumstances.

The SDPC notes that the historical drivers for certain aspects of legislated transport planning requirements may have diminished over time or been superseded by more contemporary developments in transport planning and service delivery requirements (e.g. South East Queensland Infrastructure Plan and Program). The department has instigated processes to renew transport-related legislation and in doing so will seek to better align this legislation with emerging whole-of-government planning needs.

Strategies going forward

It is important to acknowledge the benefits that plans for the future of transport provide in terms of driving the department's agenda, supporting resource allocation decisions, and realising outcomes for the community. Given this, it is recommended that the department rigorously maintain its register of planning requirements and ensure that the register details what plans are required and when they should be developed and updated.

It is also important to acknowledge that the legislative framework for the strategic management of the state's transport systems needs to be responsive to future needs. The SDPC supports the department's agenda of progressively improving the relevance and value of transport-related legislation to all stakeholders.

Goal setting and prioritisation

The diversity of Queensland Transport's business creates challenges in setting holistic and meaningful goals and priorities. The department currently articulates its organisational goals through the Strategic Plan, Portfolio Services Plan and Business Priorities. These documents demonstrate goal setting within the department,

The SDPC found that there is an opportunity for Queensland Transport to both clarify and make greater use of these organisational goals to communicate its direction to staff and stakeholders and to inform decision-making within the department. The review found that the articulation of priorities in these various documents could be made more consistent. Further, based on feedback from staff and stakeholders, the department could communicate more effectively how these priorities inform decision-making by the department, particularly in relation to planning and resource allocations (i.e. what projects it should undertake, streamline, divest or cease). This would enhance the department's ability to make decisions across the disparate areas of its business by focusing on agreed high priority issues.

In addition, the department could enhance its relationship management practices to improve performance management and service delivery outcomes; particularly the level of involvement that stakeholders have in planning, strategic direction setting, and policy development processes. Engaging stakeholders in genuine consultation (i.e. linking consultation to decision-making and acknowledging other's views) not only builds trust and goodwill in relationships but can also lead to the achievement of better outcomes.

Strategies going forward

Queensland Transport is currently undertaking a major review of its Strategic Plan including defining its strategic objectives. The SDPC supports this review and its efforts to enhance goal setting and the use of priorities within the department. Recommendation 13 provides specific direction on how Queensland Transport's goal setting and prioritisation could be strengthened through the review of the Strategic Plan and future annual planning cycles.

There are opportunities for Queensland Transport to undertake more effective engagement with stakeholders to assist it in setting strategic directions as part of its annual planning cycle. Doing so will facilitate greater alignment, or at least understanding, of goals and priorities between Queensland Transport and its stakeholders. It may also be a mechanism to broaden policy ideas, to trial new partnership approaches and to secure stakeholders' commitment to assist in delivering Queensland's transport agenda.

Strategic policy capacity and policy coordination

Queensland Transport has been responsible for delivering numerous significant policy initiatives in recent years including the creation of TransLink, the South East Queensland Busway network, and the Young Drivers' Initiative to enhance road safety outcomes for new drivers.

There is also evidence that Queensland Transport is seeking to further enhance skills to deal with policy issues through development of an internal policy skills training program and investment in an Advanced Diploma in Government (Policy) and through sponsorship of Griffith University's Graduate Certificate in Policy Analysis. As well as this, several staff have participated in professional development programs provided by the Australian and New Zealand School of Government.

While Queensland Transport's policy achievements and investment in policy skills are acknowledged, there is scope to improve the department's capacity for developing strategic policy and responding to complex issues that cut across multiple divisions. At present, policy resources in Queensland Transport are dispersed across divisions and management information systems do not clearly indicate how many officers are involved in policy work or their areas of focus. This creates challenges for the department in planning for, and responding flexibly to, cross divisional and/or strategic issues.

Figure 5: Case Study – Investing in Policy Skills

In 2005, Queensland Transport developed and commenced delivery of the Applied Policy Skills Program to policy officers within the department. The program develops participants' understanding of the policy cycle (including policy development and implementation) and is tailored to Queensland Transport's specific policy processes. Since its inception, over 180 Queensland Transport officers have participated in some part of the core program and approximately 200 staff have attended one of the program's supplementary Lunchbox Sessions or Master Classes.

Queensland Transport is now building on this investment in policy skills development through the introduction of an Advanced Diploma of Government which will provide staff with an accreditation in policy. Twenty staff are currently participating in the pilot course which will be evaluated prior to further rollout.

The programs demonstrate Queensland Transport's commitment to enhancing policy capability and are intended to ensure increased consistency of policy development across the department and enhance the department's capacity to monitor and evaluate policy performance.

Source: Based on information provided by Queensland Transport.

Policy units within the department are generally modal-orientated and as a result the department is exposed to the risk that insufficient attention will be given to:

- identifying emerging issues affecting the transport system as a whole (as opposed to a particular aspect of transport – e.g. road safety or freight networks)
- developing options for responding to these issues
- ensuring consistency, quality and an appropriate level of evidence in advice to government on transport issues, and
- strategic, as opposed to procedural, policy responses.

There is a small central policy unit in Queensland Transport, the Transport Policy Office (TPO), which is being positioned to address the risk identified above. Critical to the TPO's ability to effectively do so is the need for it to be appropriately supported by the executive in its pursuit of its approved work program. The executive also needs to ensure the TPO's work program is aligned with and progresses all of its stated roles and functions. This will enhance the department's ability to capitalise on opportunities such as increased local government capacity resulting from recent amalgamations. It also presents an opportunity for the department to anticipate future challenges and prepare the transport system for these. The SDPC acknowledges that the department has moved to strengthen the position of the central policy unit which will support the directions outlined here.

Strategies going forward

Strengthening its central policy function would allow Queensland Transport to improve its ability to respond to complex or cross divisional issues and government priorities by consolidating resources and focusing on those areas of highest priority. Consolidating some of its existing policy resources into a central policy area allows Queensland Transport to undertake or enhance the following functions:

- identification of emerging issues which could affect transport in Queensland

- development of appropriate responses to these issues for Queensland Transport (engaging with industry stakeholders, other government agencies, and service delivery areas of the department as needed)
- ensuring departmental consistency with policy priorities through reviewing departmental Cabinet Submissions and budget bids
- undertaking reviews of transport legislation to ensure consistency and relevance of regulation with policy directions
- coordinating the department's contribution to inter-jurisdictional and whole-of-government committees (e.g. the Council of Australian Governments, Ministerial Councils, and Chief Executive Officer Committees), and
- coordinating miscellaneous policy requests which require input from multiple divisions.

Alignment of operational plans across Queensland Transport

Queensland Transport's Strategic Plan demonstrates alignment with the government priorities and all divisional (and many sub-divisional units) plans cascade from the Strategic Plan. In addition, the department has adopted a robust project management framework, OnQ, which encourages sound planning at the project level.

The strength of alignment of planning within the department is, in part, attested to by the results of the staff survey conducted by SDPC where nearly 80% of respondents indicated that the department undertakes strategic and business planning 'mostly' or 'fully' and 70% indicated these align with whole-of-government priorities and outcomes.

While vertical alignment of operational plans was strong with the department, the alignment of plans across divisions could be strengthened to clearly articulate the connections and dependencies between projects, avoid duplication, and facilitate systemic learnings across the department.

To strengthen horizontal alignment of operational plans the department needs to invest in a cross-divisional mechanism that can review divisional plans with a view to identifying synergies/gaps and clarifying responsibilities for issues where multiple divisions have an interest.

Improved horizontal alignment between business plans can be further advanced by standardising the nomenclature (e.g. strategic plans, business plans, operational plans, and business priorities) and formats used by divisions. At the time of the review, the department was in the process of developing and implementing a corporate standard for business plans; an initiative supported by SDPC.

The current environment of fiscal constraint will place further pressure on Queensland Transport to prioritise projects internally and reallocate available resources to those areas that will achieve the greatest outcomes for the community and/or that meet government's priorities. A collegiate approach to planning (strategic, operational and project based) driven by an agreed set of departmental priorities will better position Queensland Transport to be able to flexibly deal with these emerging challenges.

Strategies going forward

It is noted that prior to the SDPC review, Queensland Transport had commenced a range of activities to enhance its corporate planning including:

- development of a Strategic Performance Management Framework
- development of a Business Planning Framework including a corporate standard for divisional business plans, and
- a major review of the Strategic Plan.

The SDPC welcomes these initiatives and the department's efforts to strengthen goal setting, consistency and alignment in planning activities. These improvements will help the department to focus on those areas identified as priorities, remove duplication, address gaps and improve the transparency of divisional work programs.

Implementation and monitoring of strategies

Queensland Transport has delivered on a range of key government commitments in recent years including the roll out of integrated and electronic public transport ticketing in South East Queensland, numerous road safety reforms, and enhanced transport security arrangements in Queensland. In addition, stakeholders at the local level reported Queensland Transport as being generally responsive and an organisation that delivers on its core business commitments (e.g. through customer service centres, vehicle inspections, and complaints resolution).

Figure 6: Case Study – Implementing the Young Drivers' Initiative

The department advised that on 12 August 2006, the introduction of a new graduated licensing system was announced to improve road safety outcomes amongst young drivers (17–24 years). The changes would impact on all young drivers and significantly increase demand for Queensland Transport licensing services at the time of implementation on 1 July 2007.

To ensure smooth transition to the new arrangements, Queensland Transport:

- conducted a Young Driver media campaign to create awareness of the new rules within the community
- distributed 75 000 letters and brochures to existing learner licence holders and key stakeholders advising of the changes
- established transitional provisions to assist those aged 16 to 16½
- provided high schools with a Young Driver package for Years 10, 11 and 12 and presented the package to approximately 125 high schools statewide
- rolled out a statewide training program to ensure the effective handling of customer enquiries at Customer Service Centres, and
- managed 3–4 times the average demand for written licence tests at Customer Service Centres immediately following implementation by scheduling out of hours sessions for written tests, online booking for testing, and/or diverting customers to alternative testing facilities.

These strategies prepared clients and stakeholders for the changes that would take effect from 1 July 2007 and enabled the department to effectively manage peak demand for services. A post implementation evaluation to assess the outcomes of the Young Drivers' Initiative is planned for 2010.

Notwithstanding this, Queensland Transport's ability to consistently deliver on strategies and high level plans could be improved. The department demonstrated that it has systems in place to monitor implementation of plans and strategies. However, these are not consistently used across the department. While funding constraints and inaction on the part of delivery partners have been some of the key reasons for delays in the timely or successful delivery of some transport initiatives, there is scope to improve the department's ability to anticipate implementation problems and develop options for their resolution to drive projects through to completion.

In addition, the SDPC notes that several high level, direction setting documents prepared by the department are now relatively dated (e.g. Integrated Regional Transport Plans for some regions and strategy documents relating to road safety). This limits the ability of these plans to set clear directions for future implementation.

Strategies going forward

There are opportunities for Queensland Transport to strengthen its implementation and monitoring capacity to enhance performance outcomes and management of delivery partners. In particular, there are opportunities to investigate alternative funding streams to help guarantee the delivery of strategies including linking initiatives to current statewide modal strategies and implementation programs, leveraging co-funding from the Commonwealth and/or local governments, and increasing user charges where appropriate.

To support an enhanced focus on implementation and monitoring, the department should review plans and strategies which may no longer be current and projects experiencing implementation problems to determine if they are still needed. Plans should also be updated as required to ensure appropriate milestones are identified to progressively achieve objectives.

Recommendations

- 11) It is recommended that by 31 October 2008, the Director-General, Queensland Transport strengthen central oversight of planning requirements to ensure:
 - a) clarity of responsibility for the preparation of plans by areas within the department
 - b) timeframes are met for completion of plans in accordance with legislated requirements, and
 - c) transport planning legislative provision are relevant to the current and future needs of stakeholders of the state's transport systems.
- 12) It is recommended that by 31 December 2008, the Director-General, Queensland Transport establish a central policy area which has the functions identified in section 6.1. The central policy area should be resourced through the reallocation and refocusing of existing policy officers and managers including:
 - a) rationalising existing policy areas within the department where appropriate, and
 - b) seconding relevant departmental officers from around the department into the central policy area to work on time limited project teams as needed.

- 13) It is recommended that the Director-General, Queensland Transport develop as part of the current review of the Strategic Plan and future annual planning cycles an agreed set of departmental priorities. These priorities should be articulated in planning documents and used by the board of management from 1 July 2009 to:
- a) decide what activities are undertaken, ceased, divested, delivered more efficiently, or receive additional resources to ensure effective delivery in Queensland Transport, and
 - b) identify and address duplication or gaps in operational plans.
- 14) It is recommended that divisions of Queensland Transport:
- a) prepare the 2009–2010 and subsequent operational plans in accordance with a departmental standard set by the corporate planning area, and
 - b) make operational plans available to staff in other divisions (e.g. via Village) to enhance transparency and information sharing about work programs across divisions.
- 15) It is recommended that the Director-General, Queensland Transport ensure all corporate and policy strategies and plans:
- a) developed or commencing from 1 January 2009, have an implementation plan that details how objectives will be achieved over the short, medium and longer term and funding arrangements to support delivery, and
 - b) are monitored and their implementation progress reported to appropriate levels or committees within the organisation that have the authority to identify potential implementation problems and instigate strategies to address them (including conducting major reviews of strategies/plans where appropriate).

6.2 Resource Management

The element of resource management focuses on the systems and processes for monitoring human, physical (including ICT) and financial resources in order to maximise results.

Evidence gathering for this element considered the:

- effectiveness of resource allocation and monitoring processes
- capacity to identify the cost of services and the efficiency of delivery models used
- achievement of value for money in the organisation's operations, and the
- ability to reallocate existing resources away from areas of low achievement or impact to new and emerging priorities.

6.2.1 Summary

All government agencies are facing a new and dynamic policy and service delivery environment. Some of the environmental challenges, with significant resource management implications, facing QT are:


- the implementation of a productivity dividend for all departments to secure savings of \$300 million over four years which can be freed up for front line service delivery
- the formation of an Expenditure Review Committee (ERC) to target duplication and waste across the Queensland public sector and ensure that departmental savings targets are met (QT's productivity dividend in 2008-2009 is \$2.2 million, rising to \$2.8 million in 2009–2010)
- a revitalised Council of Australian Governments (COAG) and changes to Australian Government priorities for funding service delivery
- the establishment of the new TransLink Transit Authority (TTA), and
- the recent local government reforms and amalgamation process has created larger and more capable local councils.

The combined effect of these challenges means that there will be significant pressure on QT to respond in this context. Fundamental to QT's response will be:

- a more strategic approach to the management of the department's funding base
- a greater focus on corporate organisational priorities rather than divisional ones, and
- an improved capacity at the corporate level to link funding to performance outcomes and standards and to capture and report on this more systemically.

Summary assessment

Table 5: Summary Assessment for Resource Management

Strengths and Opportunities	
<ul style="list-style-type: none"> • QT complies with legislation to manage human, physical and financial resources. • Accountabilities exist for the management of human, physical and financial resources through comprehensive suites of delegations which are regularly reviewed. Performance management practices in relation to resource management could be strengthened. • Trends are analysed and reported at a corporate level but there is an opportunity to strengthen corporate decision-making processes based on the analysis presented. 	
Issues	
<ul style="list-style-type: none"> • In a broad sense, the allocation of budgets links to organisational priorities. Anticipating and responding to the contemporary policy and service delivery environment requires that the department be more methodical in its approach to aligning resources with its strategic and operational priorities. • There are skills in, and resourcing for, resource management in the organisation. Greater central control, direction and oversight of the resource management task would greatly assist the department in promoting consistency in resource management functions, processes and practices across all the divisions. • There is a need to further strengthen corporate standards in the area of financial management and a need to improve the oversight and independent review of divisional activities to ensure value for money and economies of scale. • QT has regular and comprehensive reporting processes to monitor resource use. The value of this reporting to executive management would be enhanced with improved performance analysis and extrapolation of performance risks into actionable recommendations. • There is a need to promote greater standardisation in organisational understanding of and processes for determining the cost of delivering programs and services and of utilising this information to make investment and divestment decisions. 	
Evidenced	Not or Partially Evidenced
1.1 All Level 1 descriptors, plus: 2.3 Resource management trends are analysed and reported at a corporate level. 2.4 The organisation has sound arrangements in place to ensure the accountable use of public funds by external service providers and contractors. 2.5 New projects and programs are accurately costed prior to commencement and emerging resource needs are identified and built into budget projections.	2.1 The organisation is able to identify core functions, prioritise business, and manage service delivery and workforce change in line with whole-of-government priorities. 2.2 There are sound systems in place to regularly monitor resource use, including workforce profiles and changes in service demand.
Rating	
Rating	Level of Maturity
	Developing Competency

6.2.2 Findings – Financial/Resource Management

Improving organisational agility through enhanced resource allocation and management processes

The review found that annual corporate budget processes were predicated on forward budget estimates, approved carryovers and deferrals and new initiatives funding approved by the Cabinet Budget Review Committee (CBRC). The corporate budget and divisional budget were overlooked by the Internal Review Committee (IRC) which twice-yearly (May and December/January) considered major budget issues and adjustments.

The department has been growing its capability in the development and use of costing methodologies to provide an evidence base for the allocation of resources and the analysis of resource management performance. These methodologies are well established in respect of the services provided through Customer Service Centres. The application of costing methodologies is being progressively extended to other aspects of the department's business (the most recent case being compliance transport inspectors). The department would benefit from instituting a program for the development of new costing models that prioritises this development activity against its strategic resource management challenges.

There is evidence in divisional business plans of the reallocation of resources to align with divisional priorities. The methods by which these intra-divisional allocations are determined could be made more consistent and transparent.

Building more coordinated and effective corporate support functions

QT commits significant resources to corporate service functions and these resources are widely dispersed throughout the agency. Resources are located in centralised corporate units within the Corporate Office and Information Management divisions. There are also substantial numbers of staff performing corporate support services work within all divisions. This dispersion of resources and expertise should be better balanced to facilitate enhanced corporate integration and coordination of resource management arrangements across the agency.

The review found that the corporate finance and human resources areas require strengthening. Generally, the department needs to extend central control of functions that are of high risk and sensitivity, require a whole-of-department perspective, and/or legislation requires consistent application of processes and reporting. Central to this is the need to strengthen resource management governance arrangements and the reliability of resource management information.

In part, establishing central control entails improving corporate management standards and proactively pursuing opportunities to amalgamate functions and activities across divisions, generally. For example, the department would benefit, from a corporate perspective, from the rationalisation of the various 'versions' of leadership programs and performance management documentation to be found throughout the organisation. The department's instigation of a functional review of the Finance Branch during 2008 is a step in this direction.

Given the scale and significance of the department's financial management responsibilities (i.e. a controlled expenditure of \$1 946.4 million in 2006-2007 and it was the second largest manager of third party service provider contracts in the public

service sector) the functional review of the Finance Branch should ensure the branch continues to be positioned to provide the board of management with:

- authoritative advice and analysis regarding the department's financial performance
- well substantiated recommendations for financial reallocations within the department and between divisions
- expert financial modelling and analysis to support strategic, operational and infrastructure development and planning
- coordinated liaison and negotiation with Treasury
- strong guidance and oversight of contract management functions by divisions, and
- authoritative advice and support to divisions in the negotiation significant contracts with external providers where the proposed contract binds the government and/or exceeds a predetermined threshold set by the Director-General.

Further, the governance mechanisms for both financial and human resource management need to be strengthened. The functions of the IRC should be assumed by a new strategic finance committee as outlined in Element 4 – Governance. Similarly, the department needs to establish a strategic workforce management committee as a sub-committee of the department's central board of management. The SDPC supports recent activity by the department to restructure its governance committees including the establishment of strategic finance and workforce management sub-committees under a new board of management.

