



## **Transforming an agency in crisis: driving change at the Immigration Department (B)**

### **Forging change**

By the end of 2005, DIMIA Secretary Andrew Metcalfe and his team had jumped their first hurdles. They had set up a task force that met early every morning to supervise and monitor all aspects of the change management effort. The new senior executive and the other members of the task force, many of whom had been handpicked and recruited into the department from elsewhere in the public service, worked extraordinarily hard to give momentum to change and meet the urgent demands of wary stakeholders.

The DIMIA team obtained a financial injection of \$230 million to modernise organisational infrastructure, introduce case management practices, and comprehensive training programmes. They had argued that these were pivotal to implementing the recommendations made in the Palmer report about the Cornelia Rau case and the subsequent Comrie report about the Vivian Alvarez case.

Moreover, they were making significant repairs to relationships with some of the department's most important watchdogs (such as the National Ombudsman, the Human Rights and Equal Opportunities Commissioner, the Privacy Commissioner), and its most vociferous critics. Metcalfe had written personally to each of them, inviting them over for direct discussions. Some were so flabbergasted by this change of style that they could hardly believe it to be true. Human rights lawyer Julian Burnside called Metcalfe's office to notify them of a hoax when he received such an invitation letter. Based on long experience, he

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assumed that a Secretary of that department would never write a letter of this kind to a man like him. The change of tone and Metcalfe's genuine commitment to create a new era of engagement were well received. Some key stakeholders even agreed to join advisory boards or committees, figuring that under the new regime being inside the tent might be more effective than remaining on the outer.

The greatest amount of work was put into setting the house in order internally. A range of structural and staffing changes in the detention and compliance management areas were implemented soon after Metcalfe's arrival. Three new divisions, Detention Services, Compliance Policy and Border Security were established. External recruits led the first two. Injecting "new blood" to crucial executive positions was deemed critical at a time when, as one senior executive commented "our external credibility was zero – full stop". In addition, a large range of Palmer implementation projects was set up. The most urgent need was to tackle the detention and compliance areas, beginning with checking whether there were more potential cases like Rau and Alvarez in the current detainee population. And simultaneously addressing detainment decision-making procedures, detainee hearing procedures, the management of detention facilities, including the regime for dealing with mental health issues, and "hot spots" that were singled out for the fiercest criticism in the reports (such as the Brisbane regional office and the Baxter detention facility).

Of greatest strategic importance was the effort to redefine what DIMIA was all about; to identify its key values and priorities, and to operationalise those, in areas as widely different as IT systems redesign, staff training, budget rules, performance measurement, records management, and client services. In the first weeks of the change management taskforce, brainstorming about what really constituted the core of the Palmer diagnosis and recommendations had produced three so-called "big ideas for change". The department was to be organised around these three principles, each of which the inquiries had revealed to be sorely lacking:

- fair and reasonable dealings with clients;
- a well-trained and supported staff;
- a more open and accountable organisation.

Depicted visually in all communications as a "strategic triangle" of core priorities, these guiding principles became the focal point for the entire change management effort. From them flowed, for example, programs driven by a Values and Standards Committee to derive and inculcate a new set of DIMIA values that every staff member should embrace and demonstrate.

Once the imagery of the triangle was adopted, the search was on for a mission statement that conveyed the essence of the new philosophy. Staff suggested the slogan "**People** Our Business", which seemed to express perfectly the preferred new self-image of the department.

All these lines came together initially in what the task force called a "Palmer-‘plus’ Package", each component of which was to be either delivered or at least designed within the "first 100 days" after Metcalfe's arrival and leading up to the first key Cabinet submission. Intended to gain political support for the architecture of the transformation, the submission was scheduled for October 2005. (*Exhibit 1* is a schematic overview of the package).

This was later consolidated into a Strategic Plan with the guiding ideology for the major transformation of the department's ethos and *modus operandi* that both Palmer and key stakeholders had demanded. To symbolise that ownership of the process would not remain limited to a small set of players on the top floor of the national office, a group of transformation champions was appointed throughout the organisation. They were tasked with advancing the change process in their respective localities.

