



15 September 2015

Ian Blayney, MLA  
Chairman  
Economics and Industry Standing Committee  
Parliament House  
PERTH WA 6000



Dear Mr Blayney

## **INQUIRY INTO TECHNOLOGICAL AND SERVICE INNOVATION IN WESTERN AUSTRALIA**

Thank you for the opportunity to make a submission to the inquiry into how technological and service innovation can be encouraged to expand and diversify the Western Australian economy. The role of the Department of Agriculture and Food (DAFWA) is expressed in our profile statement (Attachment 1.)

### **Agrifood 2025+: growing agriculture**

The Agrifood 2025+ initiative - doubling the value of the sector by 2025 - has built awareness of the importance of agriculture within the broader community and encourages industries to unify their efforts to significantly increase the production and value of their products.

The next 10 years will present the sector with unprecedented opportunities for growth. These stem from the rapidly increasing demand for high-quality food in Asia and the Middle East.

The sector also has some big challenges to overcome in diversifying into specialised products, attracting capital and skills and adapting to climate variability. This will require some industries to transform their mix of products, markets and business models.

As the agrifood sector needs to transform to achieve this growth, DAFWA also needs to change the way business is done so we can continue to deliver value to an increasingly mature agrifood sector.

## **INNOVATION IN HOW DAFWA OPERATES AS AN ECONOMIC DEVELOPMENT AGENCY**

In DAFWA, innovation is defined as "a change that adds value". Just as we are reforming the business that we do, we are also reforming that way we do that business. This is implemented through a number of mechanisms - specifically, our approach to planning and our approach to business excellence.

## **Planning Approach**

DAFWA has an annual operational plan that outlines how we will support the success of the sector. The operational plan aligns to our Agrifood 2025+ strategic plan. To determine the products and services we need to provide, we analysed our clients' drivers of success, the outlook for DAFWA, and our internal capability. Each of the projects or operations we deliver aligns to at least one investment priority from our strategic plan.

The operational plan shows how we aim to turn out strategic intent into tangible deliverables, through projects. We deliver our projects and ongoing operations under a project management framework, where we measure our achievements, quarterly and annually. Each staff member in DAFWA has a MyPlan which provides clarity for each individual on what their task is, and how it contributes to delivering against the Agrifood 2025+ strategic plan.

## **Business Excellence Approach**

We operate under our oneDAFWA ways of working, and the Australian Business Excellence Framework (ABEF) and use them to guide our planning and delivery.

Our oneDAFWA ways of working guide our workplace behaviour. They are that:

- we promote our vision
- we lead by example
- we innovate to advance industry
- we work collaboratively
- we listen, support and value others
- we build knowledge and networks
- we communicate success.

We strive to be an excellent, high-performing organisation. We use the ABEF to identify business improvement opportunities, measure where we are at and continuously improve. The ABEF describes the elements that are essential to organisations being able to sustain high performance. It is widely used to assess and improve any aspect of an organisation.

It is simply a framework for us to agree on what an excellent organisation does, know what is already in place, know what is working well, know what is holding us back, and see where the business improvement opportunities are. Each calendar year, our Senior Leadership Team identifies high-priority business improvement actions and commits to achieving them that year. The seven categories of the ABEF described in the table below form the structure with which we review, question, and analyse our leadership and management systems.