Strategies going forward

To promote and achieve a shared and integrated corporate focus and approach to managing the transport agenda in Queensland necessitates that the department has in place an effective corporate services area that can be the 'glue' that binds the separate and largely independent business streams together. This corporate services area should:

- ensure high quality corporate performance data and oversight
- provide a single repository for corporate data
- allow for coordinated responses to key stakeholders such as the Minister, Director-General and Cabinet
- ensure best practice standards are established and maintained for human resources, finance and other functions
- ensure coherent corporate planning and reporting that aligns with identified outcomes and government priorities, and
- undertake periodic internal reviews of service delivery functions and recommend functional and structural reforms where required.

Decisions regarding what should be managed centrally and what should be devolved need careful consideration and should be guided by explicit criteria. Implications of devolving processes will also need to be linked to skills development, corporate accountabilities, delegations and reporting requirements.

Understanding costs to support resource management decisions

Queensland Transport is by and large a transaction, process and project driven organisation. Understanding the costs of delivering programs and services and utilising this information to streamline business processes, improve systems and build the capability and capacity of the organisation is fundamental to continuously improving the efficient and effective use of departmental resources.

Further, contestable budget processes (including cost-benefit analyses) need to underpin the rationale for continued delivery of services and products whether it be by the department or by external service providers. This contestability needs to also support decisions as to whether outsourcing, user pays, co-contribution or co-production is the most efficient means of service delivery.

As noted earlier, the department currently utilises a range of costing methodologies to support corporate budget processes. These methodologies are also used to support the development of major project/initiative budget proposals. The methodologies combine financial, and time and motion data to examine actual costs and are extrapolated in hypothecated options (e.g. new CSC location options and channel migration strategies) and detailed implementation planning (e.g. New Queensland Drivers Licence initiative). Depending on data source availability the costing models are regularly updated (e.g. CSC costing models are updated and validated on an annual basis).

The corporate costing methodologies are also augmented in major projects/initiatives by specialised engineering and design studies.

QT has been building corporate capability in service delivery costing through a dedicated Business Analysis and Costing Unit (BACU) in the corporate finance branch. The BACU was originally established to ascertain QT's costs for the collection of compulsory third party (CTP) insurance premiums on behalf of the Motor Accident Insurance Commission (MAIC). The department's intention is for the BACU to develop into a corporate centre of expertise to lead departmental costing activities, with support from costing capability in divisions.

While the department is building corporate capability in this area, the review found some evidence of different costing methodologies being used across products and services delivered by one division on behalf of other divisions, though for the large part these divisional costings are reviewed by the BACU prior to being used in corporate documents.

Strategies going forward

To build upon and embed the department's cost modelling capability and to strengthen the use of these models in resource management decision-making, the department needs to extend the development and application of these models to all areas of the department's business in a planned and strategic way.

The department also needs to ensure that costing exercises undertaken by divisions are conducted using similar rigour as that used by the BACU. To this end, the standard of documenting costing methods used by the BACU should also be adopted by the divisions as better practice. Further, the BACU should develop and maintain an up-to-date, one-stop-shop of policy, methodological and administrative resources designed to specifically provide guidance to divisions on how costing exercises should be conducted and administered.

6.2.3 Findings – Information and Communications Technology (ICT)

As part of the SDPC review of Queensland Transport, the Commission and Queensland Transport agreed to engage an independent specialist consultancy to review (see Appendix 4) the Information Management Division (IMD). This decision was in recognition of the size and complexity of IMD's operations, the significant amount of organisational change which IMD has undergone in recent times, and the appointment of a new Chief Information Officer in late 2007.

Summary

IMD is a substantial ICT business and has delivered some major initiatives in support of Queensland Transport's business strategies. The most significant example is the department's licensing and registration database the Transport Registration and Integrated Licensing System – TRAILS.

From an ICT solution delivery perspective, the business complexity and diversity within Queensland Transport presents many challenges, the most significant being the need to deliver both departmental wide and unique business solutions within a consistent framework of technologies, policies and standards. In its efforts to deliver on this charter, IMD is perceived by many of its stakeholders as needing to be less restrictive and less conservative in its ICT practices and more transparent with its operations.

In terms of its core technical and operational services, IMD delivers these extremely reliably with minimal downtime for what are complex application systems with a large statewide network. IMD has also invested significantly in developing its own internal processes, systems, documentation and contract management controls at a level that many would envy. Notwithstanding these strengths, there are a range of issues that IMD (and Queensland Transport more broadly) should reflect on in terms of improving ICT performance and value.

Roles, responsibilities, accountabilities and scope of services

Stakeholders perceived that ICT planning within Queensland Transport tended to be technology driven rather than business driven. IMD's business rules and processes, and a strong enterprise architecture team drove the solutions offered. Some stakeholders felt the alignment between ICT directions and the strategic direction of the organisation could be improved.

The SDPC considers that the disparate nature of the department's operations, strong divisional management, and limited central coordination and governance mechanisms limit the degree to which alignment has been achieved in the past couple of years. Queensland Transport as an organisation should provide greater direction to IMD to align its focus to business requirements, strategic planning, ICT governance and prioritisation activities.

Other challenges facing IMD in the future include:

- a significant reliance on in-house software development and on contracted specialist ICT developers
- a culture that does not engender strong levels of engagement, communication, transparency and flexibility in its relationships with client divisions
- the use of effective business strategies that minimise the opportunity for the duplication of ICT development activity by IMD and business divisions, and

- the sustainability of the scope of IMD services in the long term.

In order to move forward, Queensland Transport's Board of Management should consider the overall findings and conclusions from both the SDPC and independent ICT reviews. In particular, there is a clear need to make significant cultural changes in IMD, particularly in regard to its dealings with its customers. Areas for specific attention include improving commitment to business alignment, negotiation and consultation skills and general relationship management. Long term strategic planning initiatives to better sustain Information Management Division's service delivery into the future and reduce the department's risk exposure, should be pursued by the department as a priority.

Model of ICT service delivery

IMD has a very rigorous model for ICT service delivery; one with a major emphasis on in-house development (especially during the TRAILS development period). To support this delivery model, IMD employs approximately 400 staff: 175 permanent public servants and 225 temporary, casual and contracted staff. The majority of contract staff (approximately 150) are involved in project work.

The model of service delivery used by IMD brings with it significant costs and in-house dependencies which may be minimised if alternative delivery models were adopted. To this end, IMD has outsourced some of its core services, including the provision of limited facilities management and disaster recovery services to CITEC and its statewide desktop services to Fujitsu. The SDPC recognises and supports these developments in the IMD service delivery strategy.

The review has also identified additional opportunities for future efficiencies in delivering ICT services. These include investigating new strategic technology directions for the major departmental applications, searching for improvements in the delivery of ICT services through re-engineering and new models, and reducing the overall costs of IMD's operation by prioritising and auditing its baseline costs. For example, TRAILS is a major and complex system developed (almost 20 years ago) and maintained using the in-house model. Notwithstanding the very specific and non-generic business needs for which it was designed to meet and its ability in the past to respond to a substantial change agenda, the department needs to consider how the development and maintenance of such a major and mission-critical system can be undertaken in such a way as to minimise risks and costs.

Further, the review found that ICT business solutions may have been over-designed as a result of a determination to apply the same design criteria embedded in major and critical applications to all new applications regardless of size and complexity.

The more strategic use of alternative ICT development strategies and solutions may result in improved systems performance and efficiency for the department. Key to mitigating the risks associated with pursuing such alternatives is instituting and maintaining rigorous, high level governance over the delivery model.

Broadening the mix of ICT development and support solutions should not only provide a better balance between the use of in-house and external resources, but should bring a greater level of agility and responsiveness in support of the business area, and deliver greater competition-driven efficiencies.

ICT management and governance

The review found that ICT governance at the most senior levels within Queensland Transport could be strengthened to avoid the risk of fragmentation between its overall governance model, those of IMD and those applied to major departmental projects.

Given Queensland Transport has business areas with unique business responsibilities, the processes pertaining to ICT investment decision-making become extremely important, particularly at the senior executive level. The Queensland Government Information Standard No. 2 – ICT Resources Strategic Planning sets out a range of best practice ICT governance principles and further recommendations and guidance are contained in the 2006 SDPC Review of ICT Governance in the Queensland Government. Queensland Transport's ICT governance model needs to take into account the principles and findings of both these documents and its ICT governance model needs to ensure:

- alignment between the investment priorities of the department, its business areas, and ICT requirements
- stronger and more participative involvement from the senior executives
- the investment of clear and strong accountabilities and authority in governance committee members
- that decisions on ICT investments, and their priority, are channelled through the ICT governance model, and
- that regular reviews and assessments of ICT priorities and progress are undertaken by the Board of Management.

Implementing a best practice ICT governance model in line with the requirements outlined above has been identified by the department as a priority.

Performance

The review found that there was strong support for the quality of the general operational and technical ICT services. It also found that the availability of benchmarking information could be improved to aid in the independent verification of IMD's cost effectiveness and quality of service delivery,

Other, more general, IMD performance information was also seen as needing enhancement, particularly in relation to:

- savings it makes for divisions through rigorous negotiations with contracted providers, and
- efficiency gains it generates and returns to other divisions through its services and products.

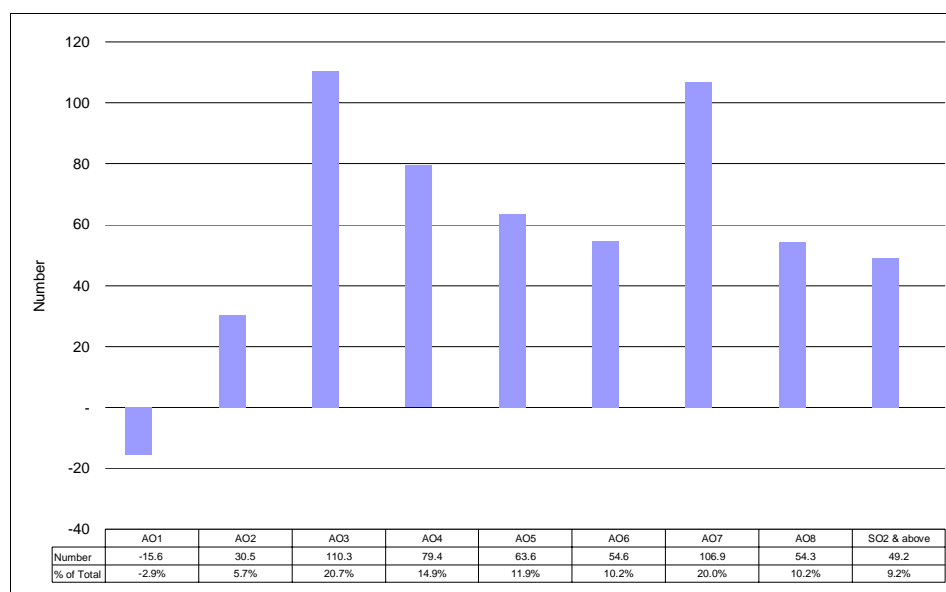
In an environment where IMD is largely funded by the other departmental divisions, and in effect operates as a sole supplier to the businesses, the importance of benchmarking and transparency cannot be underestimated.

Recommendations that advance the strategic management of ICT resources within the department can be found at the end of section 6.2.

6.2.4 Findings – Workforce Management

A key workforce management issue for the department is the growth in full time equivalent employees it has experienced over the past three years. The number of full time equivalent employees (FTEs) recorded in the department's human resources information system (HRIS) increased from 3047.7 to 3580.6 between December 2004 and December 2007, an increase of 532.9 FTE (see Figure 7). In the same period, the average number of FTEs actually paid through the payroll system increased from 3036.1 to 3547.9, an increase of 511.8 FTE. The strong correlation between the HRIS and payroll data indicates that the FTE growth is 'real'.

Figure 7: FTE Growth by Classification, Queensland Transport, 2004–2007



Source: Based on data provided by Queensland Transport.

Based on the above data, the review has calculated that the salary cost⁶ for the additional 532.9 FTEs is in the vicinity of \$46 million per annum. The growth in FTEs needs to be examined in the context of the department's employee expenses funding sources and management of vacant positions.

Employee expenses funding sources

There were a variety of explanations and funding sources contributing to the growth in FTEs in the past three years, including:

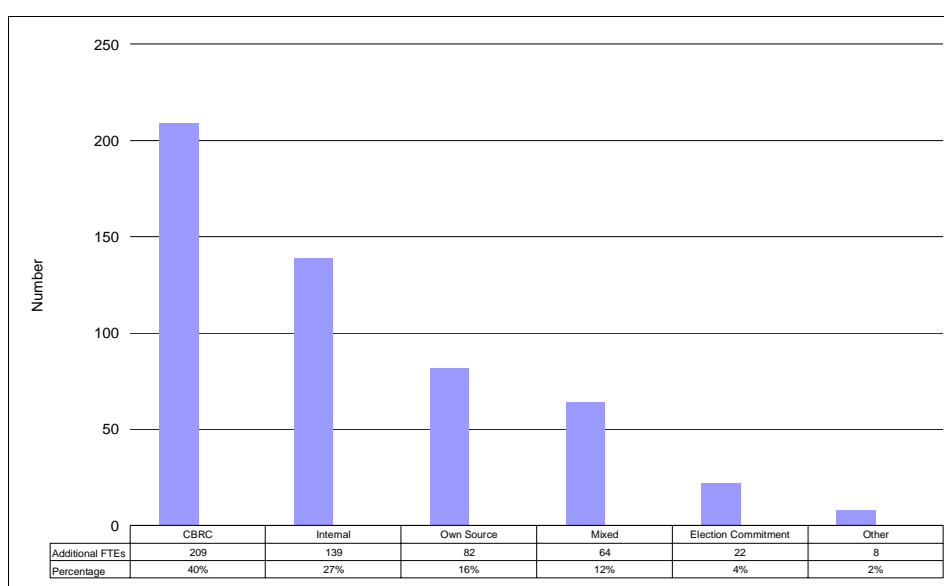
- new policy initiatives, programs and projects funded by CBRC (e.g. Young Drivers, security cameras in taxis, and the Gold Coast Rapid Transit Project)
- specific election commitments funded by government such as expansion of the School Crossing Supervisor Scheme
- growth funding provided to the department in a number of areas in recognition of service delivery pressures (e.g. new customer service centres, on road compliance operations and marine pilotage services)

⁶ Based on an average salary cost of \$80 000 per annum (salary plus 23% for on costs) per FTE.

- TransLink's ability to retain some fare and other revenue and direct this to staffing operational activities, and
- funding provided by other agencies, such as the Department of Main Roads in relation to the provision of ICT services.

The review found that the above sources of additional funding underwrote a large proportion (up to 67% or 353 FTEs) of FTE growth over the past three years. However, in addition to the 'external' sources, the department funded the remainder of its FTE growth (33% or 180 FTEs) from internal (discretionary) sources as shown in Figure 8. The review estimated that the 180 internally funded FTEs cost the department approximately \$14.4 million⁷ per annum.

Figure 8: FTE Growth by Funding Source, Queensland Transport, December 2004–December 2007



Source: Based on data provided by Queensland Transport.

While the SDPC recognises that a certain degree of flexibility in managing employee expenses is both necessary and desirable, the department needs to ensure discretionary changes in the number of staff employed can be fully justified by and linked to policy or program changes and/or approved business cases.

Vacancy management

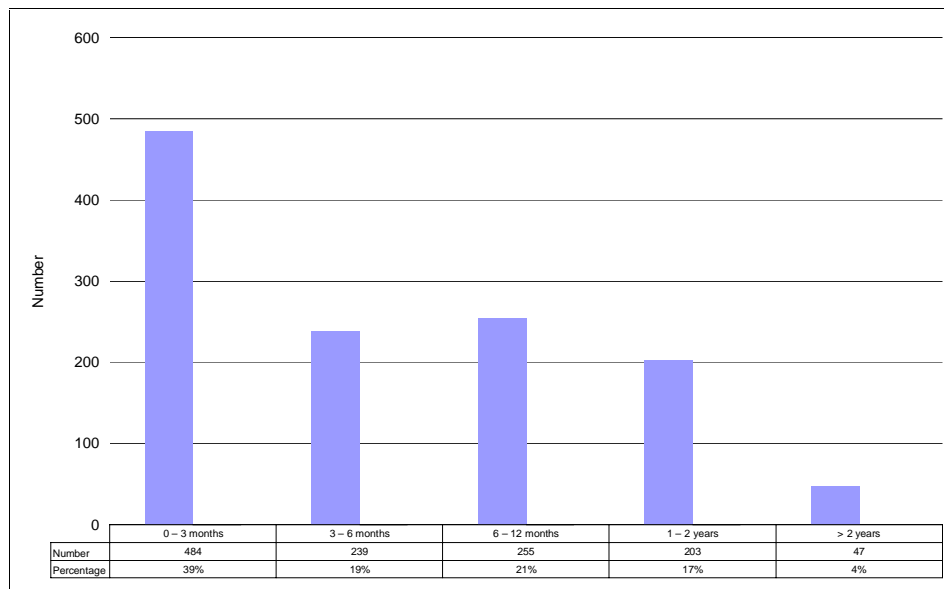
As at 31 December 2007, there was a total of 1220⁸ substantively vacant positions in the department, (representing a 14% vacancy rate). Of these positions, 942 had no substantive occupant recorded for the position and 278 were substantively vacant but had a 'future occupant' recorded. Of the 278 vacant positions with a recorded future occupant, 250 had been vacant in excess of 12 months (21% of all vacancies) and 47 of these had been vacant in excess of two years (4% of all vacancies) as shown

⁷ 139 'internal' FTEs plus 41 'mixed' FTEs (i.e. 50% of mixed source funded positions) at an average cost of \$80 000 per annum (salary plus on costs).

⁸ Charts based on 1228 vacancies as advised by Queensland Transport. The reasons for the additional eight vacancies are unclear.

in Figure 9. The department advised the review that of the 1220 vacant positions 115 (9.4%) had been advertised externally for filling within the preceding 12 months.

Figure 9: Substantive Vacancies by Duration, Queensland Transport, as at 31 December 2007



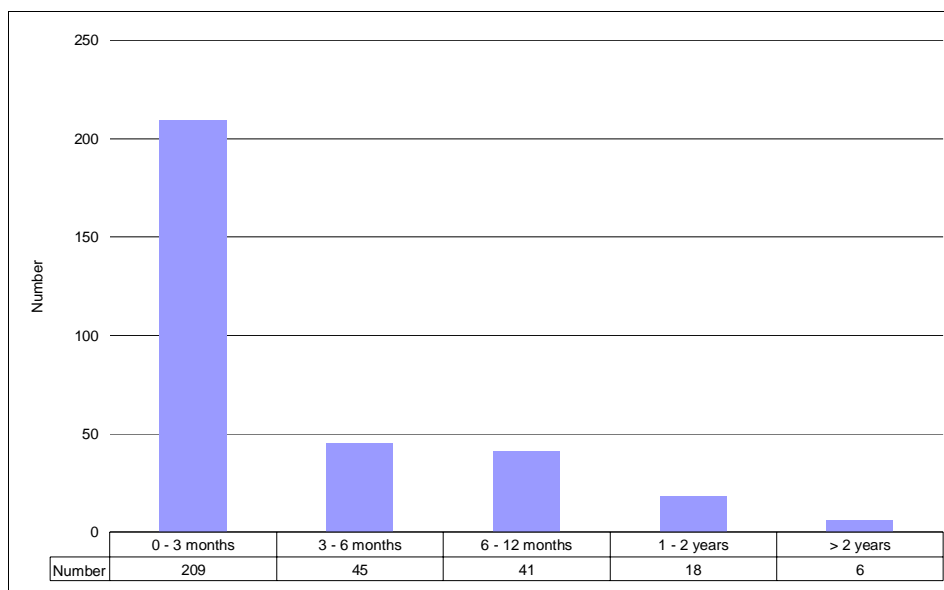
Source: Based on data provided by Queensland Transport.

In addition to the 1220 substantively vacant positions, a further 319 positions were substantively owned but vacant (i.e. unoccupied) because the owner was performing high duties or relieving at level in another position. Of these 319 positions, 24 had been vacant in excess of 12 months (7.5%) with six of these having been vacant in excess of two years (1.8%) as shown in Figure 10.

