



# Culture and capability insights

## The Western Sydney Unit

Learnings from a highly specialised  
and complex project



# Executive summary

## Purpose of this report

This culture and capability review was commissioned by the Department of Infrastructure, Transport, Regional Development and Communications (the department) to understand the strengths, capabilities and culture of the former Western Sydney Unit (WSU). As a culture and capability review, it is future-focused and offers practical recommendations to inform high performance when establishing teams to deliver complex projects.

The review looks at the lifespan of the WSU between its establishment in 2014 to when it was merged with the Major Transport and Infrastructure Projects Division in 2020. It is undertaken concurrently and alongside other reviews and investigations into the events associated with the land purchase in western Sydney which is subject of the Australian National Audit Office (ANAO) performance audit: Purchase of the 'Leppington Triangle Land for the Development of Western Sydney Airport (2020)'. As a culture and capability review, it is future-focused and offers practical recommendations to inform high performance when establishing teams to deliver complex projects.

For the review, KPMG has considered the circumstances that contributed to the findings of the ANAO report and the interactions between the former WSU, the department's governance structures, and corporate divisions. However, this was only done in the context of identifying lessons learned. The review terms of reference are outlined in Appendix A.

## Impacts on ANAO findings

The extent to which the culture and capability of the WSU impacted the findings of the ANAO is difficult to truly gauge. As explored in later sections of this report, consultation with interviewees provided some insight into this but also a degree of contradiction, reflecting different perceptions, reflections or recollections on what worked well and what could have been improved.

Most likely, and consistently with Sententia's separate review, the most significant and influencing factors related to the destabilising effect of leadership churn, a lack of focus on important routine tasks—such as documentation of key decisions and assessments—and the effective management of operational risks. Each of the suggestions for future projects outlined in this report would have helped to some degree. However, suggestions regarding structures, operating practices and systems are likely to have had the most impact, particularly in establishing effective independent challenge mechanisms to support decision-makers.

## Key insights

The report observations, insights and lessons learned are grouped around **five key themes**.



### A tale of two teams

There appears to have been two distinct team cultures that emerged during the WSU's existence. This tale of two teams provides the opportunity to reflect on the learnings relating to leadership style and leading the team through major milestones and project transitions.

### Implementing safeguards to leverage benefits

It is important that the strengths and benefits of the WSU model are recognised but supplemented with a range of new safeguards to ensure appropriate balance, challenge and accountability is maintained.



### High performance and trust

The WSU was charged with a substantial challenge. This high performance and complex project required diversity of thought and capability, adaptive leadership approaches, and robust methods for building trust and resolving conflict. There were clearly periods where these factors were in play with a focus on shared purpose, clarity of outcomes and roles and high levels of trust. The challenge is to consciously sustain those conditions over the duration of such a lengthy endeavour in order to achieve a high performance environment over the long term.



### Ways of working

The complex nature of the project (the stakeholder landscape, the magnitude of the challenge, the length of time and changing nature of the context, and the multiple and varied nature of the issues to be managed) drove the decision to build a hybrid team with diverse skillsets and ways of working. The insight from the WSU experience suggests that cultural norms, leadership styles and capabilities to work in complexity are distinct and need to be orchestrated and adapted over time in response to the shifting nature of the challenge.



### Striking the right balance

The complicated operating environment meant the WSU was required to effectively function at multiple layers in order to be successful. They had to be strategically, logistically and operationally proficient. The lessons learnt from the WSU are an important reminder that, no matter how complex the project, there needs to be regular and diligent attention directed toward the routine, operational and procedural requirements and expectations of government agencies.