## **Selling change**

By the time former Victorian Police Commissioner Neil Comrie's report into the handling of the Vivian Alvarez case was published, much required change was in motion. Therefore, even though its wording was at least as strong as Palmer's had been (Comrie concluded, for example, that "DIMIA's overall management of Vivian's case can only be described as catastrophic",<sup>1</sup> the report did not further blacken the department's reputation. DIMIA's leaders had been able to demonstrate to their minister that they not only accepted the harsh diagnosis, but had started moving in the right direction by implementing the Palmer recommendations so comprehensively (*Exhibit 2* contains a chronology of key events in the reform process). Also, the government had bowed to the inevitable and had agreed to policy changes in some of the most controversial aspects of detention, which helped to keep the department's external critics at bay. (The changes were welcomed by many inside the department as a much-needed move towards a more humane regime).

Metcalf and his colleagues embarked upon a concerted communication campaign both inside and outside the organisation. In addition to keenly monitored opening statements at the periodic Senate Estimates hearings, there was a steady stream of Secretary's emails, all-staff speeches (beamed live into state and off-shore offices), planning workshops and post-Palmer/Comrie updates. Media releases showcased "announceables" such as a "12 months after Palmer" stock-take of tangible achievements, or the creation of a College of Immigration. The team gave a wide range of external speeches to public service and peak body conferences and meetings.

## **Responsiveness and resolve**

This messaging was serving a range of objectives. Externally, it was all about showing responsiveness and demonstrating resolve to do the right thing. It was buying much-needed time and patience from politicians, stakeholders and media while the changes were being designed and implemented – which in many instances might take years rather than weeks. The communication campaign revived forms of dialogue that had been non-existent or only fledgling. One example was the Immigration Detention Advisory Group, an advisory body of eminent persons under independent expert leadership. Largely sidelined in the recent past, this group had conducted studies and produced reports that had predicted precisely the kind of institutional flaws of detention decision-making and client engagement that was to produce the Rau and Alvarez fiascos. Sensing that the new leadership had a genuine commitment to change, the Group's drive and authority rebounded. This provided Metcalf with an unlikely but highly valuable group of ambassadors for the change process among their various constituencies.

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<sup>1</sup> Comrie, N, *Inquiry into the circumstances of the Vivian Alvarez matter*, Commonwealth Ombudsman, September 2005, p xv. Hereafter "Comrie".

Internally, the string of speeches and encounters was firstly about highlighting the “burning platform” for change at what was now known as the Department of Immigration and Multicultural Affairs (DIMA), following machinery of government changes in January 2006. All communication was designed to make it clear to all members of the department that the faults that the Palmer and Comrie Reports had identified were systemic and not incidental. The department had lost the public’s trust; profound and enduring change was therefore necessary; and such change had to be organisation-wide (and thus would not remain confined to the detention and compliance areas). Accordingly, some of the talk was tough, not least to the Senior Executive Service cadres:

“Every Palmer project involves reaching out from National Office to State and Territory and Overseas Offices, and back again – we cannot operate in silos. It is my clear expectation that every SES or other senior officer with responsibility for Palmer projects will engage across the organisation. On this matter I am not interested in excuses.”<sup>2</sup>

By all accounts, a bruising encounter between the change managers and the existing SES took place at the Boathouse Restaurant on Canberra’s Lake Burley-Griffin in early 2006. Andrew Tongue, a key member of the change management task force, had made himself widely available to all staff who wanted to talk about the change process. Metcalfe asked Tongue to use the Boathouse session to convey to the SES what was being said about them by their staff. Knowing he would not be pursuing a career within DIMA after his task force secondment, Tongue did not hold back. When he had finished, there was considerable dismay. “Some stormed out of the room. Some looked as if they were ready to assault me. I was definitely not the flavour of the month [at DIMA] after that session”, Tongue recalled. One senior official noted that “to this day, five years after the fact, some people still cross the street when they see Andrew Tongue coming towards them”. It was a cathartic, but also traumatic moment for many of DIMA’s veteran SES.