Contributing to this situation is the fact that divisional executive directors are able to create positions up to AO7 based on business needs and without reference to any central or corporate governance arrangement. While the corporate HR branch monitors and reports on workforce growth there is a need for the Board of Management to be provided with greater opportunity to monitor, influence and oversight changes to the overall corporate establishment profile.

Collectively, this information indicates that Queensland Transport needs to better manage its vacant positions to minimise the distorting effect they may have on its total count of positions.

Figure 10: Unoccupied but Substantively Owned Vacancies by Duration, Queensland Transport, as at 31 December 2007



Source: Based on data provided by Queensland Transport.

The review does recognise that there are significant labour market factors influencing the department's vacancy rate, other than the management of its staffing establishment. These factors include:

- the competitive nature of the professional employment market
- turnover of staff in the customer service centres, and
- the casual employment nature of the school crossing scheme.

The review also recognises that the department has used strategies such as the Transport Infrastructure Capability Scheme (TICS) to attract and retain key professional staff, thus minimising its vacancy rates while maximising its capacity to deliver on its strategic and operational commitments.

Strategies for moving forward

The corporate human resources function requires significant strengthening. The accuracy of data reported to the Office of the Public Service Commissioner for Minimum Obligatory Human Resource Information (MOHRI) needs to be enhanced as does data regarding Queensland Transport's establishment management practices, vacancy rates and funding arrangements. Comprehensive, readily obtainable and accurate workforce data are required by Queensland Transport if it is to be well positioned to manage its large and diverse workforce into the future.

There are opportunities for QT to improve both the financial and administrative management of its workforce through more detailed cross functional analysis of workforce data. The review considers that a more detailed and timely categorisation and reporting of the reasons for vacancies would provide QT with valuable information that could be used to better manage its workforce and its budget. This should include cross referencing HR analysis of vacancy rates with budget/financial data to identify indicate unfunded vacancies that could or should be abolished. To

this end, the Director (Human Resources) and the Director (Finance) should undertake regular cross functional analysis of employment data.

Improved analysis and reporting is of limited value unless it is supported by strong governance and enforceable recommendations. For example, the number of new jobs created within the department is one aspect where both the corporate HR and finance functions should be exerting more influence and control. Certainly, there is scope for the department to improve its central oversight of not only the administration of its human resource but the also the processes used to determine what resources are used and how they are used both within and between divisions.

Recommendations

16) It is recommended that by 31 March 2009 the Director-General, Queensland Transport:

- a) strengthen the roles and responsibilities of the corporate finance and human resource management areas
- b) rationalise, where appropriate, the duplication of corporate services between corporate finance and human resources management areas and the divisions, and
- c) communicate throughout the department the enhanced roles, responsibilities, accountabilities and authority of corporate finance and human resources areas.

17) It is recommended that the Director (Finance), Queensland Transport:

- a) develop and begin implementation, from 1 July 2009, of a rolling biennial development program for the extension of corporate costing models to all departmental business areas, and
- b) develop and promote a suite of policy, methodological and administrative resources designed to specifically provide guidance to divisions on how costing exercises should be conducted and administered, by 30 June 2009.

18) It is recommended that by 30 June 2009, the Director-General, Queensland Transport, commission and finalise an independent review to:

- a) analyse the long term risks to the development and support of mission-critical ICT systems (including TRAILS), and
- b) comprehensively assess mission-critical ICT application change management models (including the model applied to TRAILS), with specific attention being given to the level and nature of the demand for changes, and functional responsibilities for identifying, prioritising and funding changes.

The review should be guided by a high level steering committee including representatives of the Queensland Government Chief Information Office and other agencies (e.g. Queensland Treasury) as deemed appropriate.

19) It is recommended that by 31 December 2009, the Chief Information Officer, Queensland Transport:

- a) in concert with Recommendation 18(a), investigate and report to the departmental ICT governance committee on opportunities to obtain efficiencies in the development and support of core ICT solutions for the department, including consideration of alternative long term technology strategies.

- b) commence and report to the ICT governance committee and the Board of Management, the findings of an independent benchmarking study of IMD's costs and charges, and an assessment of strategies that:
 - i) involves business areas in determining the scope of the study and its deliverables
 - ii) ascertains stakeholder needs and expectations from IMD's solution development processes
 - iii) identifies available improvements in the base costs of IMD operations, and
 - iv) analyses options for fundamental changes in the way IMD delivers ICT services, including outsourcing
 - c) establish an externally sourced, integrated, change management program to:
 - i) implement the cultural change required within IMD, and
 - ii) establish clear protocols and mechanisms for genuinely consulting with and engaging business areas in the development of ICT solutions
 - d) implement a multi-faceted communications strategy to improve the communication between IMD and its internal and external stakeholders, including the communication of transparent quotations and pricing decisions to business clients, and
 - e) develop and implement strategies to support the retention of key ICT staff in a high competitive employment market.
- 20) It is recommended that by 30 September 2008 the Director-General, Queensland Transport amend the department's delegations manual to reflect that only the Executive Director (Corporate Office) has the authority to create positions within Queensland Transport's establishment.
- 21) It is recommended that by 30 June 2009 the Director-General, Queensland Transport, assess the continuing need for all vacant positions, abolishing those that are no longer required and identifying a funding stream and recruitment strategy for those retained.

6.3 Performance Measurement and Monitoring

The element of performance measurement and monitoring focuses on the process of collecting and analysing data to understand and manage performance.

Evidence gathered for this element considered the:

- the breadth and depth of performance measures in the organisation
- the quality of data in terms of accuracy, reliability and relevance
- the effectiveness of measures in determining performance, and
- the incorporation of measures in systemic ways in decision-making processes.

6.3.1 Summary

Performance measurement was an integral component of formal strategic and operational plans produced by the department. Plans at these levels consistently contained performance information covering the themes of quantity, quality and financial costs. In contrast, there was little performance information covering the themes of timeliness and location, particularly at the corporate planning level.

The department had a considerable library of formal performance measures that covered both strategic and operational perspectives. Generally, performance measures were explicitly included in strategic and operational plans though there were a number of corporate plans where this was not the case, e.g. Disability Service Plan. Where plans did not explicitly incorporate measures they tended to include milestone statements that could be used to assess performance.


The collection, validation, storage and processing of data in support of performance measures and reporting activities varied across the department. Complex functional systems to simple spreadsheets were used to gather and manage performance related data.

Strategic and operational performance measures were consistently monitored at a divisional level and periodically reported to executive management and other audiences in a variety of formats, some of which were more transparent (Quarterly Strategic Planning Monitoring System reports) than others (departmental annual reports).

Divisional strategic/operational plans were closely monitored within divisions and were integral to performance management by middle to senior managers. The analysis of performance at a corporate level against divisional plans and major project milestones could be developed further.

Summary assessment

Table 6: Summary Assessment for Performance Measurement and Monitoring

Strengths and Opportunities	
<ul style="list-style-type: none"> Queensland Transport has systems in place to collect and report on the organisation's performance measures. There is significant breadth and depth of skills in performance measurement throughout the organisation though these skills could be more fully engaged in ensuring high level integration of performance measurement and the analysis of performance information. 	
Issues	
<ul style="list-style-type: none"> Queensland Transport is rich in operational performance information (including output, client/stakeholder, demographic and trend data) though it needs to build its capability in terms of outcome measurement. The department considers performance information in organisational decision-making, particularly at the operational level. The department could strengthen the consistency with which such information is utilised in strategic decision-making and resource allocations. The performance measurement systems used by the department promote systemic data integrity. Information sourced from third party service providers should be subject to higher level quality controls. The department consistently monitors, reports on and disseminates performance information within individual divisions and could improve the consistency with which this occurs between divisions. The department could enhance its relationship with its clients and stakeholders by making performance information more accessible and user friendly. 	
Evidenced	Not or Partially Evidenced
<p>All Level 1 descriptors, plus:</p> <p>2.4 Performance information is linked to organisational accountabilities.</p> <p>2.5 The agency periodically reviews its performance measurement systems, measures and processes to ensure relevance and alignment to business objectives.</p> <p>3.4 Performance measures, including targets, are developed in consultation with those accountable for achieving them.</p>	<p>2.1 Performance against measures, including targets, are analysed at a corporate level and are used to improve performance and service delivery.</p> <p>3.1 Performance measures are integrated throughout the organisation.</p> <p>3.3 A robust analysis of performance information is available across the organisation to facilitate decision-making at all levels, and to support planning, resource management and reporting.</p>
Rating	
Rating	Level of Maturity
	Developing competency

5.3.2 Findings

The scope of organisational performance measures

The department has access to a vast library of performance information for the purpose of assessing its strategic and operational performance. The use of this performance information in assessing the breadth of strategic performance (as opposed to operational performance) could be enhanced, particularly in terms of timeliness and geospatial performance.

The scope of performance measurement undertaken by some individual work areas within the department was excellent in a number of specific purpose operationally related applications. For example, Rail, Ports and Freight Division established Technical Performance Indicators in purchase agreements with Queensland Rail. These key performance indicators were clearly defined and their purpose documented in the various Queensland Rail travel services contracts relating to rail infrastructure, TravelTrain and freight.

The suite of performance measures used by the department was generally weighted towards operational measures that focused on process related activity. The breadth of strategic performance measures could have been broader to enable more effective assessment of strategic performance, as highlighted in the Service Delivery Performance Analysis chapter.

The articulation of the department's strategic goals into strategic performance indicators within its strategic plan could also be improved. For example, the key result area (KRA) of System Stewardship (in the 2007–2011 strategic plan) considered the issues of efficiency and equitability of the transport system, yet there were no performance indicators relating to efficiency under the KRA and equitability was limited (in scope) to accessibility.

Strategies going forward

To enhance the breadth and depth of its performance measurement scheme, the department should ensure its suite of performance measures:

- demonstrate the contribution made by outputs to the achievement of its strategic goals and government outcomes
- are relevant to staff and stakeholders, and
- comprehensively cover the range of quantity, quality, timeliness, location and cost.

Reports issued by the Queensland Auditor-General⁹ and the Australian National Audit Office¹⁰ will support the department in developing its performance measurement scheme.

⁹ *Queensland Auditor General's Report to Parliament No.4 for 2007 (Are departmental output performance measures relevant, appropriate and fair representation of performance achievements?).*

¹⁰ Australian National Audit Office, *Performance Information in Portfolio Budget Statements: Better Practice Guide*, 2002.

While the department has a significant amount of performance information at output and input levels, it needs to develop and implement a more comprehensive strategic performance measurement system. This system should adequately enable assessment of the scope of performance of the department across all of its key result areas as well as the extent of its achievements.

Reviewing and developing performance measures

The department undertook regular reviews of its performance measurement systems, measures and processes. Typically, these review activities involved internal stakeholders.

Over the period 2005–2006 to 2007–2008 the department annually reviewed its output performance measures with the results being reflected in changes to its output measurement scheme contained in its annual Ministerial Portfolio Statements. In parallel with this process the department updated its performance measures data dictionary supporting the Strategic Planning Monitoring System (SPMS). Corporate non-financial and financial performance systems were maintained as routine operations of the department.

During the period 2004–2005 to 2006–2007 there were no internal audits of departmental performance measures or performance measurement systems. Such audits should be seen as an effective strategy for internally reviewing the quality, reliability and compliance (with established data standards) of departmental performance information. The review notes that the department commenced implementation of a performance auditing project in July 2007. This project will strengthen the systemic approach of the department to the review and development of its performance measurement scheme and individual measures.

Notably, the department's performance measures contained in its strategic plans have been quite stable since 2004. The only adjustment made to the measures between 2004 and 2007 was a recasting of the measures to remove aspirational targets commencing with the 2005–2009 Strategic Plan.

The continued improvement of the department's performance measurement systems and strategies through review activities should reflect and incorporate the needs and priorities of its stakeholders, particularly in relation to the availability of meaningful, timely and reliable performance information. Extending the involvement of stakeholders in these processes is an initiative that would enhance the relevance and usefulness of the department's performance measurement framework to internal and external stakeholders alike. For example, to achieve consistent performance measurement outcomes from its operational relationship with Queensland Police Service with respect to the road safety agenda, the department would benefit from engaging with the Queensland Police Service in the analysis of road safety data during the Queensland Police Service's Operational Performance Review process. Doing so would make road safety performance information of greater operational relevance and usefulness to all police districts.

Due to technical business requirements the department has a wealth of professional skills and resources engaged in performance measurement processes, particularly in the core functional areas of service delivery, transport planning and strategy development. While the department's workforce was clearly conversant in performance management and measurement issues, the quality of its performance

measures could be improved by better engagement of staff in the development and continual improvement of the framework and its components.

Strategies going forward

The department has commenced the development of a Performance Management Framework. This framework provides the department with an opportunity to improve the quality and reliability of its performance measurement systems and procedures. Further, the framework should articulate mechanisms for engaging stakeholders in the development and quality assurance of its performance measures and supporting systems.

To improve the quality of performance information available to all levels of management for the purpose of strategic and operational performance analysis and decision-making, the department needs to meaningfully engage staff in the development and use of performance measures and targets. This could be via the use of 'think tanks', 'excellence groups' or 'evidence groups' (as used by the Department of Communities). Harnessing the technical skills and experience of staff in the area of performance measurement will assist the department to develop more meaningful measures that support the organisation to make more reliable and informed decisions.

Data integrity and security

The department had a number of formal performance measurement systems in place including the Strategic Plan Management System (SPMS); SAP; TARDIS (commercial licensing database); CIRMS (vessel monitoring database); Caseman (marine incident database); SMD4 (shipping movement database); POLREP (oil spill database); Pilotage Incident Management System (pilot risk event and ship defect reports); SILAS (driver and operator database); CIMD (geospatial database); and TRAILS (Transport Registration and Integrated Licensing System). These systems were supported by standard information management approaches to systems design, architecture and deployment. These approaches inherently addressed organisational business requirements, data integrity and data security.

The collection and use of higher level performance management information was supported by a structured data dictionary linked to SPMS. The dictionary was maintained at various levels of the organisation and was reviewed and updated regularly. At the time of the review the department was also in the process of developing a new Key Facts Repository (effectively a metadata dictionary) to supplement SPMS. The development of the Key Facts Repository provides an opportunity for the department to build a data repository that can be oversighted and quality controlled from a central point within the department.

Performance information was also regularly sourced from contracted third party service providers to the department (such as Queensland Rail and passenger bus operators). While the performance information required under the contracts was specified in terms of definitions and collection methodology, the contracts did not generally require independent auditing or verification of data quality, consistency or accuracy. Nor did the department have an ongoing information audit program to assure itself that performance information supplied by contractors met its expectations in relation to reliability.

The staff consultation workshops also raised concerns regarding the integrity of information collected and used to make decisions. There were concerns that performance information predicated on technical and expert knowledge bases at the point of collection (e.g. motor vehicle accident data, vehicle modification compliance and safety compliance) may be inconsistent in its quality. An example of this was the absence of a standardised methodology for the collection and recording of vehicle inspection defects. The development and application of such a methodology would reduce inconsistency in the way defects are recorded and improve the ability of the department to analyse vehicle defect issues and trends with greater confidence in its evidence base.

Strategies going forward

To enhance the integrity of performance information used by the department, and thus improve the confidence with which performance information is used in performance analyses and decision-making, sufficient rigour needs to be applied to the development, implementation and maintenance of the metadata and systems support environments in which performance information resides.

The implementation of the department's performance auditing project will also enhance the future capability of the department to quality assure its performance measurement systems and information.

To enhance the department's confidence in the reliability and accuracy of performance information obtained from contracted service providers it is important that the contracts entered into with these providers make adequate provisions for independent or departmental data auditing and verification.

Organisational management and accountability through performance management

The integration of performance measures should be more consistently pursued across the department to enhance the department's ability to identify and redress risks to organisational performance. Further, the clarity of organisational accountabilities for performance indicators could be improved to enhance the department's ability to respond to fluctuations in performance.

Integration of performance measures

At an operational level, performance information was generally integrated into general business activities. While not evident in all areas of the department, there were divisions (such as TransLink, Services Division and Maritime Safety Queensland) where operational performance information was highly integrated into divisional performance management systems and strategies.

The review found a number of inconsistencies between the department's strategic plan and MPS performance measurement schema. These inconsistencies were also identified in internal reviews conducted by the department in October 2007 and February 2008. In recognition of these inconsistencies and in order to strengthen performance management integration, the department commenced in late 2007 a review of its strategic plan and performance management framework. This body of work provides a timely opportunity to align organisational effort through vertically consistent and integrated performance measurement.

Articulation of performance accountabilities

Internally, the department consistently identified and allocated performance accountabilities. This occurred at the Director-General level right through to project officer level.

Externally, however, it was reported that stakeholders had difficulty navigating and identifying areas responsible for their concerns. Without identifying individual positions, the department could more consistently state organisational accountabilities in its public corporate plans to assist stakeholders in navigating corporate responsibilities in what is a very diverse and complex organisation.

Evidence based decision-making and information sharing

Improved use of performance information as an evidence base will strengthen decisions made at the executive level. More effective analysis of performance information informing executive level decision-making will aid the department in strategically managing departmental performance and service delivery. Further, the department can improve the ability of its stakeholders to effectively support the department in its strategy development and decision-making processes by making performance information more accessible and relevant to them.

Benchmarking performance

The department has used benchmarking as a means of analysing performance both from a transport management perspective as well as organisational management perspective.

Over time the department has produced a number of statistical reports that contained benchmarked information, e.g. *'Drivers and Performance of Queensland's Transport System (2007)'*; *'Measuring Queensland's transport system performance (2004)'*; *'Benchmarking the performance of Queensland's transport system (2004)'*; and *'The potential contribution of the passenger transport strategy to optimising Queensland's transport system and its future prosperity (2003)'*. Further, some divisions have displayed strong use of benchmarked information. For instance, Passenger Transport used benchmarking methodologies in TravelSmart reports, a concessions review and the Community and Courtesy Transport Project. Another example is the benchmarking of national marine fatalities per capita by MSQ. This information has been used in monitoring and reporting (publicly) marine safety outcomes.

National level benchmarking of select transport related service characteristics was also undertaken though the Productivity Commission's annual Report on Government Services (ROGS).

In terms of organisational management, the department's unified scorecard for divisional performance had been used to internally benchmark and analyse organisational capability. Embedding this scorecard, or similar tool, in the department's performance management framework would aid in ensuring relevant, meaningful and timely performance information is readily available to the executive to support decision-making processes.

The use of performance information in decision-making

Centrally, a broad range of performance information was prepared for consideration and use by the department's executive management and the Minister. This information included a variety of SPMS quarterly reports, a range of performance reports covering major initiatives, capital works programs, transport patronage, finances, human resources, freedom of information, audit activities, organisational productivity, legislative program progress and Ministerial reports.

The majority of divisions produced a range of intra-divisional performance reports as well as contributing to corporate reports. The intra-divisional reports, generally, focused on divisional specific responsibilities and included (though not exhaustively): monthly business/operational performance reports (TransLink, MSQ, Rail, Ports and Freight and ITP); Complaints Report (TransLink); Grants and Subsidies reports (Passenger Transport) project implementation progress reports; and work plan reports.

At a divisional level, performance information was used in a variety of ways to improve performance and service delivery. For instance:

- Within TransLink, patronage data was closely monitored and analysed for network planning purposes such as the development of the Public Transport Network Strategy. This data was also used to develop the TransLink Network Plan which comprised a plan and program for service and infrastructure improvements.
- Within MSQ, performance targets were reviewed quarterly for comparison with projected estimates. This information was used as an input to strategic and operational planning.
- Within Passenger Transport, industry analyses (conducted by the Business Partnerships and Performance Unit) were incorporated into the decision-making and planning processes associated with managing the compliance task.

Transport system performance information was also used widely throughout the department in policy related papers and was used to support the construction of options and the conduct of options analysis (opportunity cost analysis) as evidenced in the North Lakes Options Analysis, 2007, and Customer Management for Young Drivers – Options Analysis (2007).