## Considerations and suggestions for future projects

Drawing on the feedback collected and subsequent analysis, a suite of suggestions has been developed to set foundations for sustained high performance in future complex projects. These suggestions are outlined in our report and summarised as follows

**Leadership in complex settings** needs to be fit for purpose with close attention to choosing the right style and capability when establishing performance expectations and priorities

Establish ways of **working to reflect the complexity** of the environments but still consciously prioritise tasks that are essential but have potential to be neglected when teams are busy and focused on high impact issues

**Foster high performance, manage trust** and invest in adaptive and dynamic approaches. Regularly diagnose the factors influencing performance of the team and listen when staff are indicating systems are inadequate and causing problems

Actively **manage transitions between project phases** ensuring there are plans to consciously pause, reflect and reset as stages end and new stages commence. Ensure there is time for the transfer of knowledge and capability and consider establishing a surge capacity for peak periods

**Establish all the necessary structures,** operating practices and systems to support effective management of all required project tasks. This includes ensuring operational and routine functions receive an appropriate level of attention regardless of the complex environment in which they reside. This should be supported by effective challenge mechanisms that report in an objective, frank and fearless way.

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# About this report



## Report background

On 31 July 2018, the WSU purchased the Leppington Triangle parcel of land for \$29,839,026 on behalf of the Commonwealth Government of Australia. Eleven months later, the same parcel of land was valued at a tenth of the price. Following this, in September 2020, ANAO published their performance audit: Purchase of the 'Leppington Triangle Land for the Development of Western Sydney Airport (2020). The report found the department had not exercised appropriate due diligence in its acquisition of the land and had fallen short of ethical standards.

Consequently, this culture and capability review was commissioned by the department to better understand the WSU's culture and performance environment and identify lessons for similar complex program structures and teams in the future.

This review was undertaken concurrently and alongside other reviews and investigations into events associated with the Leppington Triangle purchase. Therefore, this report does not detail the particulars or timeline of events associated with the Leppington Triangle purchase. Other reports and investigations will analyse such matters.

The intended audience for this report is the department, and any government body looking to establish highly technical, skilled, hybrid or taskforce-based units designed to deliver large-scale public projects.



## Approach

This review was conducted from February to April 2021 and is based on research and stakeholder consultations undertaken during that period. A range of qualitative and quantitative data sources were used, with qualitative research interviews (including structured, semi-structured and unstructured interviews) as the most significant source of information.

In total, 28 participants took part in a series of individual interviews and small group discussions. Stakeholders consulted included current and former departmental staff, including staff who worked within the WSU, staff from other divisions, consultants and commercial advisers. Staff (and former staff) interviewed ranged from EL1 to SES Band 3 levels.

The review team also held several discussions with members of the Sententia team, who were conducting the Independent Review of the Leppington Triangle Land Acquisition (the Sententia Review). Unless otherwise stated, stakeholder quotations have not been attributed and have only been used to emphasise observations and insights expressed by several stakeholders.



## Limitations

The review has a range of limitations which should be considered when reading this report, including:

- **Subjectivity** – the qualitative data used draws from individual observations and opinions, which vary depending on perspective, i.e. those located in the WSU or other areas of the department.
- **Impacts of time** – interviewees were asked to reflect on behaviours and events spanning the last three to seven years.
- **Impacts of stress** – stress impacts how memories are formed, retrieved and processed, potentially impacting how interviewees recall and present information.
- **Participant openness and involvement** – given the context of scrutiny surrounding the review, participants in some instances were circumspect in their observations.


# Introduction



## Context

The concept of Sydney's second international airport first landed on the political agenda in 1946. Since then, the Western Sydney Airport has been a contentious topic as successive governments sought to deliver one of the most significant infrastructure projects in Australian history. The political and historical significance of the Western Sydney Airport (the Airport) sets the environment in which the WSU operated. In May 2017, the Australian Government announced it would deliver the Airport through a \$5.3 billion equity investment in a new Commonwealth Company, with operations commencing by 2026.