At the same time, the other main emphasis in the senior executives’ talk was on conveying new norms, a new way of thinking about the department’s purposes and processes. It was about providing staff with a clear sense of perspective. The new leadership of the department reassured them they had a strategic vision, ample resources, and an open mind to working with all well-intended staff to turn the present crisis into an opportunity. The future, Metcalfe and colleagues claimed, was about building a department that was significantly better in its performance and much more in tune with its stakeholder environment.

### **Precarious change**

During much of 2006 the reform process was at a tricky stage. The many initiatives taken so far had been necessary and mostly well-received by the department’s masters and watchdogs. Yet the public and political pressure had necessitated rapid actions in areas which members of the change management taskforce acknowledged sorely needed more time. And these changes had been mostly on the input side of the departmental system: words, intentions, plans, rule changes. These however had by no means fully percolated into the department’s throughputs (its day-to-day operations) and outputs (its decision-making patterns, its communication with clients, its engagement with other agencies).

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<sup>2</sup> Metcalfe, Address to Staff, 10 October 2005.

The Achilles' heel of the process was that front line staff members were not yet necessarily experiencing the benefits of the better systems, more support and stronger leadership that they had been promised. Focus groups conducted in various state offices during the early months of 2006 revealed a crucial tension: staff overwhelmingly believed major change was inevitable, even necessary, but were highly sceptical that such change would actually be delivered.

Many felt disempowered by change "imposed" in a strongly top-down style. It was often noted that the stream of communication about changes was rapidly losing impact. Due to its high volume and repetitiveness, people were no longer taking it in: by being over-communicated, the valuable and important messages were at risk of getting lost.<sup>3</sup> Or the contrast between what the executive messaging *said* was going on and what they themselves *experienced* in their day-to-day work environment was so distinct as to undermine the credibility of the communication.

Staff in, for example, NSW and Queensland state offices expressed the view that they were still very much subject to a classic hierarchical culture, one in which risk avoidance had now become the paramount consideration. Following Palmer, there was an even greater obsession with procedures, leading to delays in decision-making or indeed the total avoidance of making decisions. Junior officers who feared becoming involved in another Rau or Alvarez fiasco would force decisions up to the SES level. Moreover, a significant number of staff expressed the view that their own managers were either unwilling to embrace or unable to bed down the changes that the senior executive was spruiking.

After the initial "shock and awe" of the "first 100 days", when the time came for behavioural change to really occur, underlying cultural issues came to light which would continue to divide people for years to come. Reform supporters saw the key problem dogging the process as a flight from reality, in particular by detention and compliance staff:

"Many of these people had spent a long time rationalising the tough practices they had been required to implement, toeing the government's line in public and in international forums. Many of them consequently thought Palmer was a whipping exercise, after which things would return to normal."<sup>4</sup>

Those who felt the reform was being forced upon them, in contrast, were "frustrated that all the change was driven by newcomers" who did not know the business they set out to transform. "No one, for example, was able to tell us what 'fair and reasonable dealings with clients' was actually supposed to *mean*." They felt slighted by "the 'old is bad, new is good' mantra that became the new lay of the land" which amounted to "us being depicted as the problem and not being allowed to become part of the solution".<sup>5</sup> Finally, there were the "spectators" and bystanders: the many staff in other areas of the department's core business like regular migration and visas. They "never felt that Palmer applied to them," and therefore did not share the sense of urgency the department's leadership was getting them to embrace.<sup>6</sup>

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<sup>3</sup> Human Synergistics, report, 34

<sup>4</sup> Interview 8, October 2010

<sup>5</sup> Interview 5, October 2010

<sup>6</sup> Group interview 1, October 2010.