Notwithstanding the above observations, the perceptions of staff in relation to the use of performance information to inform decision-making processes were generally at odds with the physical evidence available to the review. This was evident in the results of the SDPC survey of QT staff, where 58% of respondents indicated that the department 'not at all' (10%) or 'somewhat' (48%) incorporated measures in systemic ways in decision-making processes. The conflict between actual organisational practice and staff perceptions in this instance can be addressed through better information sharing by management with staff regarding how decisions are made.

However, there was one critical area (in relation to informed decision-making) where staff perceptions and the evidence available to the review were in concert; this being the use of an evidence base in the allocation and utilisation of resources within the department. The recommendations contained in the resource management chapter appropriately address the use of performance information to inform resource management decisions and are, therefore, not replicated here.

Performance information sharing with stakeholders

The communication of performance information to staff within divisions appeared to be adequate. During the course of the staff workshops the general consensus appeared to be that staff had appropriate access to performance information relevant to their day-to-day responsibilities. In some (limited) instances the wealth of the information available was seen to be burdensome, e.g. performance information associated with the operation of Customer Service Centres. While there were examples of cross divisional information sharing, these appeared to be the exception rather than the norm. Investing in mechanisms and processes that improve access by staff to cross-divisional performance information will improve the communication and understanding of organisational performance issues throughout the department.

Consultation with stakeholder groups such as third party service providers and industry associations highlighted a consistently held perception that the department was conservative in sharing relevant performance information, particularly strategic performance information. Consultation with stakeholders on performance measurement issues tended to occur during the negotiation of new service contracts or in relation to specific aspects of the transport management task.

Notwithstanding the need for the department to be cognisant of what information is appropriate for wider dissemination, there is a need for the department to use performance information with key partners to inform and gain common understandings of critical issues.

Strategies going forward

Notably, the department has commenced the development of a performance benchmarking framework. This framework should be used by the department to promote the use of benchmarked performance information in its strategic performance measurement and analysis both from a transport system management perspective and an organisational management perspective. In applying benchmarking in this way the department will be better positioned to publicly account for and demonstrate its relative management ability of Queensland's transport systems as well as the department.

The department's development of the Performance Management Framework and Key Facts Repository are two steps in the right direction in developing this maturity so long as it is steadfast in their implementation and application. This commitment must also extend to appropriately sharing corporate performance information with its staff, partners, stakeholders and the public to enhance relationships and promote the achievement of its strategic agenda.

Recommendations

- 22) It is recommended that by 31 December 2008, the Director-General, Queensland Transport finalise the development and commence implementation of the Queensland Transport Performance Management Framework with specific coverage being given to:
- a) regular and programmed auditing of performance measures and performance measurement systems
 - b) appropriate engagement of staff and stakeholders in the design, development, annual review and quality assurance of performance information to enhance its relevance and usefulness

- c) the integrity of data used in all corporate level plans, divisional strategic and business/operational plans and any public plans/strategies that include explicit performance measures, and
 - d) performance benchmarking.
- 23) It is recommended that the Director-General, Queensland Transport ensure that future third party service contracts and subsidies clearly stipulate the performance information specifications, minimum standards and expectations required by the department.
- 24) It is recommended that the Director-General, Queensland Transport ensure that:
- a) from 1 January 2009, corporate performance measures that sit below the level of the strategic plan be corporately endorsed prior to implementation
 - b) all future corporate level plans detail corporate accountabilities for stated performance measures
 - c) decisions made by executive managers within the department are informed by analysis of the available evidence, including performance information, and
 - d) the disclosure and sharing of performance information with partners and stakeholders (including staff) is appropriate and fit for purpose.

6.4 Governance

The element of governance focuses on the structures, systems and processes used to manage the organisation in an open and accountable way.

Evidence gathered for this element considered the:

- clarity of roles and accountabilities
- quality of systems and processes used to govern the organisation
- approach to managing risk
- openness and transparency of decision-making, and
- use of information across the organisation to support decision-making.

6.4.1 Summary

Queensland Transport has a well documented governance framework, developed in conjunction with the Department of Main Roads in 2001. The framework encompasses seven components of corporate governance:

- leadership, ethics and culture
- stakeholder relationships (internal and external)
- external conformance
- internal conformance
- direction, development and performance
- corporate governance outcomes, and
- confidence in Queensland Transport (and the Department of Main Roads).


There is good awareness of the framework throughout the department. It is quoted in the department's annual report, and is about to be reviewed and refreshed.

Notwithstanding the framework, the department would benefit from placing greater emphasis and focus on some aspects of governance, including ensuring that the department's structure continues to meet its needs:

- in an environment of increasing complexity and need for collaborative responses
- with clear lines of accountability for outcomes, and
- with consistent principles for development and application of policies.

Summary assessment

Table 7: Summary Assessment for Governance

Strengths and Opportunities	
<ul style="list-style-type: none"> • A comprehensive governance framework exists and staff are aware of the framework. The department is planning to review and refresh the framework in the near future. • The department has recently undertaken a department-wide strategic risk assessment. The understanding of and value placed on risk management is still developing and there is scope to improve the consistent application of risk management practices across the department. Some areas of the department (e.g. MSQ) have a strong risk management focus. • The department is moving to formalise the role and function of both the newly established executive board and the Transport Leadership Team. 	
Issues	
<ul style="list-style-type: none"> • The current committee structure could be streamlined to enable more timely decision-making. • Decision-making forums need to be more consistently supported by robust performance analysis and information. • Communication and engagement between divisions and with critical external partners can be strengthened. 	
Evidenced	Not or Partially Evidenced
<p>All Level 1 descriptors, plus:</p> <p>2.2 The organisation has effective levels of authority and standards for managers to use resources within an accountability framework.</p> <p>2.4 There are sound systems in place to support managers and supervisors to carry out their accountabilities, including in relation to external service providers and contractors.</p>	<p>2.1 The corporate governance arrangements enable timely and transparent decision-making.</p> <p>2.3 Staff and clients/stakeholders have opportunities to inform organisational decision-making, and decisions are effectively communicated to clients/stakeholders.</p> <p>2.5 Risk-based approaches are used to analyse, evaluate and prioritise business decisions.</p>
Rating	
Rating	Level of Maturity
	Beginning

6.4.2 Findings

Strategic management to support effective decision-making

In April 2008, the department carried out a stocktake of its committees with a view to rationalising the number of committees to which it contributes. This will 'free up' departmental managers to focus on issues of strategic importance for the department. It will also ensure that only groups that provide value to the department continue to operate, giving those forums more credibility.

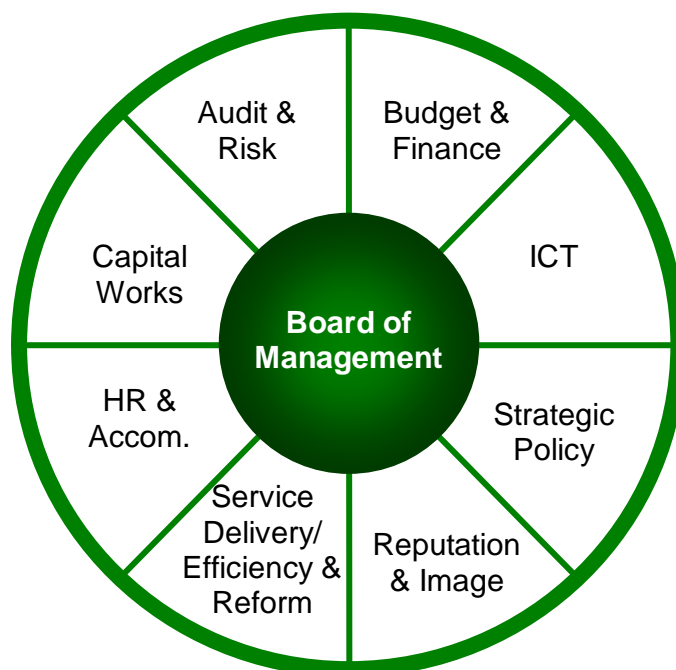
The department has recently moved to supplement the Transport Leadership Team with a Board of Management (BoM) to strengthen governance within the department. This new structure formalises what has previously operated on a more informal basis in the department. It is expected that this new BoM, with supporting committees (as depicted in Figure 11 and Table 8) will act as the primary decision-making forum for the department. This will enable the new BoM to make clear and timely decisions on strategic issues affecting the organisation as a whole. Strengthening the level of critical and strategic debate on performance within the BoM will also help to improve the internal transparency of the individual divisions' operations.

The existing Capital Works Board within the department demonstrates strong governance processes over the department's capital works program. The department is using these processes as a model for other committees formed to support the new BoM.

Strategies going forward

Recommendation 26(b) aims to formalise the department's planned committee structure to ensure that those committees that are critical to managing the business of Queensland Transport have an appropriate level of authority to make decisions, and consequent accountability for those decisions.

To assist the new BoM to fulfil the leadership and decision-making roles of a board of management, recommendation 26(a) suggests that the department access the services of a suitably qualified mentor or coach. Group and individual coaching for Board members would assist the BoM to develop clear corporate accountabilities, improve the level of contestability in decision-making and articulate standards of corporate performance, analysis and reporting. The coach will also ensure that the new governance arrangements provide robust departmental processes (for example, in briefing and making recommendations to the BoM) and ensure that appropriate performance information supports decision-making.

Figure 11: Proposed Governance Committees Structure**Table 8: Description of Committees**

The BoM board ...	Surrounding supporting strategic committees ...
<ul style="list-style-type: none"> • consists of: <ul style="list-style-type: none"> ○ the DG ○ two DDGs, and ○ ED, Corporate Office. 	<ul style="list-style-type: none"> • consist of a subset of BoM members, as well as additional staff as required by the function of the committee (e.g. Director (Finance) for the Finance Committee, Director (HR) for the HR Committee, etc.).
<ul style="list-style-type: none"> • seeks input from divisions as required. 	<ul style="list-style-type: none"> • ensure that adequate consultation and negotiation with all divisions occurs before decisions are made.
<ul style="list-style-type: none"> • discusses and debates issues of strategic importance to the department. • makes decisions based on recommendations put to it either directly or through a supporting committee. 	<ul style="list-style-type: none"> • have the authority to make decisions relating to their respective business areas/functions. • may choose to refer some critical decisions to the BoM, but this is the exception, rather than the rule.
<ul style="list-style-type: none"> • sets the Terms of Reference (assisted by Corporate Office) for supporting committees to ensure consistency of approach. 	<ul style="list-style-type: none"> • submit forward timetables to the BoM so that BoM can provide input or participate in discussions as it sees fit. • report to the BoM regularly on decisions, milestones and performance.
<ul style="list-style-type: none"> • is supported by Corporate Office. 	<ul style="list-style-type: none"> • are supported by secretariat functions provided by the relevant business area of the department.

Source: Service Delivery and Performance Commission.

Strengthening risk management

Queensland Transport's Audit Committee was refocused to become an Audit and Risk Committee in 2007. At the same time, the department established a Risk Management Reference Group (RMRG) to provide support through the Audit and Risk Committee to the Director-General and TLT on how risk is formally identified and managed. The RMRG includes representation from each division.

Internal Audit publishes a risk and issues management policy and guidelines covering risk identification, analysis, assessment and treatment for the department. Risk management is included in the department's Financial Management Practice Manual (FMPM), which states that the department will use the internationally recognised AS/NZS 4360 on risk management to develop a risk management program.

Some divisions within Queensland Transport have a strong risk management focus. For example, MSQ has a rigorous risk management approach. Similarly, TransLink has a robust risk management approach and structure. A more consistent approach across all divisions would have benefits for Queensland Transport.

Strategies going forward

Operational risks are identified and managed at the divisional level. Individual Queensland Transport divisions also contribute to the identification and management of strategic risks.

In taking the management of risk within the department to the next level of performance, the central policy area (i.e. Governance and Planning Branch) can play a role in developing and implementing consistent approaches to managing risks, including clear accountabilities for risk management. It can also analyse the trends and commonalities in risks across the organisation which may require a departmental, rather than divisional, response. Further to this, while divisions are effective in understanding their own risks, they may not be cognisant of broader shifts in departmental business and/or the market which potentially repositions their level of risk in some functions.

It is therefore recommended (Recommendation 27) that the Governance and Planning Branch continue its efforts to provide central coordination and focus to the strategic risk management across the department.

Internal and external communication

Effective communication across divisions is critical to Queensland Transport's operations, particularly given the department's structure. Departmental committees in some ways contribute to the communication effort. However the department also needs to have in place systems and processes to communicate decisions to relevant departmental staff and stakeholders.

Queensland Transport's Village system (intranet) provides a mechanism for key information to be communicated to staff. This is an efficient and cost effective avenue for general communication of key decisions and information. For service delivery staff, this is supplemented by the DocBase database of policies, procedures and guidelines. Other databases of policy and procedural information are also available for staff reference.

Additionally, the Director-General disseminates regular messages to staff, and individual divisions have regular newsletters to inform staff of decisions, changes and other items of interest.

To better manage communication with external stakeholders, in 2007 TLT assigned primary contact responsibilities for key stakeholders to individual Executive Directors and General Managers. This has proved to be a good way to streamline interfaces with particular stakeholder groups and to reduce duplication in the communication effort.

Concerns raised by external stakeholders are explored in Chapter 5, and included:

- consistency and accuracy of advice from the department
- the need for greater input from critical parts of the department in the whole-of-department analysis of proposals for new policies and initiatives
- stakeholder engagement or consultation in policy and legislative development, and
- clarity of communication regarding which of the department's roles it is performing.

These examples were less prevalent where stakeholders were dealing directly with a local office of Queensland Transport, and had strong relationships with the department. Examples were more common where decisions were made centrally, and were therefore more removed from clients and stakeholders.

Strategies going forward

The department would benefit from considering the best approach and communication channels for its range of staff and stakeholders. The SDPC acknowledges that the time and costs involved in enhancing communication channels in a large, decentralised organisation such as Queensland Transport can be prohibitive. Areas in which the SDPC suggests that the department seek to improve, however, include:

- ensuring that mechanisms are in place to keep internal service delivery staff and external partners well informed and up to date on changes in relation to departmental policies, services and product lines, and
- improving the timeliness of consultation with key stakeholders on legislative and regulatory reform.

Recommendations

25) It is recommended that the Director-General, Queensland Transport continue to use the information collected in the 2007 stocktake of committees to rationalise the number of committees by 30 September 2008, including formally ceasing any committees that are no longer relevant or adding value to the department's business.

26) It is recommended that the Director-General, Queensland Transport:

- a) engage a consultant coach by 30 September 2008 to provide feedback, guidance and development, collectively and individually, to the new executive board and its members, and

- b) monitor the department's new governance committee structure to ensure that it is effective in strengthening the department's decision-making capability (for example through improved briefing, analysis and action focused recommendations).

27) It is recommended that the Director (Governance and Planning):

- a) continue to work with the Risk Management Reference Group to improve the consistency and maturity of risk management capability across the department, and
- b) report to the Audit and Risk Committee on risk management standards and practices, and degree of consistency across divisions by 30 June 2009.

6.5 Evaluation and Continuous Improvement

The element of evaluation and continuous improvement focuses on the process that enables formal reflection and measurement of activities and outcomes in order to improve service delivery and performance management.

Evidence gathered for this element considered the:

- level of evaluation and review activity evident across the agency
- use of findings from evaluation and review activity for continuous improvement
- organisation's approach to supporting a culture of continuous improvement, and
- ability to detect performance problems and implement corrective action in a timely way.

Summary

Queensland Transport evaluates significant programs within divisions and their contribution to specific departmental outputs. While the department does not have a central evaluation policy and schedule, evaluation is included as an element of the OnQ project management methodology, which is commonly used throughout the department. Determining which programs will be reviewed and/or evaluated, and the level of rigour of that review process, is undertaken within divisions.

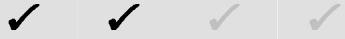
This decentralised approach to evaluation exposes the department to some risk, for example:

- other priorities being given precedence within divisions for the resources
- inconsistent approaches to consideration and monitoring of the outcomes of the evaluation, such as recommendations or action plans, and
- reduced opportunity for other divisions or external stakeholders to benefit from lessons emanating from the results of evaluations.

With regard to continuous improvement strategies within the department, there are specific avenues for staff to put forward improvement suggestions, for example through the Middle Management Development Program. The department would benefit from expanding the range of avenues for staff to suggest innovations. The department could also improve the amount and timeliness of constructive feedback that it offers back to those who suggest improvements.

Summary assessment

Table 9: Summary Assessment for Evaluation and Continuous Improvement

Strengths and Opportunities	
<ul style="list-style-type: none"> • Evaluation and review are standard components of the department's OnQ project management methodology. There are examples of evaluative activity within the agency that could be built on to develop a more consistent practice of evaluating/reviewing key programs, policies and activities. The department's well established project management methodology could provide a mechanism for more effectively embedding evaluation into departmental activities. • The department would benefit from establishing a cross divisional evaluation group to plan for, prioritise, and monitor evaluation activity across the department, and promulgate the results of evaluation. A central evaluation funding pool would further ensure that evaluation was valued in the department, and that resources weren't diverted to other activities. • Quality and consistency of available data is improving. Staff have increasing confidence in the reliability of data. 	
Issues	
<ul style="list-style-type: none"> • While evaluation/review is carried out within divisions: <ul style="list-style-type: none"> ○ it is not included in policy development/planning, nor consistently undertaken post implementation ○ findings and learnings are not generally shared ○ recommendations are not always implemented – the 'learning loop' is not always completed, and ○ staff and stakeholders report a culture of not acknowledging failures. • Staff are not clear on the availability of processes for identifying and implementing improvement opportunities. There are limited mechanisms for sharing improvements across the department. 	
Evidenced	Not or Partially Evidenced
<p>2.2 Evaluation forms part of project planning and monitoring.</p> <p>2.3 Findings of evaluation/review activities are disseminated in the organisation.</p> <p>2.4 The implementation of the findings of evaluations and reviews is monitored at the relevant level of the organisation.</p>	<p>2.1 There are policies and procedures for evaluation/review in the organisation.</p> <p>2.5 Deficiencies in organisational performance are identified and addressed.</p> <p>3.1 Robust evaluation/review practices are applied throughout the organisation and are integrated with other elements of performance management</p> <p>3.2 Information from evaluations is used for decision-making, continuous improvement, reflective practice, and performance monitoring and management.</p> <p>3.3 Approved recommendations from evaluations are actively monitored and progress is reported at regular intervals.</p> <p>3.4 The organisation openly and transparently communicates evaluation and review findings to clients/stakeholders and staff.</p>
Rating	
Rating	Level of Maturity
	Developing competency

6.5.2 Findings

Consistent application of evaluation across the department

Evaluating and reviewing projects, programs and policies to determine the extent to which those projects, programs and policies are achieving their intended objectives is undertaken at the divisional level. Divisions presented four evaluations to TLT for consideration between April and October 2007.

Evaluation is routinely undertaken within the department's contract management processes to ensure that services provided by third parties are achieving their intended objectives. This is discussed further in a separate issues paper on engaging and managing third party service providers.

Capital works projects are also evaluated to identify the extent to which the projects successfully deliver on their objectives. Results of capital works projects are monitored by the Capital Works Board, and the department provided evidence of a presentation discussing the results of alliance contracting strategies.

The department also provided further examples of evaluations undertaken either independently, or in conjunction with national transport agendas, such as the Ports Competition Review, initiated as an outcome of the Council of Australian Government Competition and Infrastructure Reform Agreement of 2006. This review included significant consultation with industry, and produced a Discussion Paper and Final Report (December 2007) endorsed by the Premier.

The decentralised evaluation strategy used within Queensland Transport inhibited the department's ability to provide a coordinated and consolidated list of all evaluations undertaken by the department. This approach also limits the department's ability to ensure that evaluation resources are appropriately and consistently used across the department's business areas, and to learn as an organisation.

Strategies going forward

Decisions about whether or not to evaluate a particular program should be clear, transparent, risk-based and made by an appropriate authority. To increase the attention to, and coordination and governance of evaluation within the department, the SDPC recommends (Recommendation 28) developing central evaluation expertise to:

- establish an evaluation framework and schedule for the department, including prioritising evaluative activities across divisions
- help divisions to undertake evaluative activities internally, and/or to engage and work with external evaluators
- facilitate the sharing of the results of evaluations broadly across the department and, where appropriate, with external stakeholders, and
- coordinate the relevant departmental divisions showcasing identified good practice leadership and performance management examples to the executive and senior managers.