Notwithstanding the size, complexity and commercial value of the Airport, the department rose to the challenge through the establishment of the WSU. They were a multi-disciplinary team comprising a selection of senior and experienced staff, secondees from other agencies and a range of commercial advisers and specialists from the private sector. This reflected that the Airport planning capability within the department had diminished over time and that much of the industry knowledge was now located outside government. In 2017, the role of the WSU changed when a new government business enterprise, WSA Co Limited (WSA Co), was formally established to implement the Airport's development plan. Until that time, the necessary preparatory work and development of the Western Sydney Airport was undertaken by the WSU.



## About the WSU

The WSU was a multi-branched, highly regarded division within the department. The WSU's portfolio and responsibility grew significantly and quickly from a small team of four to a much larger unit with a focus on Airport planning and design responsibilities, rail and related major initiatives.

Set up as a taskforce-based workforce, the WSU was designed to rise to the challenge of addressing all the complex issues associated with the Airport's development, operating at the speed and agility required to keep a multi-dimensional and large-scale project moving. It consisted of 30 – 40 department-based full-time staff and an additional 30 – 40 consultants and contractors. Consultants ranged from individual contractors to large legal and consulting firms, including Clayton Utz and Ernst & Young. External contractors shared the department's workspace and operated as a single, blended team.

Across the WSU, there was an emphasis on managing public perception and community stakeholder engagement (as the stakeholder environment was varied, vocal and highly influential), large environmental studies, commercial legal advice, and governance and implementation.

The unit was established with a range of features to enhance team capability and capacity, such as:

- embedded legal advisors and enabling services, such as procurement and probity, and
- access to, and a high reliance on, commercial and technical advisers, including external consultants, contractors and specialists.

Central to this report is highlighting the excellent work achieved by the WSU. The WSU delivered a broad range of complex tasks that were well executed and beneficial to the Australian public. These included:

- an amendment to the Airports Act (Cth) to accommodate the master planning and planning approvals and development of an Environmental Impact Statement (EIS)
- development of the Airport Plan which, following Ministerial approval, provided the authorisation to allow the construction and operation of Stage 1 of the Airport
- preparation of the Business Case for Stage 1 of the Airport development
- management of the 'Right of First Refusal' (RoFR) consultations process with Southern Cross Airports Corporation execution of the Western Sydney Airport Project Deed, which set out the role and responsibilities of the parties and under which WSA Co would be fully responsible for the development and operation of the Airport
- issuing WSA Co a lease for the Airport site for an initial 50-year period
- development and approval of the airspace design for the Airport and the procurement of biodiversity offsets required for the Airport works, and
- undertaking other important tasks and obligations, such as executing a small number of land acquisitions and facilitating the relocation of structures such as high-voltage powerlines, cemeteries and heritage sites.



# Observations

The following section outlines the observations and suggested actions arising from the Culture and Capability review of the WSU. These are grouped around five key themes, being:



## 1. A tale of two teams



### What we mean

The WSU existed as a separate and stand-alone unit for a period of six years and four months. In that time, the program of work transitioned through different phases and a range of leaders and team members. Based on interviews, there seem to be two distinct team cultures that emerged during the WSU’s lifespan. This tale of two teams provides the opportunity to reflect on the learnings relating to leadership style and leading the team through major milestones and project transitions.

“It was the right model and set up... but I think after setting up the company things needed to change. It changed how we needed to work. It did offer speedy solutions, but we needed to rethink how the team worked in different phases...”

“Once the GBE was done, it was perceived as job done from our senior leaders...there was a sense of fatigue, loss of focus, medium to long term planning...”



### What we heard

Firstly, there was the WSU that was established in 2014. The drive and motivation to undertake a nation-building project of strategic importance was evident. There was shared enthusiasm for building a piece of significant infrastructure. As a unit, there was team-wide recognition and pride about their capability to deliver.

The WSU saw itself as unique, highly talented and collegiate. Levels of internal trust were high; they had developed a ‘special’ reputation and membership was specifically selected from highly talented individuals. Outside the unit, there was a perception that they were treated differently, had higher levels of engagement with the Secretary and Senior Executive and had more prestigious facilities and accommodation.