## Keeping change on track

So much was being tackled at the same time that it became difficult for anyone, even the senior executives, to retain a complete overview of what was going on. In January 2007 further machinery of government changes created the Department of Immigration and Citizenship (DIAC). An audit into the implementation of the reforms conducted by Ernst and Young that year found that

“with a large number of DIAC areas now involved in responding to and implementing Ombudsman [Comrie] recommendations there is a need to improve clarity around their respective roles and responsibilities and ensure that all parties have a shared understanding of ‘who is doing what.’ This improvement is critical to DIAC’s ability to provide both internal and external assurance that issues identified ... are being appropriately addressed, and that associate action is adequately managed... Fragmentation over line of sight issues, and the ineffective bringing together of project dependencies and deliverables, has potential to compromise the implementation...”<sup>7</sup>

During the middle period of the reform process many of the complexities of revamping major parts of a big, multi-faceted department’s “hardware”, “software” and operations became more apparent. For example, it is one thing to commit to better training for all staff in policy documents, but quite another to conceptualise and operate an entirely new education and training facility for a geographically dispersed staff of thousands. That takes time, trial and error, and continual adaptation.

The same applied to parts of the transformation that affected day-to-day transactions with clients. Given the organisation’s low standing in the public eye, the margin for experimentation and error was much smaller here. How, for example, to move thousands of people spread across a large number of locations, who had been following a rules-based, silo-driven approach to case handling, towards a more risk-based, proportionality-focused and holistic logic of case management? How to adjust mindsets and systems throughout the organisation in such a way that potential cases of decision failure would be detected and dealt with more quickly and reliably? How to design, build and introduce a comprehensive new information management system (appropriately called *Systems for People*) for an organisation administering more about 90 visa classes and 149 subclasses dealing with thousands of clients 24/7 around the world, often in real-time? And how to responsibly absorb and utilise the massive expansion of the total number of staff the influx of new money was enabling?

These were long, sluggish processes. Not all ended in quick victories. The massive \$600M *Systems for People* project, which was being phased in over several years, proved more costly than initially planned. Its performance benefits were not immediately evident to all staff and stakeholders. In the eyes of some it gradually became, in the words of one interviewee, “a no-go area in the conversation with the executive. One just does not talk about *Systems for People*.” The silence was partly due to the need for discretion in ongoing sensitive negotiations with the provider, IBM. Yet some staff also felt that senior leaders did not welcome negative feedback about it.

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<sup>7</sup> Ernst and Young, 2007, p.3.

In the middle of this, the department was also confronted with a sudden ministerial reshuffle. The new Minister, Kevin Andrews, entering office on 30 January 2007, had no wish to put a strong stamp on the detention and compliance areas. But neither did he feel a strong commitment to the department's reform agenda, nor was he inclined to protect the department from its critics as his predecessor Vanstone had come to do. Andrews' initial focus was instead on the department's "main game": the skilled migration program. He sought to toughen up compliance inducements concerning the controversial 457 temporary visa program. This program was popular with employers seeking to reduce skills shortages by attracting temporary overseas workers, but had also been criticised for widespread rorting and abuse.

With an eye towards the looming 2007 election, Andrews was also keen on introducing a stronger emphasis on "Australian values" to the requirements for Australian citizenship. This triggered robust public debate about the allegedly "jingoistic" character of some of the official study materials for the citizenship test. Andrews' move to cut the intake of Africans into Australia's annual humanitarian program was equally controversial. The department had to accommodate this new political agenda - which had the strong support of the Prime Minister - whilst maintaining the intensity of the reform program. This became a far greater challenge when Andrews got into strife for his part in the Dr Haneef affair.<sup>8</sup>

By early 2007, change was in motion. But was it going fast enough, far enough? Or was it at risk of becoming unmanageable? What were Metcalfe's key challenges in moving from reform design to reform implementation? In his dealings with the SES and the nearly 7000 other employees of the department, how was Metcalfe to navigate between the ruthlessness required to overcome entrenched resistance to change and the persuasiveness required for winning "hearts and minds" for the reform philosophy? With an election in sight, how would he persuade a new government - which was quite probably going to be in the hands of the Labor Party, one of Immigration's fiercest critics - to embrace, fund and persevere with the reforms?

