

Report on a page

The government of the day has the right to decide how best to organise the functions it governs. Restructures of government functions (referred to as machinery of government changes) often occur after an election, and many functions have been moved between departments over many governments. The restructures can seek to align services with the government's objectives and ministers' skills and backgrounds. However, they are rarely quick, inexpensive, or simple.

Following the most recent Queensland general election on 31 October 2020, a machinery of government change was announced on 12 November 2020. This affected 17 of the core departments and moved 23 functions, with transfers of over 6,200 staff and approximately \$8.3 billion in assets. Only 6 core departments were not affected by this change.

This report provides insights into central agency leadership during the change, analyses the change management practices of 4 departments that were significantly affected, and assesses the effect that restructures have on departments' internal controls (their people, systems, and processes).

Central agency leadership makes a difference

The Public Service Commission (since renamed as the Public Sector Commission) established a framework to oversee the implementation of the 2020 changes and guide decision-making. The sector viewed this positively, but challenges still arose, largely due to complications from past changes. Queensland Treasury is now undertaking a review of one department's budget to identify and resolve any remaining issues. The information supporting this framework should be updated before the next change to ensure it remains appropriate, and can be applied consistently during future changes.

All 4 departments we reviewed had errors in the amounts they agreed to transfer. Departments would benefit from guidance on how to resolve disagreements over errors.

Experience and knowledge have been lost

The changes in 2020 relied heavily on the knowledge of a small number of senior public servants, some of whom have since left the public sector. Those departments that did not have that experience had more difficulty in implementing the changes. This needs to be carefully managed in future.

The 4 departments we reviewed all prepared checklists and established project groups to manage the initial implementation of the changes. Two of the 4 departments engaged internal audit at 6 months into the change to assess the implementation. This was effective in focusing them on the remaining action needed to implement the change. However, none of the 4 departments kept complete project documents or documented lessons learned from the process. This loss of knowledge, combined with the loss of experience, increases the risk of departments 'reinventing the wheel' or repeating past mistakes.

Departments need to focus on culture and on records

It often takes over 2 years to implement a change, with the initial focus on transfers of budgets, employees, assets, and systems. This can be further complicated if different systems are used across departments. There are longer-term impacts on organisational culture. Given Queensland general elections occur every 4 years, changes may only be fully implemented as the next change is announced. This encourages departments to adopt a faster 'plug and play' approach, which risks longer-term benefits.

Operational requirements can take priority, and issues such as recordkeeping can be neglected. Recently, departments have identified over 87,000 records that were not transferred correctly as part of restructures in 2017 and 2020. They have not yet been appropriately transferred or disposed of. This increases the risk of sensitive information being lost.