For the WSU, a ‘good job’ was defined as rising to this unprecedented challenge by meeting deadlines, ensuring issues were managed, ministerial and secretary interests were served appropriately, managing community-oriented risk, and delivering the infrastructure and agreements to secure the development of the Airport. As time progressed and key milestones were met, new challenges emerged for the WSU. The pressures of a relentless, high-stress, and fast-paced environment with significant leadership churn took its toll. Interviewees noted the impacts of the leadership changes and project milestones during the second half of 2018 (refer to Appendix B). It was noted that a shift occurred in the levels of engagement of the WSU team members and this reportedly led to high levels of turnover during this period and of a change in the dynamics between APS and non-APS staff (particularly consultants).

Prior to this period in mid-2018, there seemed to be a degree of comradery across the team. Later, however, this is less evident as communication became less collegiate, more weight was placed in technical expert views, work became more siloed, and roles less clear.



## What we think

The significant change in leadership attention, leadership style and chain of command from mid-2018 onwards

flowed through to impact morale within the WSU. It appears the team that commenced, which had high levels of motivation, confidence and a 'can do' mindset, spurred on by a highly engaged leader, became increasingly marginalised, and attitudes shifted over time.

Reputationally for the unit, it is important to note, the 'can do' attitude could have been perceived as arrogance (or, in other terms, overdone confidence) by external staff and teams.

The team continued to carry substantial workloads and high levels of stress, where complex and challenging issues were being managed daily. As the project matured and milestones were met, there was a sense, internally, that the project had lost its status. There was less interest in the activities and outputs being delivered after the establishment of WSA Co. Notably, the WSU's significant leadership churn had a destabilising effect. The 22 changes in leadership roles (refer Appendix B) and inconsistent leadership styles, from highly engaged and inspirational to what were perceived as distant, disengaged and then also authoritarian, also impacted on morale and, potentially, performance within the WSU.

“ Different leaders had different leadership styles and that, of course, impacted the team... ”

“ Things were great until the leadership changed. The team was like a family, invested. It didn't feel hierarchical or bureaucratic, we were working towards something bigger, everyone felt involved... ”



## Key insights and focus areas

Four key insights can be taken from this tale of two teams:

1

There is value in consciously selecting and considering the leadership style and role fit for the project as the program of work progresses and leaders transition in and out. Adaptive leadership approaches that consciously address the complexity are required. There is also value in resetting standards, roles and working arrangements as projects transition through phases to address factors of culture, purpose and reputation.

2

The changes in leadership roles and styles had a destabilising effect on the overall effectiveness of the team. This should be a key insight for future programs, and these transitions and their impacts can be managed in the future where stabilising the leadership roles is not an option.

3

Major milestones warrant a 'pause, reflect, reset' process to mark the transitions between phases. In these 'moments that matter', it is worth considering the style of leadership, culture and changing expectations, roles, processes and structures to ensure continued alignment between purpose, priorities and approach.

4

Be mindful of the potential for high confidence to be perceived as arrogance when establishing teams for major complex projects. Whilst a strong sense of identity and purpose is a key strength, it is also important to maintain and sustain sound connections to the chain of command, enabling services and internal stakeholders as the project progresses.



## Considerations and suggestions for future projects

Key considerations and suggestions for future projects arising from the tale of two teams are:

- **Leadership in complex settings** needs to be fit for purpose with close attention to choosing the right style and capability when establishing performance expectations and priorities (refer Suggestion #1).
- Actively **manage transitions between project phases** ensuring there are plans to consciously pause, reflect and reset as stages end and new stages commence. Ensure there is time for the transfer of knowledge and capability and consider establishing a surge capacity for peak periods priorities (refer Suggestion #4).



## 2. Implementing safeguards to leverage benefits



### What we mean

The apparent strengths inherent in the design of the WSU are at risk of being forgotten as the issues associated with the Leppington Triangle land purchase shift the focus to what went wrong rather than what went right. Whilst there are important lessons to be learned, it is also important that the strengths and benefits of the model are recognised but supplemented with a range of new safeguards to ensure appropriate balance, challenge and accountability is maintained.