This central expertise may be in the form of a permanent evaluation cell within Corporate Office, or it may be a network of suitably skilled and experienced staff

operating throughout the organisation that is specifically tasked with the above functions. If the latter option is chosen, the executive board will need to monitor the network's activities to ensure that it continues to function appropriately.

The department's project management methodology (OnQ) incorporates evaluation as an intrinsic part of a project. Given that OnQ is widely used throughout the department, greater emphasis on evaluation within this methodology could provide a vehicle to strengthen the application of evaluation throughout the department.

Sharing evaluation findings and learnings

Presentations on evaluations and reviews are provided through departmental forums, such as the Senior Managers' Forum.

Practices regarding the external publication of results of evaluations vary between divisions, and with the type of review. Results of outcome evaluations, such as those conducted by the Monash University Accident Research Centre (MUARC), are often made publicly available through the evaluator's website by permission of Queensland Transport. Evaluations of processes and policy effectiveness undertaken within divisions are not generally promulgated. This inhibits the department's knowledge management ability, and its ability to apply learnings in terms of continuous improvement. Element 6, leadership and capability, discusses knowledge management in more detail.

Strategies going forward

Where managers and staff throughout the department can clearly see improvements and other positive outcomes emanating from evaluations, they will not only directly benefit from those improvements, but are also more likely to view evaluation as a worthwhile and valuable activity. A central evaluation coordination function (Recommendation 28) will provide a forum to ensure that process learnings emanating from evaluations are widely distributed throughout the department. It will also improve accountability for project delivery by making performance across the department more visible.

Identifying and implementing improvement opportunities

The Middle Management Development Program incorporates a forum for participants to put forward improvement suggestions to TLT. While this is a useful forum to encourage staff to think about and suggest improvement opportunities, unless staff receive timely feedback that positively reinforces the value of their suggestions, the extent to which staff take this forum seriously is likely to degrade over time. To maximise the opportunities that this forum provides, the department will need to:

- ensure that these suggestions are given credence and seriously considered by the executive board;
- provide constructive and timely feedback to those submitting suggestions, and
- provide other processes through which staff can put forward suggestions for consideration.

Strategies going forward

To maximise continuous improvement opportunities, Queensland Transport would benefit from focussing more strongly on best practice and evidence of positive

outcomes in designing processes, policies, and services. Chapter 5 of this report explores various opportunities for the department to critically examine processes and practices to generate efficiencies, or consider more efficient or effective ways of delivering departmental services. Regular analysis of this type will serve to ensure that the department maintains a focus on continuous improvement.

The centralised evaluation coordination function (Recommendation 28) will also help to establish this culture within the department by providing a central repository of ongoing evaluations and learnings, and a vehicle for disseminating these.

The department would further benefit from increasing the involvement of departmental staff in evaluative activities, particularly where evaluations are outsourced. Staff participation in evaluations would help to develop skills in and a culture of critical analysis within the department by encouraging staff to question the efficiency, effectiveness, value for money, and appropriateness of departmental policies, strategies and processes.

Assessing the impact of policy decisions on customer service delivery

The structure of Queensland Transport maintains a separation between policy development and service delivery. The SDPC supports such separation. However, where multiple policy divisions are developing new policies or amending existing ones, the combined effects of those changes on the capacity of the department to deliver quality services to customers needs to be continually reviewed.

Staff noted that the department has dedicated more effort to this area in recent times. For example, to prepare for implementation of the Young Drivers Initiative, the department applied business modelling to anticipate the change in transaction numbers and types, and the impact on its Customer Service Centres.

Strategies going forward

The approach used to prepare for the Young Drivers Initiative has now been adopted by Services Division to ensure that the impact of future policy initiatives on service delivery are adequately considered. This is a relatively new development for the department. It should be considered by the evaluation group established under Recommendation 28 as a future target for evaluation to determine the extent to which it ensures that Queensland Transport's service delivery network continues to be able to respond to community demands.

Recommendation

28) It is recommended that by 30 September 2008, the Director-General, Queensland Transport establish a pool of evaluation expertise either as a central cell within Corporate Office or through a network across the department to fulfil the functions listed in section 6.5.

6.6 Leadership and Capability

The element of leadership and capability relates to the approach taken by managers in leading staff and others to achieve organisational goals and in supporting workforce capability.

Evidence gathered for this element considered the:

- willingness of staff to pursue organisational goals and values
- effectiveness of communication within the organisation
- capability of staff to ensure services are delivered efficiently and effectively
- organisation's investment in staff capability for the future, and
- capability of the organisation's leadership to influence stakeholders, public sector agencies and others on issues in the organisation's areas of responsibility.

6.6.1 Summary

The department uses a variety of programs and activities to support staff capability, including tailored staff training programs. The department:

- participates in general programs and offers tailored training programs to staff and also delivers online learning programs through its LearnZone courses
- uses various policies and platforms to support staff performance and management, including relevant policies and procedures and an intranet Human Resource Reference Centre portal
- utilises award programs to recognise good professional performance and has a strong commitment to the production of Performance Planning Agreement (PPA) documents, and
- independently monitors staff satisfaction through, for example, biennial Queensland Public Agency Staff Surveys (QPASS), undertakes communication and response strategies for these and monitors and reports on human resource management (e.g. Quarterly Workforce Profile).

A number of divisions invest strongly in staff performance management including the use of 360 degree feedback. Two divisions have also implemented Investors in People which guides alignment of employee and business goals.

While acknowledging the department's commitment to staff capability, the quality of staff supervision and management can be strengthened and staff participation in essential training programs could be heightened in some areas by reducing operational and budgetary constraints. In addition, information delivery systems could be improved and compliance and service delivery functions would benefit from more efficient communication regarding policy or regulatory changes.


Overall, perceptions of leadership within Queensland Transport as identified through QPASS surveys compare favourably to public service benchmarks. Staff did, however, report some variability in the quality of leadership within individual divisions. There are opportunities for the department to deepen leadership performance throughout the department, particularly by strengthening the governance structures operating in the department. The department's intentions in this regard have been discussed earlier in this report.

The department has demonstrated leadership in the establishment of TransLink and through innovative transport policy such as the Young Drivers Initiative and recent high level advice on congestion. In addition, the department has developed new products recognised as best practice, for example in the area of marine safety. Stakeholders' confidence in the department's leadership capability is likely to improve as a consequence of several of the directions already initiated by the department as well as many of the recommendations contained in this report.

The centrality of Queensland Transport's work to Queensland's economic, social and environmental future demands a sophisticated level of maturity in its external leadership capability into the future. The department is entering a new era where its external influence will be of heightened strategic and political significance. This requires the department to rapidly accelerate its capacity to lead strategic debates and direction setting at local, state and national levels. The department's external leadership can be further strengthened by improving the design and use of clear strategies and purposeful methodologies to meet the significant public policy challenges facing government. Given its reliance on government and private sector networks to implement transport policy and outputs, the success of the department's external leadership role depends on well designed strategies, authority and performance controls.

Summary assessment

Table 10: Summary Assessment for Leadership and Capability

Strengths and Opportunities	
<ul style="list-style-type: none"> The department participates in a variety of general and tailored staff development and training programs. The department utilises a range of policies and practices to support human resource management and staff recognition. The department independently monitors staff satisfaction and human resource management and actively communicates about the outcomes of these processes within the department. The department exercises a range of positive leadership and management practices in selected areas of the department which could be adopted more broadly. The department demonstrates an emerging capability in external leadership that could be the foundation for further expansion of its external influence in the future. 	
Issues	
<ul style="list-style-type: none"> The ability of the department to effectively lead and achieve transport system outcomes needs to be supported by appropriate authority, methodologies and performance controls. The quality of staff supervision, management and leadership is variable across the department. In addition, not all staff are able to participate in essential training, and knowledge management systems could better support staff capacity (particularly in direct customer service delivery). The department has recently commenced a program of divisional workforce planning. Planning also needs to occur at a departmental level and workforce management strategies need to be implemented with central corporate oversight and leadership. 	
Evidenced	Not or Partially Evidenced
<p>1.3 Staff receive skills development opportunities to enable them to do their job, including the requirements of public sector practice, induction, and code of conduct training.</p> <p>2.1 The organisation understands the competencies required for leaders and invests in leadership skills development.</p> <p>2.3 Staff have opportunities to express their views on issues that impact on their work responsibilities.</p> <p>2.4 Managers understand how to use staff performance and development assessment processes for improvement and to manage non-performance at a program and individual level (developing but variable across agency).</p>	<p>2.2 There is an awareness of key outputs and outcomes across the agency, and staff know how these link to their performance.</p> <p>3.1 Managers actively promote debate and analysis in order to meet identified outcomes.</p> <p>3.2 The organisation involves clients/stakeholders in meaningful ways to inform the direction of service delivery and to report progress.</p>
Rating	
Rating	Level of Maturity
	Developing Competency

6.6.2 Findings

Leadership supported by appropriate authority, methodologies and performance controls

Queensland Transport's leadership responsibilities in both the government and private sectors are significant. Its work is strongly affected by stakeholders such as the Department of Main Roads, the Department of Infrastructure and Planning, the Australian Government, local governments, private transport service operators and others. The department is characterised by highly disparate responsibilities and functions that span the modalities of road, air, sea and rail transport. This diversity presents a significant challenge to the department's external leadership.

Staff and stakeholders identified areas where Queensland Transport is seen to lead state or national agendas for transport and be achieving significant outcomes for the Queensland public. Recent examples cited include major road safety reform for young drivers, the establishment of TransLink, the implementation of integrated public transport ticketing in South East Queensland, maritime oil spill responses and the management of the Vessel Traffic System (VTS). Queensland Transport contributes to shaping and implementing the national transport agenda through its participation in national forums.

Table 11: Leading Transport Counter-Terrorism Security Initiatives

Queensland Transport has led the implementation of improved counter-terrorism arrangements at six major transport precincts in Queensland.

The major transport precinct project seeks to overcome challenges inherent in contemporary precinct environments, such as multiple stakeholders, complex managerial and ownership arrangements, and consistent security overlays. It does so by improving tenant coordination arrangements, communication procedures and precinct design.

This project has attracted national and international interest, as evidenced by the:

- delivery of presentations on the project, its methodology, risk profiling, and its challenges at national and international conferences, and
- significant interest it generates in the public and private sector, with repeated feedback validating the leading nature of this approach and confirming the lack of significant precedent in this area of work.

During the project, the department engaged government and non-government business entities in major transport precincts to develop a coordinated approach to counter-terrorism security.

The approach taken to date is being extended, through a trial, to a port environment. This trial acknowledges the more complex stakeholder and operational context of port operations in contrast to those of surface transport precincts.

Queensland has also been the first Australian jurisdiction to introduce to Parliament specific legislation relating to the management of terrorist-related risks by surface transport operations with an elevated risk exposure. Other jurisdictions are expected to follow Queensland's lead.

Source: from information provided by Queensland Transport.

There was acknowledgement internally and externally of areas where the department had further potential to influence and lead the transport agenda. The department is developing more meaningful strategic goals. The next step is to align its intended results with appropriate strategies and control mechanisms to achieve these. It has acknowledged this in its current strategic plan review, which has identified five new outcome focused goals.

Under its existing strategic plan, Queensland Transport commits to achieving its mission through several key results areas directly related to external leadership, including:

KRA1: Transport leadership. *QT leads the future direction and development of the transport system in Queensland.* For this results area, the department notes that “QT takes responsibility for leading the development, planning and management of a long term vision for transport in Queensland”.¹¹

KRA2: System Stewardship. *QT plans and manages a transport system that is sustainable, safe, efficient and equitable.* The department notes that “QT’s stewardship role involves monitoring, guiding and shaping the whole transport system in Queensland” through the “development of the policies” relating to “scanning and monitoring the performance of the system; managing demand on the system; managing supply of infrastructure and services; and managing access to and use of the system”.

The meaning of these key results areas imply that the department commits to leading the development of a *vision* and *policies*, respectively. Operationalising these commitments is challenging as they require further translation into clear direction, a set of relevant performance targets and a link to accountabilities and tangible actions.

This translation into viable performance targets will need to take account of other government planning frameworks. Aligning these goals, priorities and deliverables of the many agencies and stakeholders associated with transport system outcomes involves working in partnership at a whole-of-government level.

A number of Queensland Transport divisions exhibit strong leadership practices. There are, however, opportunities to build on this, particularly in terms of taking up its role for an integrated and holistic approach to transport solutions.

Strategies going forward

Several recent developments have enhanced opportunities for the department to assume a stronger leading role for transport issues. For example, the formation of streamlined CEO committees in 2007 offers opportunities to improve coordination across government. This framework has heightened the level of strategic debate, prioritisation and proactivity across government on significant transport system issues. Queensland Transport was the lead agency for the Planning for Prosperity CEO Committee which is to refocus on transport congestion. Departmental briefings on congestion presented by senior managers, have been commended by executive government.

¹¹ *Queensland Transport Strategic Plan 2007-2011*, Supporting information, p.10.

Well designed and managed procurement and contracting activities provide clear leverage points for engaging other stakeholders in terms of setting goals, directing outputs and performance monitoring.¹² The establishment of an urban congestion unit also offers opportunities to heighten appropriate controls and authority and to provide the system coordination needed for government and the department to respond more effectively to this issue. Similarly, the Coal Infrastructure Taskforce within the Department of Infrastructure and Planning leads whole-of-government strategic planning for coal infrastructure in Queensland. Significant transport directions will also be established and driven by the Australian Government as part of new federal/state relations. These examples demonstrate the complex structures that Queensland Transport contributes to and points to the need to consider how to best support the achievement of whole-of-government objectives through its partnership relationships.

As part of its current review of its strategic priorities, the department should consider its capacity to lead and to provide stewardship for the transport system. In particular, there is an opportunity for the department to better utilise existing or new structures, such as interagency committees, multi-agency project teams, procurement activities, clear targets and reporting frameworks, and other methods that provide appropriate controls to ensure its external leadership activities are effective. The department can take a leadership role in developing frameworks that require the identification and monitoring of detailed targets linked to specific outcomes. These should be directly traceable to responsible agencies (including the department where relevant). Where the department does not have appropriate methods and the requisite authority to influence outcomes it should not commit to a leadership role.

Raising the quality of staff supervision, management and leadership

The department's senior leaders and their commitment to building staff capability is widely acknowledged and supported by staff in Queensland Transport, as exemplified by the following quotes from submissions made to the review:

"QT is leading the way in terms of high quality programs and support in managing people and improving organisational climate/culture. It makes the best use of QPASS results of nearly any Queensland Public Service (QPS) agency."

"My experience has been that the DG is keen to develop good management, leadership and performance measurement and monitoring."

Good leadership and management practice was identifiable in select divisions. For example, some divisions practice 360 degree feedback to capture staff assessments of leadership performance. A number of divisions also invest effort in identifying strong leadership strategies in response to QPASS feedback.

While noting the department's commitment to training, staff in a range of divisions reported they were unable to participate in training or orientation programs because of operational demands or budgetary constraints. The QPASS results across divisions showed lower scores for learning and development in Information Management Division (IMD), Land Transport and Safety (LT&S) and Services

¹² Boyne G, Meier K, O'Toole L and Walker R (eds), *Public Service Performance. Perspectives on Measurement and Management*, Cambridge University Press, Cambridge, 2006, p. 7.

Division and workplace morale is reported as lower in both LT&S and the Services Division. As might be expected, a perceived lack of professional development has been identified in other departmental studies as a contributing factor for staff leaving the department, highlighting the importance of this issue to staff retention.

While staff expressed support for the department's leadership and management training programs, many voiced concern that these programs did not always translate into leadership behaviour on the part of participants, and that the quality of leadership across divisions was variable. There is a need to clarify the role of TLT and formalise a high level executive decision making structure (as discussed in section 6.4). It will also be necessary to effectively communicate these new structures to staff. There is also a need to communicate and coordinate effectively across divisions to mitigate against silo tendencies arising from the previous delegated authority given to divisions.

The department's supervision models could be improved and adopted more broadly to assist effective staff and team management. For example, supervisors in some CSCs are appointed at low levels (e.g. AO4) and have responsibility for up to 20 staff. Some CSCs use Senior Advisors (Service Management) (SA(SM)) to assist staff to deal with complex or difficult customer issues and to offer coaching and feedback to staff regarding interactions with the public. The Executive Director (Services) needs to ensure that SA (SM)s can reasonably balance their responsibilities for on the job training and other supervisory duties with an appropriate level of ancillary tasks.

The department advised that it has in place a Safer and Healthier Workplaces 2007–2012 framework, Workplace Health and Safety (WH&S) policies and procedures, mandatory WH&S training, and WH&S reporting and monitoring processes (including internally produced monthly WH&S and injury management reports and externally sourced monthly reports from the Department of Employment and Industrial Relations on WH&S performance measures). At the time of the review, the department was in the process of undertaking a WH&S audit and developing an annual action plan in support of the 2007–2012 framework.

Given the nature of the department's business, particularly in its service delivery network, it is important that staff are fully aware of and apply WH&S policies and procedures. The review therefore recommends that the department's efforts in this area ensure that information regarding WH&S policies and procedures is regularly and consistently provided to all staff, and that this is monitored and reported to the appropriate governance committee.

Workplace Health and Safety regulation across government, including in transport, is being examined separately by the SDPC in its Review of the Roles and Responsibilities of Queensland Government Agencies in the Administration of Workplace Health and Safety Regulation.

The volume and speed of regulatory and policy changes also pose a significant challenge to staff's ability to provide accurate information to the public. This issue is of particular significance to Services Division and other areas undertaking compliance activities. Better IT knowledge management tools could be introduced to automatically advise staff of policy and procedural changes, record staff's acknowledgement of those changes, and ensure that consistent information is provided to the public about transport services.

Strategies going forward

The department's commitment to PPA documentation is commended. This needs to be complemented by a commensurate focus on coaching, interpersonal and performance review, remedial processes and the skills to improve individual and team performance. The department has introduced programs to train staff in giving and receiving supervisory feedback. Good performance management will also require ongoing support and development for line managers and supervisors, including performance management coaching and other development opportunities from external or internal professionals.

Given the statutory obligations of the *Workplace Health and Safety Act 1995*, and building on the department's commitment to a safe workplace, it is necessary for the department to consider more closely the adequacy of incident response training for staff. There is also a need to introduce a department wide WH&S risk assessment process to enable holistic analysis of reported WH&S incidents to identify emerging trends and design tailored, place-based responses.

Critically, given the volume and speed of regulatory, policy and procedural changes, as well as the importance of the department's work in delivering services to the public on behalf of government, a comprehensive knowledge management system is required. This system could include features that:

- replace repetitive information within DocBase with linked content sections
- include comprehensive and powerful search functions
- can store and link to template documents
- have effective editing facilities
- provide for an automatic advisory system to let editors know when documents or policies are due for review, and
- records staff's acknowledgement of receipt of policy change information.

The department has produced a business specification requirement for a new knowledge management system. This initiative needs to be prioritised at a whole-of-department level as part of the approval of ICT programs as determined by the IM/ICT governance committee (see section 6.4). More advanced ICT delivery systems would obviously not obviate the need for tailored individual training for complex policy or procedural changes.

Workforce planning and management strategies

A critical shortage of skilled labour is a widely acknowledged issue across government. This places increasing importance on recruitment, retention, training and workforce planning activities of government departments. Queensland Transport experiences many of the human resources challenges common to government, such as a skills shortage, particularly in 'in demand' areas and staff development needs. Queensland Transport estimates that staff turnover cost the department \$17.4 million during 2006–2007.¹³ This figure incorporates recruitment, selection, training and loss of productivity.

¹³ This figure only represents the separation of permanent employees: Queensland Transport, Quarterly Workforce Profile, June 2007.