ABEF Category	Description of category	Items in the category (elements of a high performing organisation)
<b>Leadership</b>	<ul style="list-style-type: none"> <li>How an organisation develops and uses leadership concepts, business processes and management systems.</li> <li>How it develops an organisational culture that is consistent with its values.</li> <li>How it supports communities and the environment.</li> </ul>	<ul style="list-style-type: none"> <li>Leadership and governance throughout the organisation.</li> <li>Leading the organisational culture.</li> <li>Society, community and environmental responsibility.</li> </ul>
<b>Customers and stakeholders</b>	<ul style="list-style-type: none"> <li>How an organisation analyses its customer and other stakeholder requirements.</li> <li>How it uses this knowledge.</li> <li>How it manages the relationships.</li> <li>How it delivers increasing value to customers and other stakeholders.</li> </ul>	<ul style="list-style-type: none"> <li>Gaining and using knowledge of customers and other stakeholders.</li> <li>Effective management of customer and other stakeholder relationships.</li> <li>Customer's and other stakeholder perception of value.</li> </ul>
<b>Strategy and planning</b>	<ul style="list-style-type: none"> <li>How an organisation establishes systems to set strategic directions.</li> <li>How it deploys plans to achieve those strategies.</li> </ul>	<ul style="list-style-type: none"> <li>Strategic direction.</li> <li>The planning process.</li> </ul>
<b>People</b>	<ul style="list-style-type: none"> <li>How an organisation acknowledges that people are essential and are to be valued.</li> <li>How it creates great places for people to work by attracting the right people, developing their skills, engaging them and retaining them.</li> <li>Appropriate policies, systems, processes and tools ensure that people are engaged and make a meaningful contribution to organisational improvement, goals and success.</li> </ul>	<ul style="list-style-type: none"> <li>A great place to work.</li> <li>Building organisational capacity through people.</li> </ul>
<b>Information and knowledge</b>	<ul style="list-style-type: none"> <li>The effective application of the information and knowledge required to achieve the organisation's objectives.</li> <li>The need for efficient and effective processes to acquire, analyse, apply and manage the information and knowledge.</li> </ul>	<ul style="list-style-type: none"> <li>Generating, collecting and analysing the right data to inform decision making.</li> <li>Creating value through applying knowledge.</li> </ul>
<b>Process management, improvement and innovation</b>	<ul style="list-style-type: none"> <li>The processes an organisation uses to supply value to stakeholders.</li> <li>How it encourages innovation and improvement to these processes and, therefore, improves the quality of its outputs.</li> </ul>	<ul style="list-style-type: none"> <li>Identification and management of processes.</li> <li>Process improvement and innovation.</li> </ul>
<b>Results and sustainable performance</b>	<ul style="list-style-type: none"> <li>An organisation's results and the methods it uses to monitor and demonstrate how well it is performing and how well it is likely to perform in the future.</li> <li>The organisation must have clear and appropriate measures against their objectives and their stakeholder requirements that enable it to undertake review and improvement.</li> </ul>	<ul style="list-style-type: none"> <li>Measuring and communicating organisational results.</li> <li>Achieving sustainable performance.</li> </ul>

The figure below describes the relationship in DAFWA of what we aim to deliver to transform and support our sector, and how we deliver against those priorities. Within DAFWA, a Continuous Improvement Unit works to ensure that Executive and staff have the direction, capability and tools to continuously improve and reform DAFWA's business.



### Changing the way we do business - building a New DAFWA

In order for DAFWA to support the success of industry, we need to change the way business is done so we can continue to deliver value to an increasingly mature agrifood sector.

A suite of principles is being used to guide changes to the agency that will improve its service provision to Government and industry.

#### *Principles*

- Facilitating industry to take a leadership role for commercial and private-benefit activities.
- Increasing co-design with, and co-investment from, industry and businesses.
- Organisational efficiency and agility through rationalisation of our organisational structures, sites and business processes.
- An increased focus on state economic development.
- Working primarily in areas directly related to core statutory obligations, government priorities and industry growth.
- A focus on improved competitiveness and profitability for the whole supply chain.

These changes we need to make will be supported by the following areas of activities:

1. **Empowering Industry** - DAFWA will support a mature, empowered industry that leverages its competitive advantages to meet Agrifood 2025+.
2. **Creating the future operating environment for DAFWA** - DAFWA will create an operating environment that enables organisational change so that it is best placed to support industry to achieve the Agrifood 2025+ target, based on the Australian Business Excellence Framework.
3. **Cost discipline: optimal application of public resources** - DAFWA will improve the capabilities and cost discipline to best use its available resources.

## INNOVATION IN THE WORK DAFWA NEEDS TO DO

The Agrifood 2025+ Strategic plan 2014–17 outlines how we will direct our efforts and resources to help the sector achieve the 2025 goal. The strategic plan aligns our direction with Agriculture and Food Minister Ken Baston's priorities of growing markets, profitability, productivity and people.

Our projects and resources are aligned with these four key growth areas.