### What we heard

A wide range of strengths was associated with the WSU's design and operation. This was confirmed by interviewees and was apparent through the success the WSU had in navigating complex issues and completing challenging project elements, essential to progressing the Airport's development.

*“ Good people and well resourced – very professional, supported by strong advisors, high energy and level of pride in what was being achieved. ”*

Of particular note:

- While the tasks were complex and required long working days, some staff recalled that the stress and pressure was energising and productive, with key successes celebrated as a combined team. They also reported that communication was strong, collaboration (within the WSU) was effective, and there was a strong connection with public purpose and pride in what was achieved, particularly in the Airport planning phase of the project.
- The addition of legal advisors and enabling functions, such as procurement, as part of the team created a level of speed and efficiency WSU members had not experienced in other roles. The 'speed' factor was identified as essential for coping with the day-to-day demands of the project, notwithstanding that the project ran for several years.
- All elements of the team combined in one unit under common leadership was reported as an essential enabler to effective collaboration, communication and coordination, and guarded against the creation of silos often experienced in other structures.

Despite their endorsement of the WSU, these views were not consistently held. There was some variation that appeared to align with level of seniority, length of time in the unit, when they were in the unit and what phase the project was in. Overall, staff in leadership roles who spent significant time in earlier phases of the project were more positive.

Stakeholders identified both areas of concern and aspects of the WSU that could have been improved:

- Some stakeholders, particularly those from other divisions of the department, reported instances of arrogance, lack of cooperation and lack of respect for the value that could have been contributed by other divisions (such as Corporate): for example, to utilise the department's expertise to challenge the appropriateness and value of the advice received from consultant and commercial or legal advisers.
- The design of the WSU facilitated speed and collaboration, but stakeholders reported the model lacked a degree of independence and challenge that is important for highly performing functions. The project management office (PMO) function also lacked impact and value.
- The way in which external advisers were embedded in the WSU may have led to an over-reliance on these individuals and groups and an inability to effectively challenge the advice being provided.

*“ In hindsight there was a role for a strong independent advisor, who could really challenge what was happening and whether it all made sense... ”*



## What we think

With key roles and functions embedded within the team, the WSU was designed to be largely self-sufficient. The combined capability of the WSU appeared to have most of the skills and experience needed to deliver key elements of the project, especially in the initial phase.

The success of the unit suggests there are aspects that future project teams would wish to emulate. It is therefore important that the benefits of the WSU’s design are not lost and that the positive aspects are retained and replicated for future models. However, there are a number of potential weaknesses with this structure, which have been highlighted by staff comments, the finding of the Sententia Review and our own analysis:

- It was not clear from consultation if there was an independent challenge mechanism within the WSU. Whilst this does not contribute to issues occurring, there might not be strong enough ‘checks and balances’ to challenge approaches being adopted, operating practices or management of risk.
- The embedding of certain enabling functions, such as procurement and probity, within the WSU potentially undermined the ability of these functions to objectively ‘challenge’ the approach being proposed by the WSU. When these functions are external, they are objectively and functionally independent, allowing for non-biased advice.

“Time was a factor – having enough to not only receive and understand but to interrogate, challenge and interpret advice ...”

“There was an overreliance on contractors and consultants...”

“The PMO was underutilised and I think that was because people didn’t understand [it’s role or value]...”

Despite these areas of weakness in the WSU, high levels of SES officer turnover (refer Appendix B) and resulting changes in leadership style, expectations and team dynamics would also have been a factor.



## Key insights and focus areas

1

While specialised teams need to be self-sufficient and quick to deliver, they also need clearly defined, independent checks and balances. An inability to identify the degree to which healthy challenge against operational practices existed within the WSU suggests safeguards could have been strengthened.