Workforce planning occurs at a divisional level, though this should also shape business planning (as is the case in TransLink) and be undertaken at a whole-of-department level. The department has advised its intention to incorporate workforce planning into divisions' business planning in the 2008–2009 financial year.

Retention is also an important priority in the current labour market conditions. To address this, the department designed and implemented (with the Department of Main Roads) in 2006, the Transport Infrastructure Capability Scheme (TICS); a scheme that allows for additional remuneration to be attached to positions requiring in-demand skills.

A pilot exit interview project commissioned by the department in 2007 found that age and tenure were significant factors affecting turnover. Strategies proposed to address this turnover for specific age and tenure groups included improved retention, increased job satisfaction, increased role clarity and organisational commitment and increased confidence in senior leaders.

The department also uses data from the biennial QPASS surveys to target improvements to the workplace environment. The 2007 QPASS survey indicates that workplace morale in the department has improved since 2005, while quality of work life has remained consistent, and that both these measures exceed public sector benchmarks, as is evident in Table 12.

Table 12: Comparison of Public Sector Benchmarks with Queensland Transport Results for Selected QPASS Performance Areas

Performance Area	Public Sector Benchmark	Queensland Transport Result
Workplace morale	60.0%	66.7%
Quality of work life	52.6%	56.6%
Supportive leadership	69.4%	62.8%
Participative decision-making	55.5%	63.9%

Source: Queensland Transport QPASS Report, 2007.

Perceptions of leadership were rated highly by staff, particularly for Work Unit Supervisors/Managers, although a variety of issues were reported as significant for individual divisions. Critical areas of organisational climate that emerged from QPASS requiring attention include:

- workload: 'staff are overloaded with constant pressure to keep working, leaving no time to relax', and
- workplace distress: 'staff feel frustrated, stressed, tense, anxious, and depressed about their work'.

The department has provided evidence of sound communication strategies used by Corporate Office to inform divisions of the themes arising from the QPASS Survey. Evidence was also provided indicating concerted effort by Corporate Office to follow up with each division on the implementation of response strategies to specific human resource and leadership issues. Some divisions clearly demonstrate a high level of initiative in designing innovative responses while there is little engagement by other divisions. As part of the reporting to the Strategic HR Committee, the results and outcomes of these initiatives and corrective actions undertaken could be analysed and learnings shared corporately.

Strategies going forward

Queensland Transport does not have a Strategic Human Resources Plan, a People Capability Framework or a Workforce Plan for managing its current and future workforce needs. It has indicated, however, its intention to develop these for the 2008–2009 financial year. The use of such plans and frameworks could assist the department in responding to human resource, capability and workforce management issues more strategically. Once developed, such plans need to be implemented and reviewed. The SDPC supports the department's intention to develop appropriate processes to plan, report and monitor its human resource and workforce management needs and performance and to strengthen the governance of these processes through the establishment of a Strategic HR Committee. These steps should ensure a rapid advance to the 'Embedded' level.

Recommendations

29) It is recommended that the Director-General, as part of the current review of the Strategic Plan and other related plans, require:

- a) an assessment of the feasibility of the department's external leadership and stewardship commitments (including a consideration of the leadership function/s of other agencies and the extent to which the department is able to influence particular outcomes)
- b) the identification and development of clear goals, targets and performance indicators relevant to each of the department's external leadership commitments
- c) the design of effective governance and coordination strategies to deliver on these commitments, and
- d) the monitoring of performance with reference to specified targets and goals by the board of management.

30) It is recommended that by 30 September 2008, the Director-General, Queensland Transport extend the authority of the central Corporate Office to provide human resource interventions and support to line managers and supervisors, including coaching and advisory services as well as outsourced consultancy referrals where appropriate.

31) It is recommended that by 31 December 2008 the Director-General, Queensland Transport ensure that:

- a) Workplace Health and Safety training (including risk assessment, incident identification, response strategies, notification and reporting) is evaluated to ensure that it is effective, relevant and able to be translated into workplace practices
- b) staff's participation in Workplace Health and Safety training is regularly monitored and reported to the human resources governance committee, and
- c) a department wide workplace health and safety risk assessment process is introduced to enable a holistic analysis of reported incidents to identify emerging trends, and design tailored, place based interventions and strategies to respond to identified trends and risks.

Recommendations 11,12, 16 and 26 also advance leadership and capability competencies across the department.

7 Implementation

7.1 Overall Approach

The recommendations in this report present a significant change agenda for Queensland Transport. The spectrum of change includes realigning service delivery with emergent and future transport priorities of the state, strengthening performance management practices to leverage the best possible transport outcomes and fostering an organisational culture that can respond to changing government and community demands and expectations.

While some recommendations can be acted on immediately, complete implementation is likely to take up to three years (see Recommendations Implementation Milestones at Appendix 5). To manage this complex change program over an extended period of time, the department needs to take a highly structured approach to implementing the recommendations. This approach should incorporate:

- a discrete implementation plan
- a high level implementation coordination and oversight capability
- a strong governance framework, and
- robust monitoring and reporting system.

Implementation plan

A planned approach to the implementation of the recommendations is highly desirable. Irrespective of whether the implementation plan takes the form of a strategy document or an action plan, the following planning parameters should be addressed:

- overview strategy map
- scope of implementation plan
- source of authority to implement recommendations
- objectives of the implementation plan
- implementation performance indicators/measures
- key deliverables
- completion criteria
- governance map
- lead accountability
- risk assessment
- risk contingency plans
- implementation plan strategies/actions
- internal reporting requirements
- external reporting requirements
- evaluation methodology
- evaluation criteria
- key stakeholder relationship assessment

- stakeholder engagement strategies
- resource requirements, and
- budget support and budget approval processes.

The implementation plan should also:

- cover each recommendation emanating from the review
- be formally approved by the Director-General prior to actioning, and
- be communicated to and accessible to all staff in the department and departmental key stakeholders.

Implementation coordination and oversight capability

Successfully implementing the recommendations and realising of their individual and collective objectives will need strong central coordination and oversight.

The department has used and continues to use a distributed leadership model in aspects of its operation (e.g. product line management and change champion network). This approach is complemented by highly devolved arrangements for general management accountabilities, e.g. financial, human resource management and operational accountabilities. While these leadership strategies provide a degree of tactical and operational capability, corporate risks can arise from their use as seen in the planning and resource management sections of this report. It is crucial these risks are avoided in the implementation of the review recommendations.

To successfully implement and drive the recommendations across an organisation constituted by dissimilar business units requires a centralised, highly visible and empowered implementation team that has direct access to the principal strategic leaders of the department (i.e. the Director-General and Deputy Directors-General). Through such a team the department can leverage coordinated implementation of the recommendations and consistent distillation of organisational change across divisional boundaries. Providing the implementation team with direct access to the Director-General and Deputy Directors-General enables these executive officers to direct, control and closely supervise the progressive implementation of the recommendations over time.

To support the change agenda outlined by the review recommendations, the implementation team needs to act as a senior change manager; that coaches and mentors the department in moving forward. The team also needs to have the skills and knowledge to provide the department's senior executive with sound advice on better practice in public administration and service delivery, and have the capacity and authority to drive change as directed by the senior executive.

The minimum functions of the implementation team should be to:

- coordinate and monitor the development, implementation, evaluation and annual updating of an SDPC review implementation plan
- report to and inform the Director-General and Deputy Directors-General on progress in actioning the implementation plan
- liaise and negotiate with review stakeholders in mitigating risks to the successful implementation of review recommendations and the implementation plan

- ensure that the actions resulting from the recommendations are focused on outcomes and supported by effective change management strategies, and
- provide guidance and support to stakeholders in formulating effective and efficient program/project management plans that lead to the successful implementation of the review recommendations.

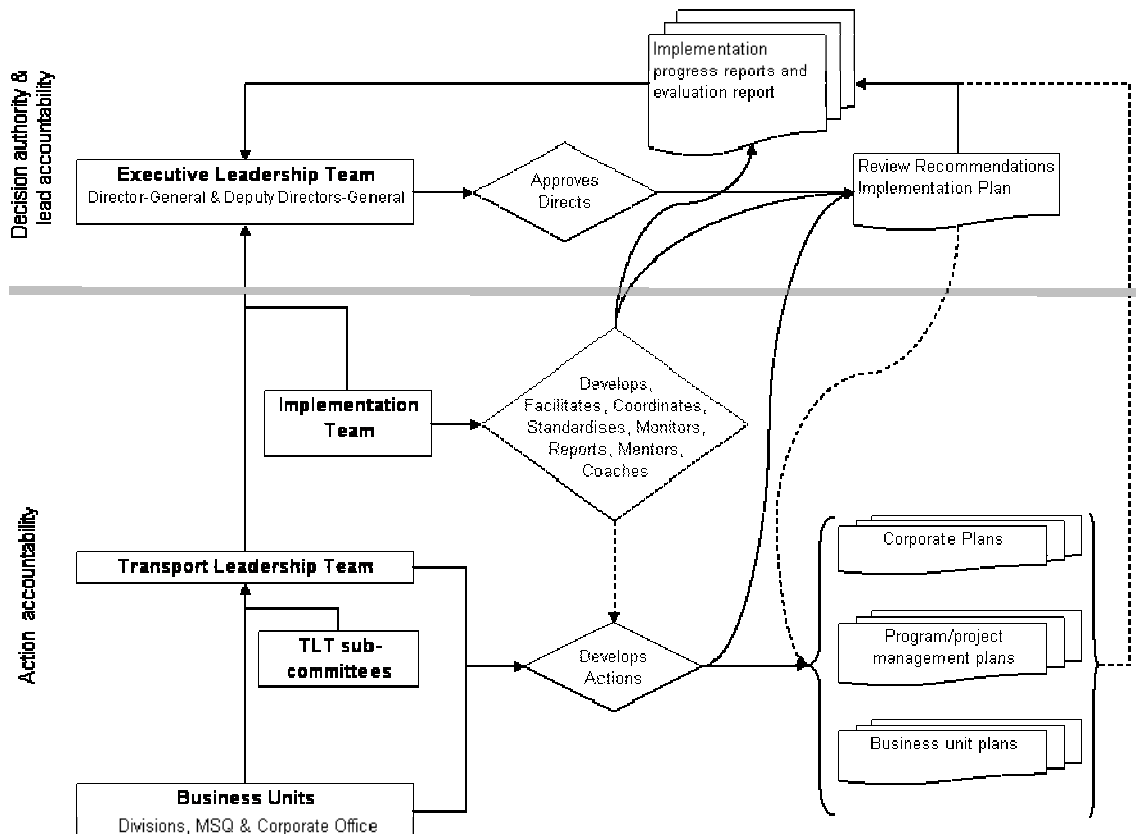
The life of the implementation team should be tied to the life of the implementation plan and other associated change management initiatives determined by the Director-General. The establishment and operating costs for the team should be treated as a corporate cost and should be budget-neutral at a whole-of-department level.

Implementation governance arrangements

Strong and robust governance arrangements are required to support the implementation of the review recommendations. These arrangements must clearly articulate accountabilities, facilitate adequate risk management, facilitate timely and transparent decision-making and promote consistent implementation of the recommendations throughout the department.

The governance arrangements depicted in Figure 12 may address the department’s needs in implementing the review recommendations.

Figure 12: Possible Implementation Governance Arrangements



Source: Service Delivery and Performance Commission

Implementation monitoring and reporting

As stated in section 7.1.2, the proposed Implementation Team should coordinate monitoring and reporting activities associated with implementing the review recommendations. Wherever practical, these activities should make use of existing monitoring and reporting systems such as the Strategic Plan Management System and Key Facts Repository. The monitoring and reporting requirements established within the department's program/project management methodologies (e.g. Gateway® review processes) should also be used to effectively capture and communicate implementation progress.

The department needs to be cognisant that implementation progress will need to be reported to both internal and external stakeholders. As a result it should ensure that a minimum range of base information is collected and used to inform internal and external audiences.

To derive the most value from monitoring and reporting of the implementation of the recommendations over a three year period, the department should consider:

- quarterly reporting of progress for the first full 12 months of actioning of the implementation plan, and
- six-monthly reporting for the remaining life of the implementation plan, and
- a post-implementation evaluation of the process and outcomes of the management of the implementation of the recommendations.

To help the department to gauge its performance in the implementation process, the SDPC is of the view that the department should commit to an independent external review of its implementation progress at the 18 month implementation gate. Such a review will help the department to moderate its internal assessment of progress and identify any risk mitigation or recovery strategies that might be necessary to finalise the successful implementation of all the review recommendations. This review could also be used to inform the post-implementation evaluation.

Recommendations

- 32) It is recommended that by 30 September 2008, the Director-General, Queensland Transport:
- a) develop an Implementation Plan for the review's recommendations
 - b) establish a time-limited, recommendations Implementation Team as outlined in section 7.1.2, and
 - c) establish and have operating adequate governance arrangements applicable to the implementation of the review's recommendations.
- 33) It is recommended that from 1 October 2008, the Director-General, Queensland Transport institute:
- a) quarterly reporting of progress for the first full 12 months of actioning of the recommendation implementation plan
 - b) six-monthly reporting for the remaining life of the implementation plan, and
 - c) a post-implementation evaluation of the process and outcomes of the management of the implementation of the recommendations.
- 34) It is recommended that, before or by February 2010, the Director-General, Queensland Transport commission and conduct an independent external review of the department's progress in implementing the review's recommendations.

Appendix 1: Terms of Reference

Background

Queensland Transport is the lead agency responsible for developing and managing the land, air and sea transport environments in Queensland. Queensland Transport has three primary roles: setting the future direction and development of the transport system in Queensland; planning and managing a transport system that is sustainable, safe, efficient, and equitable; and delivering and operating consistent, integrated and efficient services and infrastructure, to an agreed standard.

Queensland's transport system is large and complex and needs to be actively planned and managed if it is to meet the diverse range of needs of the community, commerce and industry across the state. Challenges facing Queensland include:

- managing growth and the provision of transport infrastructure
- facing the increasing demand for travel in South East Queensland including high levels of private vehicle use
- responding to the increasing and changing freight demands
- integrating transport and land use allowing for diverse and changing travel patterns
- ensuring equity for people without access to a private vehicle and access in rural and remote areas
- maintaining the safety and security of the transport system and its users, especially reduction of the road toll
- minimising the environmental impact of transport and climate change, and
- maximising the transport industry workforce capability and capacity.¹⁴

Further challenges and aspects considered in this review included the interface with major stakeholders and service providers such as Smart Services Queensland, the Queensland Police Service, the Department of Main Roads and Queensland Rail. This Review of Queensland Transport was part of the Service Delivery and Performance Commission's (SDPC's) systematic program of reviews of agencies throughout the Queensland Government.

Objectives

The objectives of this review were to:

- undertake a strategic assessment of how well the department is managing its performance, and
- identify, analyse and report on key issues that affect service delivery and performance management, and make practical recommendations on key areas for improvement.

This review contributed to all of the strategic objectives of the Service Delivery and Performance Commission (SDPC), as outlined in section 5 of the *Service Delivery and Performance Commission Act 2005*, namely:

¹⁴ Adapted from *State Budget 2007–2007, Ministerial Portfolio Statement, Minister for Transport and Main Roads*.

- (a) to meet the expectations of the community about the delivery of government services
- (b) to reduce inefficiencies, duplication and wastage in the delivery of government services
- (c) to improve the accountability of agencies for their delivery of services
- (d) to improve the delivery of government services by ensuring agencies use resources effectively and efficiently and adopt best practices
- (e) to encourage agencies to be proactive about establishing effective and appropriate performance frameworks, including planning and reporting practices, and
- (f) to promote in agencies a culture of continuous improvement and performance management, including risk management.

The deliverable of this review has been a report showing how the department demonstrated its capacity across critical elements of performance management and recommending enhanced performance management processes.

The final report has been submitted to the Premier in accordance with the *Service Delivery and Performance Commission Act 2005*.

Scope

The scope of this review covered service delivery and performance management of the department, with the exception of the newly acquired area of Trade. Given that the trade area has recently been subject to a major review of functions and direction and that the recommendations from that review are in the process of being implemented, it was considered inappropriate to subject the area to further review.

The review has examined major issues that affect the efficiency and effectiveness of the department's service delivery.

The review has not assessed the performance of statutory authorities associated with the department but did review linkages between the department and the statutory authorities.

Methodology

The assessment of how well the department is managing its performance was undertaken using the SDPC's Performance Management Review Framework (February 2007) under the six elements of:

1. Planning and strategy
2. Resource management
3. Performance measurement and monitoring
4. Governance
5. Evaluation and continuous improvement, and
6. Leadership and capability.

The review has assessed agency performance against the elements of performance management listed above at four levels:

1. *Beginning* – basic compliance and conformance with statutory requirements.

2. *Developing Competency* – supervision and monitoring systems are in place; several elements of performance management need further development.
3. *Embedded* – sound performance management practices are used across the organisation to drive the business; customer feedback is incorporated in business planning.
4. *Leading* – the organisation is proactive, uses internal and external data to plan for and actively ensure that outcomes are achieved.

In assessing the performance of the department the review relied upon evidence obtained from a variety of sources, including:

- departmental and non-departmental publications and reports
- desk top audits of departmental working papers, briefing notes, management reports, file notes, research material and databases
- an SDPC survey of Queensland Transport staff (see Appendix 6: survey Results)
- submissions from stakeholders received by the SDPC throughout the course of the review
- a series of interviews with key transport industry stakeholders
- a series of interviews with executive and senior managers of the department, and
- a series of statewide Queensland Transport staff workshops facilitated by review team members.

This evidence was used to triangulate and corroborate issues arising through the review process and provided a platform underpinning the development of strategies going forward and the formulation of review recommendations.

Appendix 2: Consultation List

The following individuals were consulted and contributed to the service delivery and performance management review.

Queensland Transport	
<i>Division</i>	<i>Position Title</i>
Office of the Director-General	Director-General Deputy Directors-General
Corporate Office	Executive Director Manager, Workplace Ethics Director, Corporate Strategy Director, Governance and Planning Director, Legal and Legislation Director, Transport Policy Office Assistant Director, Transport Policy Office Director, Internal Audit
Information Management	Chief Information Officer Acting Director, Information Management and Performance
Infrastructure Programme Office	Acting Executive Director
Integrated Transport Planning	Executive Director Director, Planning Policy and Legislation Regional Manager, SEQ Planning Regional Manager ITP, Townsville Regional Manager ITP, Cairns
Land Transport and Safety	Executive Director Director, Strategy and Policy
Maritime Safety Queensland	General Manager Regional Harbour Master (Gladstone) Manager, Corporate Support (Gladstone) Manager, Safety (Bundaberg)
Passenger Transport	Executive Director Transport Operations Coordinator (Cairns)
Rail, Ports and Freight	Executive Director Director, Business and Strategy Development

Queensland Transport	
Division	Position Title
Services	Executive Director Director, Strategic Planning and Performance Regional Director (Southern) Senior Advisor, Indigenous Communities (Cairns) Regional Manager, Planning and Infrastructure (Cairns) Regional Director (Northern)
TransLink	General Manager Group Manager, Strategic Performance and Transport Management

In addition to the above consultations, workshops were held for the following staff groups:¹⁵

- Whole-of-department Service Delivery (18)
- Whole-of-department Finance (17)
- Whole-of-department HR (17)
- Whole-of-department Policy Officers (24)
- Whole-of-department Planning (14)
- Whole-of-department Performance Management (19)
- ITP Division (19)
- Corporate Office (24)
- TransLink (19)
- MSQ (12)
- Passenger Transport (26)
- Central Region (11)
- Southern Region (14)
- Northern Region (9 staff, plus 9 managers)
- Garbutt CSC (32)

¹⁵ Numbers in brackets represent the number of staff in attendance.