**Growing markets** — is about supporting industries in building relationships with markets that offer the highest returns and best alignment with their strengths to benefit all members of the value chain, from consumers to investors.

**Growing profitability** — is about supporting industries in building the practices and structures they need to operate profitably, including developing sophisticated business models as part of a finely tuned value chain.

**Growing productivity** — is about supporting producers and processors in aligning their products with the evolving needs of target markets, including delivering the right products, with the right qualities, at the right cost.

**Growing people** — is about supporting agrifood businesses, our department and others in attracting the right people and growing the skills and attributes needed for the sector to thrive.

While we focus on the 'growing' priorities, we also retain our commitment to building WA's outstanding biosecurity status and sustainable management of the natural resources utilised by agriculture.

This will be accomplished through:

- An increased focus on state economic development;
- A focus on improved competitiveness and profitability for the whole supply chain;
- Increasing co-design with, and co-investment from industry and businesses; and
- Facilitating industry to take a leadership role for commercial and private benefit.



DAFWAs role will be to support the success of industry through transformational development of:

- Robust and cost competitive supply chains;
- Access to high-value markets;
- Targeted research and development investments;
- Strong access to and management of resources;
- Sufficient access to capital; and
- Effective adoption of tailored knowledge.

### Going for Growth

Recent work has shown that Western Australia can not only meet, but in all likelihood exceed the Agrifood 2025+ target of doubling the value of the sector; however this will require businesses and government to work together. Our recent engagement with industry sectors and supply chains has indicated that in order to be competitive and achieve sustainable growth, each industry sector needs to build its capacity and capability in the above-mentioned areas.

*Seizing the Opportunity* is a \$300m initiative made possible by the State Government's Royalties for Regions program. The initiative is helping to enable the agricultural sector to seize the opportunity of rising global demand and contributes to strengthening regional communities where agriculture is a major economic activity. DAFWA is working with industry to implement 10 significant and transformational projects within the 15 projects of the *Seizing the Opportunity* program.

DAFWA is developing a major transformational initiative to focus on developing industries that are willing and able to grow significantly. Provisionally titled *Going for Growth*, the project will fund transformation strategies through priority actions that:

- are not already significantly resourced by industry, government or regional development commissions;
- are within the role of government; and
- have the greatest potential to transform and grow the value of the industry.

The initiative will identify what individual industries need to do to transform/grow in line with the Agrifood 2025+ goal. A key aspect of this initiative to ensure that industry is supported to address these issues from within and to foster greater industry ownership and capacity for sustainable growth and development in the long term.

The key benefits will be that:

- The value of the agrifood sector will increase (i.e. increase in gross value of production and/or exports attributable to one or more of the industries identified in this initiative within 4 years).
- Industries identified in this initiative are clearly aligned and contributing to the Agrifood 2025+ goal.
- Industry organisations will have the ability to drive ongoing growth (including the ability to attract and sustain non-government investment and support).

- Government will have more positive and effective relationships with industry organisations.
- Government will have a reduced role in industry development.

## **PUBLIC SECTOR TRANSFORMATION**

What the public sector is facing right now can be described as a “perfect storm” of challenges. Ongoing financial pressures require the public sector to deliver productivity gains and improved services with minimal long term funding growth. As new processes, new technology and new media become more pervasive, there is an increasing expectation that these developments will be reflected in the way the public sector interacts with its stakeholders – individual citizens and businesses. Larger and more intractable social and economic challenges require new approaches, and we need a public sector with the capacity to develop those approaches. We are facing what we call “wicked problems” – chronic challenges that we face where there are no known solutions through our current approaches, i.e. poverty, mental health, homelessness.

The conditions are right to design a Public Sector for these new times - effectively, to implement a comprehensive program of innovation with a purpose. World-wide, governments are acknowledging that innovation in the public sector will be critical to meeting the complex challenges we face now and into the future. In a changing economy, the public sector needs to continually be innovating to maintain acceptable levels of service and meet complex challenges as it has an impact on productivity and living standards.