2

The embedding of particular roles, such as probity, can have a counterproductive impact as individuals become too close to the subject matter and risk at hand. APS teams should consider which teams become embedded and how they remain objective throughout the project’s lifespan. Alternatively, for heightened risk management, consideration should be given to keeping functions of risk and probity separate and independent.



## Considerations and suggestions for future projects:

A key considerations and suggestions for future projects arising from Establishing safeguards to leverage benefits is to:

- **Establish all the necessary structures, operating practices and systems** to support effective management of all required project tasks. This includes ensuring operational and routine functions receive an appropriate level of attention regardless of the complex environment in which they reside. This should be supported by effective challenge mechanisms that report in an objective, frank and fearless way (refer Suggestion #5).



### 3. High performance and trust



#### What we mean

High performance in complex projects is not only about talented individuals churning out good work. It is a multi-person approach that relies upon team members understanding the strengths, interdependencies, and motivations to achieve shared goals. High performance and complex projects require diversity, sharing of leadership responsibilities, and have robust methods of building trust and resolving conflict, with a focus on shared purpose and clarity of outcomes and teams being collectively accountable for the decisions made.

“People were totally stretched. I don't think there was much regrouping after each of the project phases. It was more like go, go, go... on to the next thing...”

*I think the 'mission focus' overrode the process...”*



#### What we heard

People within the WSU felt they were overworked, had little support and experienced high levels of stress (particularly in later stages). For example, State of the Service Census data from 2018 shows that 23 percent of the WSU felt they suffered from unrealistic time pressures. Some individual teams within the WSU, such as Rail & Land Use Planning, reached as high as 36 percent suffering from unrealistic time pressures and 57 percent feeling like communication with SES was ineffective. The combination of perceptions of absent leaders, who failed to provide practical support, high workloads, and a strong imperative to 'get things done', may have contributed to the issues that emerged in the latter stages of the WSU's existence.

Some interviewees reported that it was common knowledge that the WSU was working under extreme pressure with high workloads, and yet there was no surge capacity available. High leadership turnover in this period only served to exacerbate the problems faced by the remaining team members. This could provide an explanation as to why, according to internal census-based documents, engagement, commitment and satisfaction decreased for the WSU over time as reported in the 2016 – 2018 census results.

At the start of the project, interviewees reported that there was a strong sense of purpose, high levels of support, individual and collective confidence in the ability to deliver, and high levels of motivation to be the team to achieve where others had failed. As the project progressed, issues such as internal team relationships splintering, the absence of engaged leaders, and a sense that the WSU wasn't so special anymore began to emerge. Notably, the work was becoming more difficult, and there was little respite and support.

Interviewees reported that there were varying levels of trust within the WSU at points in time and that may have resulted in individuals not feeling confident to question advice or offer alternative viewpoints.

Despite periods of high performance, responses suggest the WSU could have adopted more contemporary approaches to establishing and sustaining culture, norms, values, structure and internal processes. Further, while the unit shared common goals, without regular reassessment and diagnosis of the operating environment, the 'can do' strength became overdone and, arguably, as the project progressed, counterproductive.



## What we think

The clear and compelling ‘rise to the challenge’ imperative that guided the early work of the WSU could have conflicted with the broader requirement to ensure administrative transparency and robust record keeping. The WSU’s emphasis on purpose and achievement, along with high workloads and a pressured decision environment, in hindsight, were a recipe for potential errors and omissions to occur.

The practical attention to setting up an environment for high performance, regularly diagnosing the factors that are contributing to and detracting from performance of the unit and then intervening to address those factors could have made a substantive difference. These efforts would have positively impacted performance of the unit and the experience of those who were part of the team, especially in the later months.