Other Queensland Government Entities	
Organisation	Position Title
Central Queensland Ports Authority	Acting Chair Acting Operations Supervisor and Maintenance General Manager Operations Supervisor
Department of Infrastructure and Planning	Acting Director-General Deputy Director-General, Strategy and Governance Executive Director, Program Management Office
Department of Main Roads	Director-General District Directors (Various Districts)
Department of Primary Industries and Fisheries	District Office, Boating and Fisheries Patrol
Department of the Premier and Cabinet	Director, Economic Policy
Queensland Parliamentary Travelsafe Committee	Chairman
Queensland Police Service	Commissioner OIC, Water Police
Queensland Rail	Chief Executive Officer
Queensland Treasury	Director, Transport and Industry
Townsville Port Authority	Chief Executive Officer
Department of Communities	Director-General General Manager, Smart Service Queensland
Department of Education, Training and the Arts	Assistant Director-General, Education Queensland Division Assistant Director-General, Strategic Human Resources

Other Government	
Organisation	
Department of Infrastructure, Transport, Regional Development and Local Government (National Transport Strategy Division)	
Cairns City Council	
Gold Coast City Council	
Livingstone Shire Council	
Mackay City Council	
Townsville City Council	

Peak Bodies, Non-Government and Industry Organisations
<i>Organisation</i>
Black and White Cabs
Curtis Ferry Service
Dealmakers
Gladstone Shipping Agency Association
Kalari Transport
Kynoch Coaches
Queensland Resources Council
RACQ
Rockhampton Driving School
Rocky Cabs
Rod North and Sons
Sun Bus
Sun Ferries
SVITZER Gladstone
Taxi Council of Queensland
Townsville Livestock Transport Association
Urban Development Institute of Australia

Appendix 3: Purpose and Responsibilities of Divisions and Agencies

Division/Agency and Staffing Levels ¹⁶	Purpose	Main Areas of Responsibility
Corporate Office (170 staff)	To provide a sound framework for the management and governance of the organisation, to achieve its strategic objectives and operational goals and to meet government obligations and community expectations.	<ul style="list-style-type: none"> • Cabinet legislation and liaison • Development of communication strategy, policy and community engagement • Media liaison • Transport security and emergency management • Organisational development • Governance and planning • Departmental liaison • Internal audit • Performance management review • Legal and legislative services • Human resource management • Industry capability • Media liaison • Finance • Facilities management
Information Management (302 staff)	To undertake: <ul style="list-style-type: none"> • ICT asset and resource strategic planning • allocation of ICT resources to meet service demands and achieve desired outcomes • information management and performance reporting, and • delivery of electronic and ICT services. 	<ul style="list-style-type: none"> • Managing and providing ICT advice, services and solutions to Queensland Transport customers and other government agencies • Guiding departmental information and ICT investment decision-making, developing departmental ICT strategies, architecting ICT solutions and managing information policies and standards • Information management, including spatial information, recordkeeping and coordinating and providing leadership in regard to organisational performance reporting
Integrated Transport Planning (166 staff)	Develops economically and environmentally sustainable transport plans and strategies for efficient, integrated transport infrastructure, systems and services. ITP also administers a funding program for recreational boating infrastructure.	<ul style="list-style-type: none"> • Transport planning policy • Transport planning data collection • Transport land use planning • Transport corridor protection • Major public transport infrastructure

¹⁶ As at 30 June 2007, inclusive of casuals.

Division/Agency and Staffing Levels¹⁶	Purpose	Main Areas of Responsibility
Land Transport and Safety (362 staff)	Develops, promotes and implements policies and standards affecting road use management, road and rail safety, driver safety and education and vehicle management.	<ul style="list-style-type: none"> • Road safety • Rail safety • Cycling and pedestrian safety • Q-RIDE motorbike training and rider assessment scheme • Heavy vehicle management • Driver licensing • Registration • Queensland road rules • Environment – Aircare
Passenger Transport (164 staff)	Works with bus and ferry operators, taxi and limousine companies, and regional air services to provide Queenslanders with efficient, flexible and sustainable transport services. PT is encouraging smarter travel choices and removing barriers to improve accessibility and mobility.	<ul style="list-style-type: none"> • Sustainable passenger transport • Passenger transport policy and legislation across Queensland • The School Transport Assistance Scheme • Public transport infrastructure and transport services • Strategic direction for passenger transport in Queensland

Division/Agency and Staffing Levels ¹⁶	Purpose	Main Areas of Responsibility
Rail, Ports and Freight (100 staff)	Coordinates transport policy, strategy, funding and investment initiatives in relation to rail, ports and freight. The division develops and implements policies, regulations and strategic plans to promote more effective and efficient rail, port and freight systems in Queensland and to facilitate internationally competitive freight logistics practices.	<ul style="list-style-type: none"> • Rail services (above rail) and rail network (below rail) • Ports planning and strategic investments • Representing the interests of shareholding ministers for the State's transport GOCs • Liaison and coordination with the transport GOCs, MSQ, Queensland Treasury and the Coordinator General • Ensuring implementation of government policies in the use of strategic port land and in land use planning • Representing the state's port network interests in whole-of-government issues • Leading issues associated with competitive neutrality and competition within the port and rail sectors • Corridor land acquisition and stewardship • Rail, ports and related legislation • Private investment in rail and ports • Rail and port security • Cross modal and inter-modal freight policy • Coordination of coal transport infrastructure

Division/Agency and Staffing Levels ¹⁶	Purpose	Main Areas of Responsibility
Services (3,273 staff)	The face of Queensland Transport in the community. QT services and products are provided through a network of service centres, offices and field based activities in metropolitan, regional and rural Queensland – including a call centre and online customer services. The division also provides support functions for the whole department.	<ul style="list-style-type: none"> • Driver and industry licensing, accreditation and authorisation • vehicle and vessel registration and safety • Passenger transport activities including bus, taxi, ferry and community and school transport services • Community based road safety initiatives and the school crossing supervisor scheme • Regional transport infrastructure planning and management, including boating facilities and state boat harbours • Compliance activities including on road enforcement, vehicle inspections, investigations and audits • Disaster management coordination (part of the State Disaster Management System) in partnership with the Queensland Department of Main Roads and Queensland Rail
Maritime Safety Queensland (424 staff)	To protect Queensland's waterways and the people who use them – providing safer, cleaner seas.	<ul style="list-style-type: none"> • Improving maritime safety for shipping and small craft through regulation and education • Minimising vessel sourced waste and responding to marine pollution • Providing essential maritime services such as pilotage for regional ports and aids to navigation • Encouraging and supporting innovation in the maritime industry
TransLink (201 staff)	To lead and deliver an integrated public transport network in south east Queensland. On behalf of the Queensland Government, TransLink also funds, plans and delivers major public transport infrastructure and initiatives.	<ul style="list-style-type: none"> • Integrated services and ticketing • Infrastructure investment • An accessible, safe and comfortable public transport environment • A financially and environmentally sustainable public transport system

Appendix 4: Consultancy Terms of Reference for Information Management Division (IMD) in Queensland Transport

The successful consultant will be required to assess the following IMD issues and their alignment to the strategic directions and priorities of Queensland Transport and the Queensland Government:

- **Roles, responsibilities, accountabilities and scope of services, including:**
 - sustainability of current service provision, and
 - relationship with internal business units and Department of Main Roads, Queensland Police Service, Smart Service Queensland, and the Queensland Government Chief Information Office.
- **Model of ICT Service delivery, including:**
 - the mix of in-house versus contracted staff
 - the balance of 'off the shelf' products versus in-house development and maintenance
 - the rationale behind the level of outsourced services and hosting arrangements, and
 - opportunities for future efficiencies in delivering the ICT platform.
- **ICT governance, including:**
 - the mechanisms used to plan, invest and deliver business solutions and outcomes consistent with the SDPC Report on Review of ICT Governance in the Queensland Government
 - evidence of effective project management, and
 - robustness and transparency of decision-making and charging regimes.
- **Performance, including:**
 - value for money
 - cost effectiveness
 - benchmarking evidence, and
 - level and quality of service delivery.

Reporting

The successful consultant will be required to provide a written findings report at the end of the contract period. The consultant should be available to start the review in February with the final report due by early April 2008.

Appendix 5: Recommendations Implementation Milestones

	July 08	Aug 08	Sept 08	Oct 08	Nov 08	Dec 08	Jan 09	Feb 09	Mar 09	Apr 09	May 09	June 09	July 09	Aug 09	Sept 09	Oct 09	Nov 09	Dec 09	Jan 10	Feb 10	Mar 10	Apr 10	May 10	June 10	
1. More clearly define performance outcomes and ensure that measures and targets support timely performance analysis																									
2a. Review programs to ensure resourcing and oversight is commensurate with risk																									
2b. Streamline administration in 3 highest priority programs																									
3. PSC prepares a report on advisability, feasibility and options for QG customer service network within the context of government directions for multi-channel service delivery																									
4. Negotiate and implement more efficient management of the school crossing supervisor scheme																									
5a. Strengthen central leadership role of SPU																									
5b. 1 st 6-monthly summary report on implementation of approved SPPs																									
5c. Ensure internal audit plans make provision for assessing procurement capability																									
5d. 1 st 6-monthly report on 'calendar of contract management events'																									
6. Examine strengthening QR relationship management framework																									
7. Streamline committee system supporting relationship with QR																									
8. Strategy and action plan for road safety activities defining respective roles and responsibilities of QT and QPS																									
9. Examine options to fund future marine safety services, and commence more extensive funding option review analyses																									
10. Establish policies and standards of leases of departmental assets to reflect optimal pricing and return to government																									
11. Strengthen central oversight of planning requirements																									
12. Establish central policy area																									
13. Develop agreed set of departmental priorities																									

July 08	Aug 08	Sept 08	Oct 08	Nov 08	Dec 08	Jan 09	Feb 09	Mar 09	Apr 09	May 09	June 09	July 09	Aug 09	Sept 09	Oct 09	Nov 09	Dec 09	Jan 10	Feb 10	Mar 10	Apr 10	May 10	June 10				
						14a. Establish and implement standard for operational planning																		14b. Share operational plans across divisions (ongoing)			
						15. All corporate and policy strategies and plans have an implementation plan and are monitored in implementation progress																					
						16. Strengthen corporate finance and resource management and rationalise these functions across the department																					
						17. Develop rolling biennial development program for extension of corporate costing models, along with supporting policy, methodological and administrative resources																					
						18. Independent review of TRAILS																					
						19. Review and report on IMD's solution development processes, benchmarking IMD's costs, change management and communication strategy																					
						20. Amend delegations manual re creating positions																					
						21. Assess continuing need for vacant positions																					
						22. Finalise development and commence implementation of Queensland Transport Performance Management Framework																					
						23. Future 3 rd party contracts and subsidies stipulate performance information specifications, standards and expectations (ongoing)																					
						24. Endorsement of performance measures, detailed accountabilities for measures, use of performance analysis in decision-making and appropriate disclosure of performance information (ongoing)																					
						25. Rationalise departmental committees																					
						26a. Engage coach for new executive board and its members																					
						26b. Monitor new governance committee structure (ongoing)																					
						27. Report to Audit and Risk Committee on quality and consistency of risk management standards and practices																					
						28. Establish centralised pool of evaluation expertise																					
						29. Assessment of feasibility of external leadership commitments and identification of clear goals, targets and performance measures, governance and coordination strategies for these and performance monitoring																					

	July 08	Aug 08	Sept 08	Oct 08	Nov 08	Dec 08	Jan 09	Feb 09	Mar 09	Apr 09	May 09	June 09	July 09	Aug 09	Sept 09	Oct 09	Nov 09	Dec 09	Jan 10	Feb 10	Mar 10	Apr 10	May 10	June 10	
30. Corporate Office provides human resource interventions and support to line managers																									
31. Evaluation of effectiveness and relevance of WH&S training, monitoring of participation, and whole-of-department WH&S risk assessment																									
32. Recommendations Implementation plan, team and governance																									
33a. Quarterly reporting of implementation																									
33b & c. 6-monthly reporting of implementation, and evaluation of implementation process (ongoing)																									
34. Independent review of implementation progress																									

Appendix 6: Survey Results

Methodology

In addition to the interviews and workshops outlined in Appendix 2, two data collection tools were used for this review:

- a survey tool made generally available to staff through the department's internet site and distributed at staff workshops, and
- a template for submissions from any interested party, including staff, external stakeholders and members of the public. This template was made available via Queensland Transport's and the Service Delivery and Performance Commission's websites, and sent directly to 37 departmental stakeholders.

Respondents to each tool were given the option of remaining anonymous, although the SDPC did seek some general information about the nature of the respondent's interaction with the department. Surveys were returned to the SDPC to ensure an appropriate level of confidentiality and the ethical use of material collected and collated.

Staff Survey

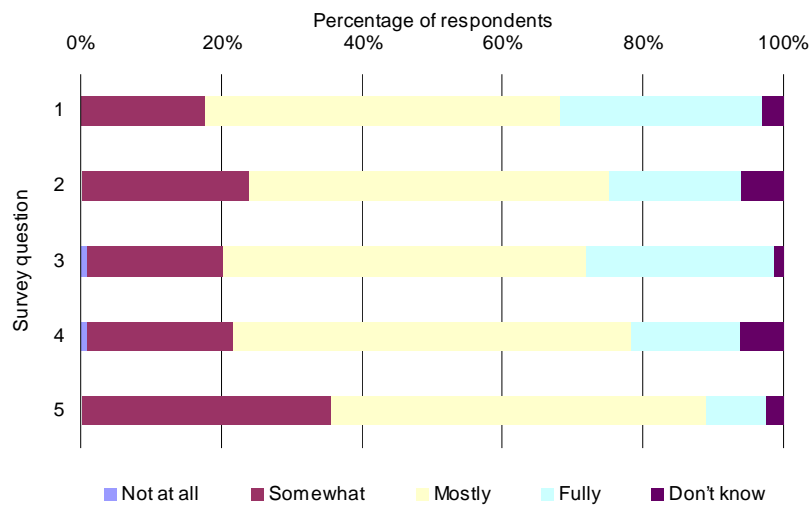
A total of 306 survey responses were received, representing approximately 9% of total staffing. The SDPC notes that, given that workshop participants (who were targeted) were asked to complete surveys, the responses do not represent a random sample of Queensland Transport staff. Breakdowns of responses by division, salary range and geographic location are provided from page 134.

Element 1: Planning and Strategy

The largest percentage of respondents believe that the department 'mostly':

- undertakes strategic planning (50.5% of respondents)
- aligns its programs and activities to whole-of-government priorities and outcomes (51.3%)
- sets strategic directions (51.6%)
- develops public policies that achieve government priorities (56.7%), and
- implements its plans and strategies (53.3%).

Figure 13: Survey Responses – Planning and Strategy



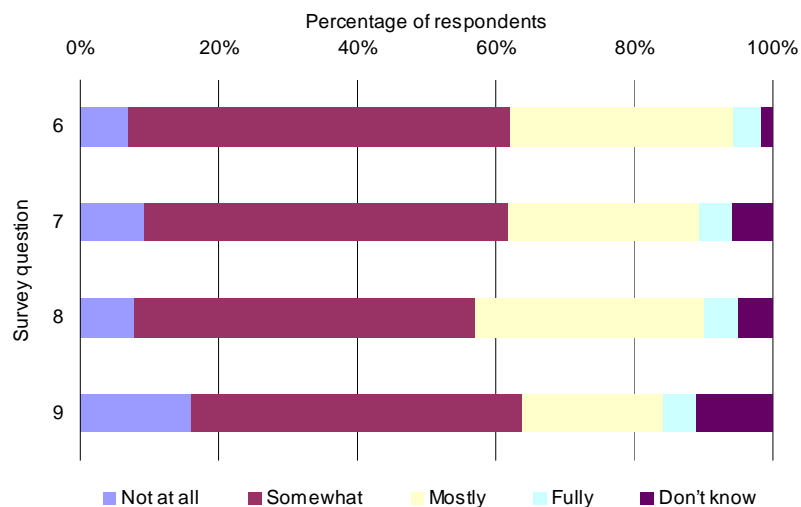
Element 2: Resource Management

The largest percentage of respondents believe that the department ‘somewhat’:

- effectively allocates and monitors resources (55.2%)
- identifies the full cost of services and the efficiency of delivery models used (52.6%)
- achieves value for money in departmental operations (49.0%), and
- reallocates existing resources away from areas of low achievement or impact to new and emerging priorities (47.7%).

11.1% of respondents answered ‘don’t know’ to this last question.

Figure 14: Survey Responses – Resource Management

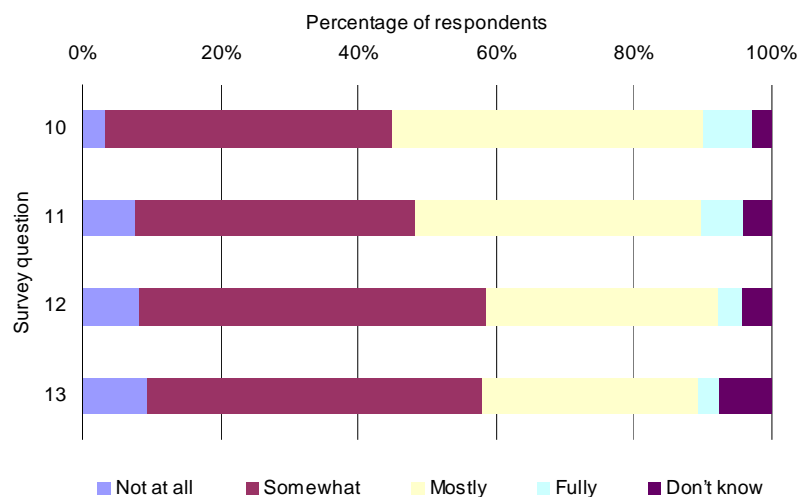


Element 3: Performance Measurement and Monitoring

The largest percentage of respondents believe that the department 'mostly':

- uses a range of performance measures (45.2%)
- ensures quality of data in terms of accuracy, reliability and relevance (41.6%)
- and 'somewhat'
- ensures measures effectively determine performance (50.3%), and
- incorporates measures in systematic ways in decision-making processes (48.4%).

Figure 15: Survey Responses – Performance Measurement and Monitoring

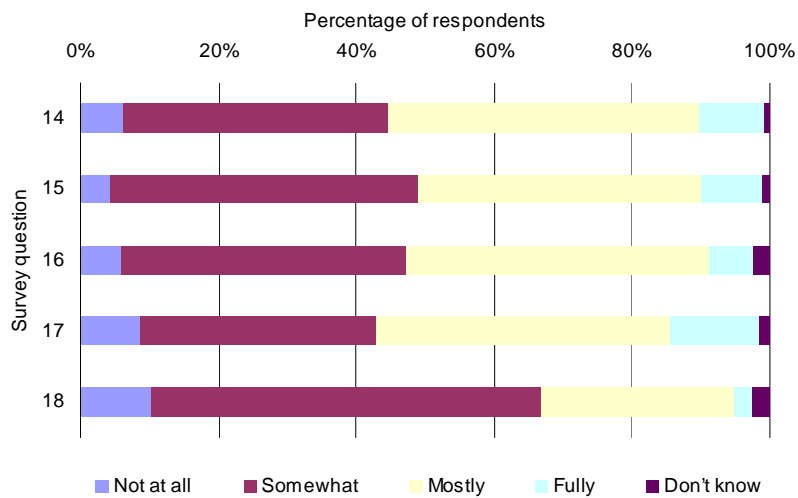


Element 4: Governance

The largest percentage of respondents believe that the department:

- 'mostly' ensures accountability and clarity of role expectations (45.2%)
- 'somewhat' maintains high quality systems and processes to govern the organisation (44.6%)
- 'mostly' manages risk (43.9%)
- 'mostly' enables managers and staff to advance critical issues to the executive in a timely manner (42.6%), and
- 'somewhat' integrates information across the organisation to support decision-making (56.7%).