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<sup>8</sup> As immigration minister, Andrews used his personal discretion to revoke on character grounds the visa of the Queensland-based Indian doctor Mohamed Haneef who had been granted bail on charges of aiding terrorists. This meant that upon posting bail, Haneef would have been transferred from police to migration detention, preventing him from making any effort to jump bail and disappear. When this was widely criticised as misusing the Migration Act to oblige the Australian Federal Police's strong (but as it turned out ill-fated) desire to keep Haneef in detention, Andrews defended his actions as being in accordance with the Migration Act and ended up in the High Court over the case. After the Director of Public Prosecutions dropped all charges against Haneef, Andrews refused calls to reinstate Haneef's visa, claiming that he still possessed confidential information about his character and links to terrorists.

## **Exhibit 2**

### **The Post-Palmer Reform Process (Part 1)**

#### **2005**

##### **February**

Minister for Immigration Amanda Vanstone appoints former Australian Federal Police Commissioner Mick Palmer to conduct an inquiry into the detention of Cornelia Rau.

##### **May**

The deportation of Australian citizen Vivian Alvarez becomes the subject of a separate Ombudsman inquiry led by Neil Comrie, former Chief Commissioner of Victorian Police.

##### **July**

Palmer *Inquiry into the Circumstances of the Immigration Detention of Cornelia Rau* published. Andrew Metcalfe appointed Secretary of the Department of Immigration, Multicultural and Indigenous Affairs (DIMIA). Change Management Taskforce established which meets every morning at the beginning of the change process to discuss daily planning and messaging.

##### **August**

Strategic plan developed. Mission statement ‘**People** our business’ introduced.

##### **September**

Report *Inquiry into the circumstances of the Vivian Alvarez matter*, conducted by Neil Comrie, is delivered by the Commonwealth Ombudsman. Department releases Palmer reform package detailing the objectives for change. Values and Standards Committee established to ensure the APS Code of Conduct is adhered to and implemented within the department.

##### **October**

“The first 100 days” culminates in Cabinet submission on reform process. Metcalfe publicly apologises to Vivian Alvarez and her family.

##### **December**

The first staff survey to be conducted in a decade. It finds that only one-fifth of staff surveyed respond positively regarding the department’s image.

#### **2006**

##### **January**

Machinery of Government change: DIMIA becomes Department of Immigration and Multicultural Affairs (DIMA)

##### **February**

Release of *The Detention Services Contract Review* by the Australian National Audit Office (ANAO) conducted by Mick Roche. The Immigration Status Service Call Centre, a 24-hour service for police to check individuals’ immigration status, is established, with the roll out completed in June 2006.

The National Archives of Australia releases the report *Recordkeeping in DIMIA: A Strategic Review* to assist with the improvement of the department's record keeping system.

### **March**

The Detention Health Advisory Group (DeHAG) is established to provide expert advice on detention health services.

### **July**

Announcement of *Systems for People*, a massive, multi-year business and information technology renewal program.

The College of Immigration is established to provide accredited training programs for staff.

### **August**

Construction of the Christmas Island Immigration Reception and Processing Centre is completed.

### **September**

A Memorandum of Understanding is signed between DIMA and the Privacy Commissioner in order to improve handling of clients' personal information.

## **2007**

### **January**

Department of Immigration and Multicultural Affairs (DIMA) becomes Department of Immigration and Citizenship (DIAC).

Cabinet reshuffle: Kevin Andrews replaces Amanda Vanstone as Minister for Immigration and Citizenship.

### **April**

First major release of *Systems for People* - valued at \$495m over four years, in partnership with IBM.

### **May**

A second staff survey finds more positive results in key areas.

### **August**

Baxter Immigration Reception and Processing Centre closed.