More contemporary high-performance approaches would incorporate interrelated factors such as:

- setting and re-setting expectations for role clarity and alignment
- evaluating and reviewing performance continuously through interactive methods – such as open forums where feedback is exchanged, and questions asked and answered
- aligning and sustaining motivation for goals, expectations and outcomes
- leveraging departmental processes, governance, systems and resources to manage workloads and quality (including have a surge capability established)
- establishing new avenues to create higher levels of psychosocial support, collaboration, openness and trust in the working environment
- aligning capability (consciously blending technical, public administration and adaptive capability and including adaptive leadership), establishing a learning culture and focusing on wellbeing and personal capacity to sustain delivery of the outcomes through the shift in project rhythm and requirements.



## Key insights and focus areas

From this, there are four key focus areas for the future:

- 1 Improve role clarity and alignment of expectations of what it meant to do a ‘good job’.
- 2 Ensure workload management practices recognise any surge capacity requirements and give greater attention to supporting staff in times of high pressure.
- 3 Promote the role leaders’ need to play in working with their teams to focus effort, motivations, engagement, wellbeing and recognition for high performance.
- 4 Legitimise the unique nature of “complexity leadership” and the need for leaders to have the skills, expertise and capacity to facilitate a psychologically safe environment where the team is predisposed to share challenges, question advice from experts and build on each other’s perspectives to navigate complex challenges.
- 5 To ensure the department continues to attract high performing, high talent individuals to major complex project teams, the ongoing attention to conditions for high performance is critical as the project progresses. This includes overt support and engagement with staff when things go wrong and mistakes are made.



## Considerations and suggestions for future projects:

A key consideration arising from the high performance insights is:

- **Foster high performance, manage trust** and invest in adaptive and dynamic approaches. Regularly diagnose the factors influencing performance of the team and listen when staff are indicating systems are inadequate and causing problems (refer Suggestion #3



## 4. Ways of working



### What we mean

As a project, the Western Sydney Airport created a complex challenge for the team and the department. This complexity required different mindsets, skill sets and personal capacity of leaders and team members. We know that the cultural norms and capabilities to work in complexity are distinct and need to harness the diversity of perspectives to make progress in addition to drawing on distinct expertise.

“ They didn't have any skills in procuring land, but they thought they were set because they had involved procurement... ”



### What we heard

The WSU was staffed with a combination of highly talented APS individuals, consultants and individual contractors; we heard mixed responses around the levels of robust engagement between these groups. Some stated this worked well, while others said it contributed to an inability to challenge so-called expert views and led to an over-dependence on consultant-based perspectives.

“ There wasn't a high level of contestability because of the high level of consultants. When a consultant said something, that's what was going to happen. There was no discussion. We just waited for instructions...it deskilled us... ”

Staff from the WSU noted, in the latter stages of the unit's existence in particular, that despite the stated desire to encourage sharing of knowledge and transfer of capability, there was very little skill or knowledge transfer taking place between the consultants, specialists and the APS staff.

Interviewees reported that, at times, individuals within the WSU were not clear on who was managing project critical tasks and that the complexities of a hybrid team could have contributed to this. It was noted, for example, managing the risks identified as part of the risk management process were unclear. Seemingly, risk schedules were being developed and coordinated by the PMO and, while WSU members were filling the schedules out, it was unclear what was happening to those risks beyond simply being recorded. It was also unclear who was monitoring the overall risk management efforts.

“ I can confidently say there were things that people should have got advice on and didn't. It was not malicious; they just didn't know... ”

Former WSU staff also reported that there was a view that the unit needed to have all the necessary capability and capacity to operate as a standalone function. Capabilities needed to be embedded within the WSU. This seems to have been driven by two primary challenges. The first is a capacity challenge; the departmental legal team did not have capacity to service the demand and nature of advice required for the WSU. The second issue concerned perceived quality and capability of the enabling procurement team advisory services. A dedicated and experienced procurement advisor was housed within the WSU to ensure the standard and accuracy of advice could be relied upon. Additionally, while there was procurement expertise in the WSU, the purchase of land was not a specific area of expertise resident within the WSU.