Figure 16: Survey Responses – Governance

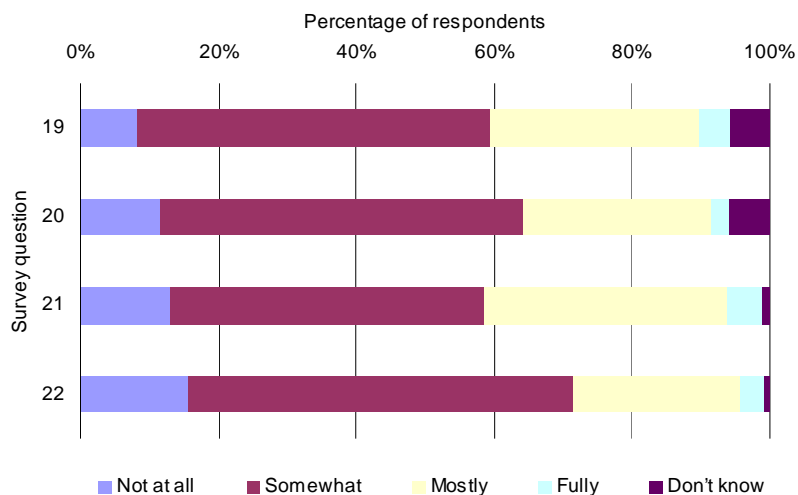


Element 5: Evaluation and Continuous Improvement

The largest percentage of respondents believe that the department ‘somewhat’:

- Conducts evaluation across the organisation (51.14%)
- Uses evaluation findings for continuous improvement (52.8%)
- Fosters a culture of continuous improvement (45.6%), and
- Detects performance problems and implements corrective action in a timely way (55.8%).

Figure 17: Survey Responses – Evaluation and Continuous Improvement

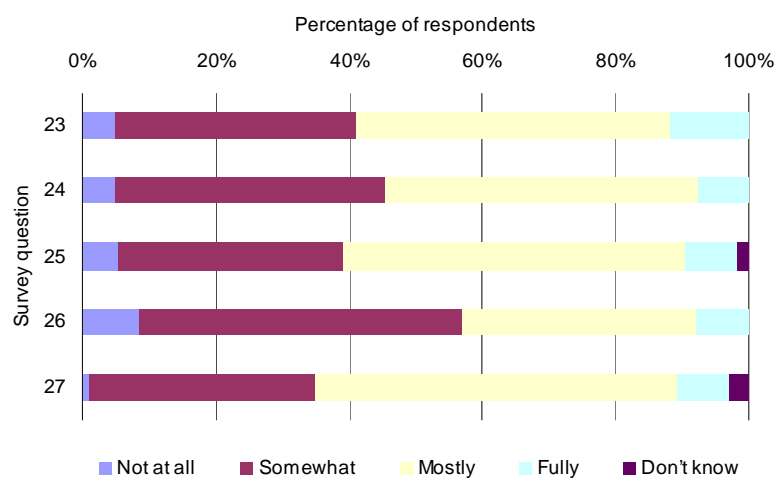


Element 6: Leadership and Capability

The largest percentage of respondents believe that the department:

- ‘mostly’ supports staff to pursue organisational goals and values
- ‘mostly’ communicates within the organisation
- ‘mostly’ ensures services are delivered efficiently and effectively
- ‘somewhat’ invests in staff capability for the future, and
- ‘mostly’ engages key stakeholders to achieve outcomes.

Figure 18: Survey Responses – Leadership and Capability



Submissions

Seventeen submissions were received by the review team, covering a range of stakeholders.

Issues identified through submissions included:

- service delivery relationships between Queensland Transport and the Queensland Police Service
- the processes that Queensland Transport uses to consult with its staff and stakeholders when planning and developing new products and services
- the department’s ability to manage and share information effectively
- improvement opportunities for Queensland Transport’s systems and processes
- Queensland Transport’s contribution to national transport agendas
- Queensland Transport’s ICT architecture
- coverage of the department’s performance information and its availability to external stakeholders

- the need for more effective workforce and succession planning in the current labour market
- Queensland Transport's organisational structure
- resourcing within the department, and
- relationships with Queensland Transport's contracted providers.

Service Delivery

The same service delivery question was used in both staff survey and the review submission template. The results for this question have been merged across both instruments.

Because of the variety of services offered by Queensland Transport, respondents were asked to nominate the service to which their responses related. Responses that did not nominate a service were eliminated from analysis.

A total of 113 responses to the service delivery question were therefore included for analysis. Service categories nominated by less than ten respondents have been excluded from this report because of the low sample size. This leaves four service areas with a sufficiently large sample size for inclusion: boating and maritime services (25 responses), customer service (31 responses), public transport services (15 responses) and road safety services (11 responses). Results for these four categories are shown below.

Figure 19: Service Delivery – Boating and Maritime Services (sample size = 25)

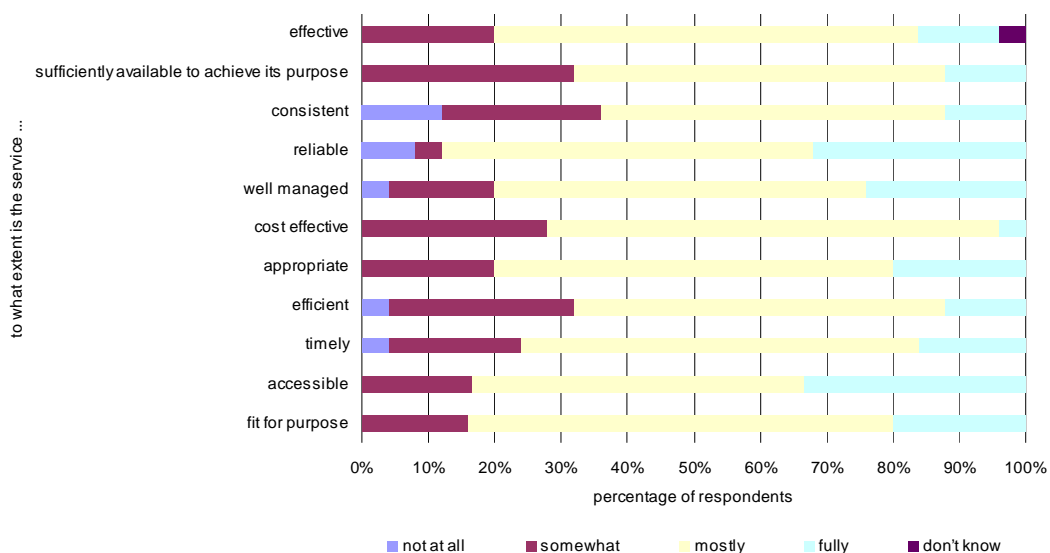


Figure 20: Service Delivery – Customer Service (sample size = 31)

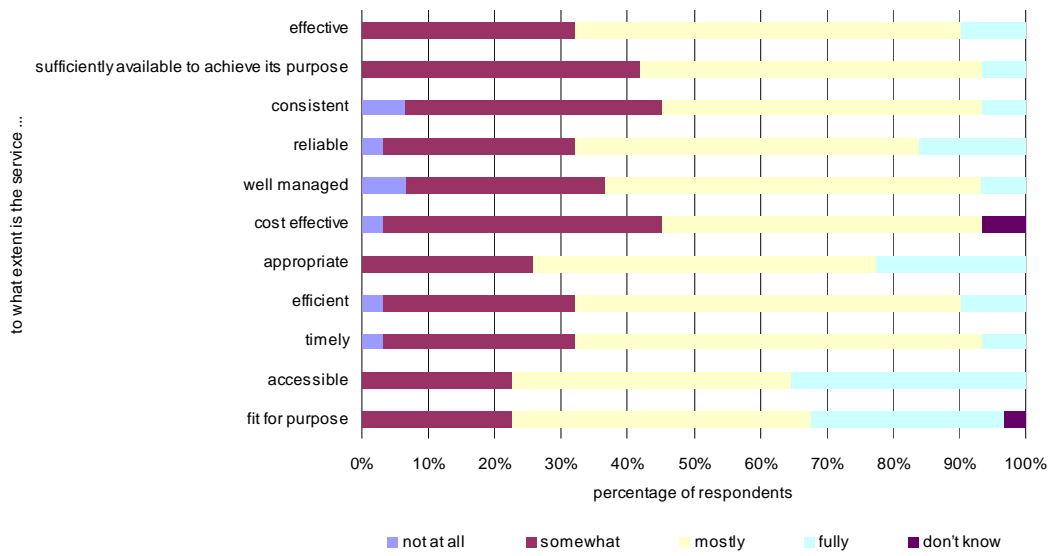


Figure 21: Service Delivery – Public Transport (sample size = 15)

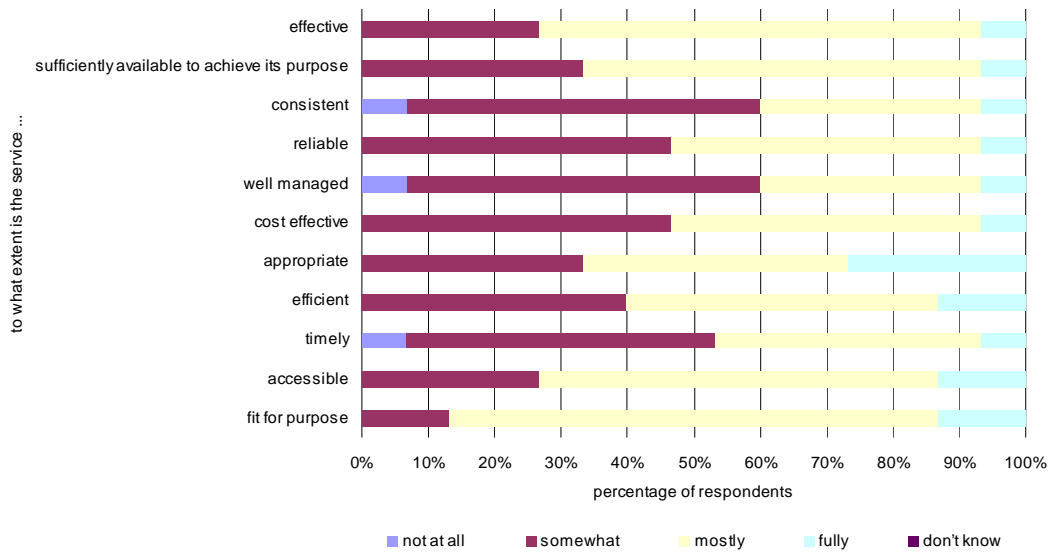


Figure 22: Service Delivery – Road Safety (sample size = 11)

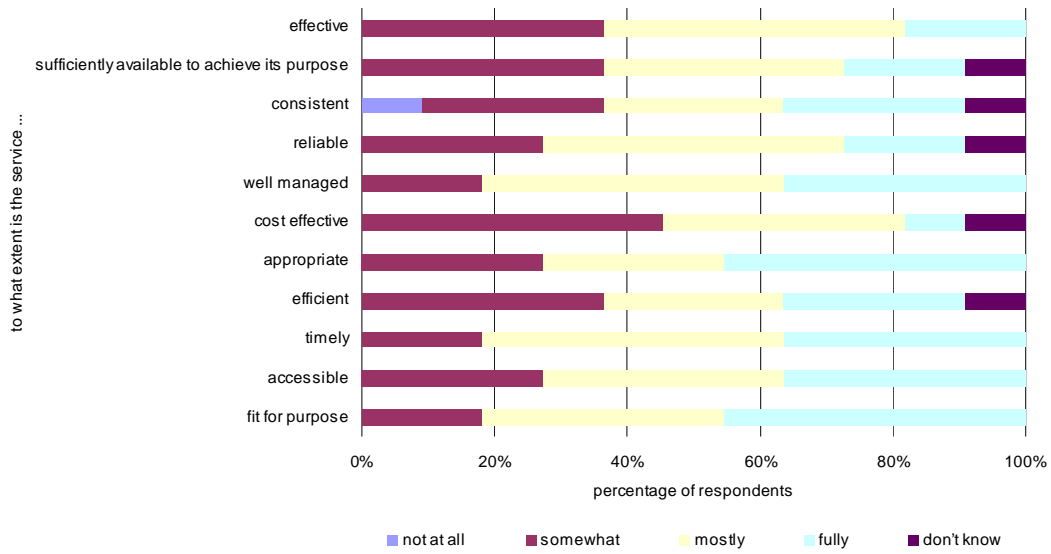


Figure 23: Breakdown of responses by salary

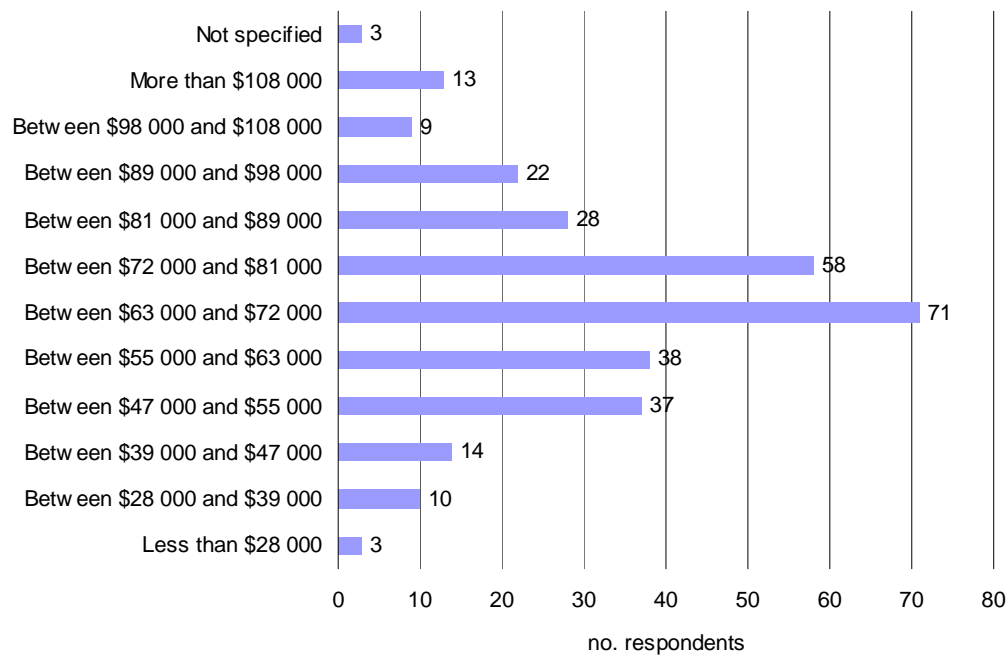


Figure 24: Breakdown of Responses by Queensland Transport Division

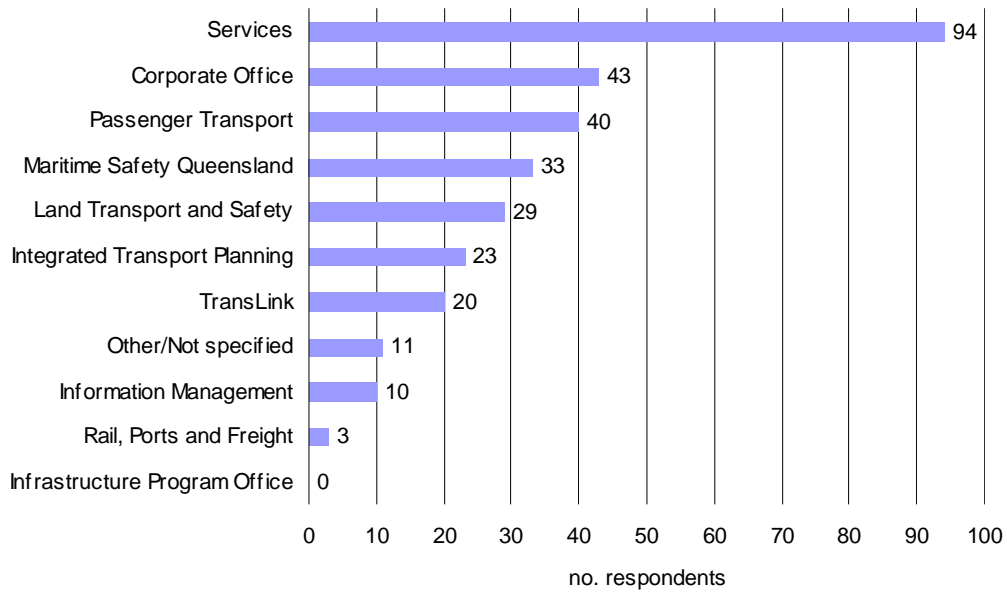
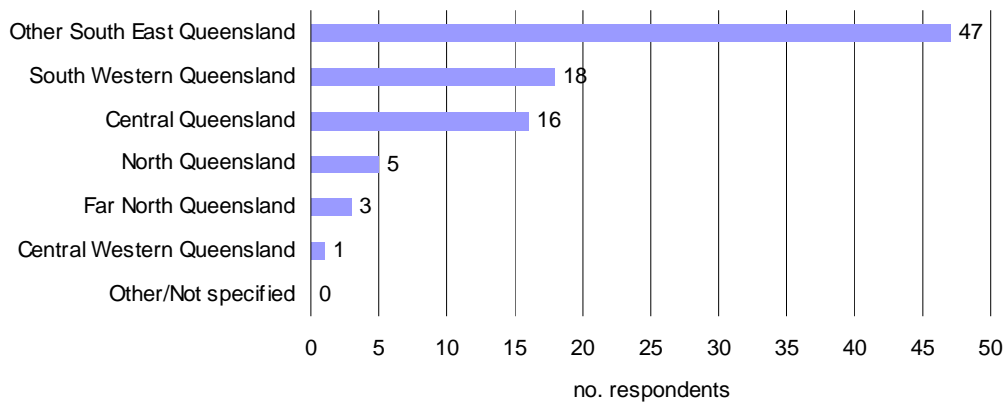


Figure 25: Breakdown of Responses by Geographic Location



Glossary of Terms

Business plans	Organisational plans that are developed at an operational level and generally focus on the activities of a specific organisational unit, e.g. divisional operational plans, customer service centre operational/business plans and product management plans.
CBRC	Cabinet Budget Review Committee (CBRC) is an executive government committee consisting of the Premier, the Treasurer and two other ministers, chosen by the Premier, that makes decisions on expenditure and revenue measures and has the delegated authority of Cabinet to make decisions relating to the State Budget.
Corporate plans	Organisational plans that have coverage across the organisation, e.g. workforce management plans, audit plans, waste management plans, ICT management plans, asset management plans and risk management plans.
Evaluation	The systemic collection and analysis of information to make judgments, usually about the effectiveness, efficiency, and/or appropriateness of an activity. The SDPC uses the term evaluation to refer to smaller review activity as well as larger scale, more formal evaluations.
Inputs	The financial, physical and human resources necessary to produce outputs (Queensland Treasury 2002).
Input measures	Measures of financial, human and infrastructure management processes that underpin the deliver of services (Queensland Treasury 2002).
Outcomes	The current needs and future aspirations of communities, within a social, economic and environment context, providing the direction for what, how, when and to whom services should be delivered (Queensland Treasury 2002).
Outcome indicators	The means of tracking success in achieving outcomes (Queensland Treasury 2002).
Outputs	The goods and services delivered to the community. Outputs collectively contribute to one or more outcomes. Outputs are generally specified at a point where their impact for communities can be readily assessed or measured (Queensland Treasury 2002).
Output measures	Measures of the efficiency and effectiveness of outputs (Queensland Treasury 2002).
Planning	In this report the term planning refers to two different contexts. In some instances planning refers to organisational planning as in strategic planning, or planning for a project. In other instances planning refers to the activity of land use (transport)

planning undertaken by the state.

Stakeholder	An individual or group that has an interest in the process, activities or outcomes of an organisation. Stakeholders may be affected by the process or activities, or have a capacity to affect the process or activities. Public sector stakeholders include customers, Ministers, citizens, inter-governmental agencies, other levels of government, business/industry representatives, non-government agencies, community and private partnership agencies, private contractors and academics.
Value for money	Value for money is a way of comparing alternatives for the supply of goods and services. Assessing value for money includes consideration of a number of factors. These include the contribution to the advancement of government priorities, cost related factor such as whole-of-life and transaction costs as well as non-cost factors such as fitness for purpose, quality, service and support and sustainability considerations (State Procurement Policy, 2008).

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Service Delivery and Performance Commission Act 2005
<http://www.legislation.qld.gov.au/LEGISLTN/ACTS/2005/05AC052.pdf>