Increasingly complex policy challenges require collaboration across the public sector and its stakeholders (including academia, industry, citizens). We must make innovation an integral part of how we approach our day-to-day work which will result in better policies, better services and better value for the community. In challenging times the public sector we need is rarely the public sector we inherit. Instead, the public sector must be deliberately designed and managed to make progress on solvable problems.

Western Australia needs a Public Sector designed for these new times. During 2010-2013, I led initiatives to foster innovation across the WA Public Sector. Three very successful Innovation Forums were held, demonstrating and enhancing strong middle-of-organisation capability and energy for innovation. A number of reports are available and can be provided if required. While excellent examples of innovation are evident in Public Sector agencies, it is difficult to argue that an innovation culture or imperative exists.

DAFWA has focussed its efforts internally, including the establishment of an Innovation Facilitator and Organisational Excellence roles.

### **Structural efficiencies**

A range of low-risk opportunities exist to capture efficiencies from amalgamations, particularly where previous reviews have concluded that such amalgamations should occur. Incorporating Forest Products Commission (FPC) staff/operations into DAFWA is an example.

### **Doing less - sensibly**

The current range and level of service delivery to the Western Australian community cannot be sustained under the forecast medium term funding and cost trend. It is clear to most that the public sector must "do less with (considerably) less" not just "more from less".

What is required to ensure reasonably broad ownership of this challenge is to engage Directors General (DGs) in assessing and addressing the situation and outlook. Obvious early opportunities are those services and functions that have terminated or wound back markedly in other Australian jurisdictions. Targeting these areas would provide both an evidence base and strategic cover for such Western Australian action and improve national consistency.

### **Staffing and service flexibility**

The need for greater agility has been the major driver for access to an involuntary severance mechanism. The business of public sector management (such as outcome delivery and servicing) is changing rapidly, particularly in a rapidly developing and evolving community like Western Australia. The public sector must evolve (or transform) at the same sort of rate as the economy and community in order to retain currency, relevance and cost-effectiveness.

New strategies and skills are required; not as once-off reforms, but on an ongoing basis. This pace of re-positioning, re-direction, re-focusing cannot be achieved without the ability to move more quickly with skills re-setting. These mechanisms have been available to the Western Australian public sector since 1 May 2015; however, we may need to assess the pace of implementation.

### **Better, more consistent practice across the sector**

Despite all agencies operating under the same financial and personnel legislation, there is a relatively low level of consistency and commonality of systems and approaches across the sector - and seriously inadequate cross-sectoral learning.

The most obvious opportunity is in ICT systems, where expenditure is estimated to be up to \$1 billion per year. That is, agencies should be able to access IT solutions and productivity improvements in a timely way that will not be delivered through the current budget bid process. We need to harness the power of Government to negotiate better outcomes.

The Government has responded with the significant step of establishing the Office of the Government Chief Information Officer (GCIO), which has the following objectives:

1. To collaborate with government agencies and industry;
2. To stabilise costs;



3. To increase the value-for-money; and
4. To minimise the risk of delivery of ICT across the WA Government.

Similar (soft-asset) opportunities exist across the sector, including pursuit of better, more consistent practice in:

- regulation and compliance;
- performance and compliance auditing;
- financial management;
- project management;
- corporate (including government) communications; and
- innovation and continuous (incremental) improvement.

The adopted strategy in this area may not be any more complex than holding an annual cross-sector forum of relevant managers, to share good practice, innovation and issues, agree to cooperative development initiatives and recommend to senior decision-makers, changes to the enabling environment that would optimise consistency, efficiency and/or effectiveness in that functional area. Responsibility for hosting the annual forum could be shared across the agencies, and rotated annually. There will be broader benefits from such an approach, including a general increase in inter-agency cooperation and mobility.

### **Applying global best practice to Western Australia**

The world is moving rapidly for every public sector around the globe. Even within the OECD countries there are hundreds of national and provincial public sectors that may provide the nursery for better options for application in Western Australia.

It is extraordinarily difficult for most public sector agencies to be "ambidextrous" - able to both effectively deal with both the services and issues of today, and build an organisation and services for the future. It is also seriously inefficient for individual agencies within a public sector, or the same agencies across Australian public sectors, to search out, evaluate and adopt global best/good practices.

High calibre, global consulting companies are adept at utilising the global network of highly skilled personnel, systems, frameworks/models and networks to prepare high quality advice, models, etc. for application in Western Australia. Much of the global thought leadership and achievement in these important areas is available on the internet. Expanded global good practice acquisition for Western Australia would provide very high returns. This approach would also be readily saleable to the community, which will welcome acquisition and the local application of the best (affordable) strategies/services from around the world.

Capability and capacity building in strategy and organisational design would complement improved access to global best-practice. The sort of 'design thinking' capacity provided by MindLab, Copenhagen is almost a prerequisite for innovation in organisational, program and service design. While not new globally, 'design thinking' is relatively new to Perth (some capacity exists but it is limited) and the Western Australian public sector, and yet its application would benefit most agencies.

## **Regional service delivery**

Most other Australian jurisdictions have taken, at one time or another, much more focused and progressive approaches to regional service delivery than has Western Australia, even though the drivers for doing so (remoteness, small centres, etc.) are more powerful for Western Australia than most other jurisdictions. Victoria established major regional multi-agency government offices as early as the 1970s; Queensland and Tasmania have had much more recent pushes to integrate and improve regional public services.

Some agencies have extensive state-wide presence (especially Education, Police, and Health) with numerous others having facilities and services in many regional towns, including many smaller towns. The expectation of functionality (for example, ICT connectivity) is similar across agencies, but the expertise and resources to develop and support that capability is not. There can also be extensive duplication of (marginally supported) services; for example, numerous country towns will have multiple State-owned video-conferencing facilities, with significant capital cost yet variable currency of technology, operating functionality and support capability.

DAFWA has for a number of years, assisted other agencies, and not-for-profit agri-/regional community organisations through co-location in under-utilised DAFWA accommodation. DAFWA continues to explore collaborative opportunities, including the nett merits of establishing agribusiness innovation hubs based in DAFWA facilities.

## **In closing**

My department recognises and supports the imperative of technological and service innovation in Western Australia, and plays a major role in that regard for the agriculture and food sector.

The agrifood sector is constantly evolving and its needs are different from what they once were. In this challenging economic environment, Government agencies must remain focussed on enabling the growth of the economy by partnering with industry. In line with most public sectors globally, we need to change the way we do our business – to understand what the economic drivers are, to be clear about the role for government and to allocate resources to areas that have the greatest impact. This is what DAFWA is hoping to achieve with our approach to what we deliver and how we aim to deliver it.

Please feel free to contact me for further information through my office.

Yours sincerely



Rob Delane  
Director General

## **Attachment 1: Profile of the Department of Agriculture and Food (DAFWA)**

### **Our role**

We work with industries, communities and governments to support the growth of WA's agrifood sector. We focus on four key growth areas: markets, profitability, productivity and people; and we foster growth in ways that sustain our land and water resources and increase the benefit we all gain from the state's relative freedom from pests, weeds and diseases.

### **Our vision**

A progressive, innovative and profitable agrifood sector that benefits Western Australia.

### **Our purpose**

To support the success of the agrifood sector to benefit Western Australia.

### **Our support for the agrifood sector**

Western Australia's agrifood sector comprises some 14 000 production, processing, marketing and related businesses. DAFWA is part of the sector, driving government's role in helping the sector to grow and prosper.

We provide innovative support to businesses to help them grow while nurturing the land and water resources entrusted to them. Our work is becoming increasingly targeted, with a focus on aligning individual products with markets that best play to WA's strengths. The increased economic activity and regional resilience this generates will benefit all Western Australians.

### **Our support for the wider community**

Our skills and resources allow us to minimise the impact of exotic pests and diseases that would otherwise threaten human health and amenity; and our environmental capabilities enable us to manage a range of natural resource issues that affect the state as a whole.

### **Our partners**

We work closely with everyone in the agrifood sector, from suppliers of raw materials through to producers, processors, marketers and consumers. We partner with scientists, innovators and regulators throughout the world to make the best use of global advances in agriculture and food.

We also work with people regarding the sector from outside, including those considering a business, investment or career in the sector, and those concerned about agricultural practices or food issues.