## What we think

The WSU, in its early days, was buoyed by a sense of shared purpose and a can-do attitude. It appears that there was a high reliance on technical capability and people 'staying in their lanes'. This may have resulted in both some inefficiency and, more importantly, a slightly technocratic view of the project.

The WSU may have suffered from not having access to all voices in the team on some issues, as some members of the unit did not necessarily feel comfortable questioning the opinions and perspectives of others (particularly so-called experts). This would not be an issue had this project simply been a technical task, but it wasn't. It was a complex challenge. There may have been value in a more adaptive leadership approach to establish and sustain conditions for collaboration, engagement and curiosity across the WSU. Certainly, as the project progressed, the levels of leader engagement seemed to be in decline. The nature of the work was also shifting and becoming less high profile but not less demanding.

A common trend in the APS is to embed consulting teams with APS teams with an express intent of 'capability transfer'. It is often the case that, in reality, everyone is too busy progressing the work and managing the inevitable high workload demands to take time to make this happen. This appears to have been the case in the WSU.

In complex work programs, a key role for leaders and team members is to encourage and cultivate conditions for curiosity, collaboration, perspective-taking, deep listening and questioning. By all reports, in the latter stages of this project, this was being actively discouraged. People were seeking clarification or direction. It was reported that leaders failed to engage and attend to these requests. The complex nature of the issues does not seem to have been recognised or adequately dealt with, possibly exacerbated by the number and regularity of changes to incumbents in leadership roles as well as the diversity of leadership styles that were encountered by the team.

Culturally, it seems the 'can do and get it done' mindset alongside the volume of issues and workloads contributed to the perspective that record-keeping was of lesser value and importance than other priority tasks. This was not universal but may have resulted in oversights and less diligent record keeping. Departmental leaders need to understand how to navigate the inevitable tensions that will arise in multi-disciplinary teams working on complex challenges.

It is incumbent on leaders of complex challenges to create the appropriate settings, ways of working and cultural arrangements to encourage adaptive and collaborative efforts to prevail.



## Key insights and focus areas

Four key insights can be taken from this tale of two teams:

1

There is value in hybrid teams having a complex cross-section of highly technical skills. However, teams need to be mindful that an overly technocratic focus on tasks can lead to a segmented and siloed approach to work. A lack of collaboration can lead to tasks or risks falling through the gaps as one highly technical group assumes the other group is managing the task or risk to completion.

2

Adaptive leadership plays a significant role in sustaining space for collaboration across hybrid and technical teams. As complex projects progress, leaders need to make a conscious effort to unite teams, strengthen relationships and encourage robust perspective taking. Teams need guidance to build trust and feel safe to communicate about capability, capacity and progress for the life of the team.

3

Embedded teams with high consultant-based or specialist work require dedicated time for knowledge transfer. Teams not only require the relationships, trust, capability and capacity to work successfully in complexity together, they also require resources and time to share their knowledge and skill. With embedded teams being a common structure across the APS, building in protected time for capability transfer will allow for skill uplifts and prevent 'us' versus 'them' mentalities.

4

Leaders need to understand how to manage tensions between motivations and mundane but necessary processes. Teams strategically selected for capability and enthusiasm innately have drive and desire to meet objectives. However, leaders need to know how to sustain motivation yet still prioritise tasks such as document and record management. There is an important homeostatic balance between delivering and properly executing tasks within high-performance environments



## Considerations and suggestions for future projects:

Considerations arising from the ways of working insights can be summarised as:

- Establish **ways of working to reflect the complexity** of the environments but still consciously prioritise tasks that are essential but have potential to be neglected when teams are busy and focused on high impact issues (refer Suggestion #2).



## 5. Striking the right balance



### What we mean

The WSU had a wide variety of tasks to deliver, issues to manage, and risks to engage with. The critical path for delivery meant the operating tempo of the project was intense, the subject matter was complex, and stakeholders' concerns were significant and varied.

The complicated operating environment meant the WSU had to effectively function at multiple layers to be successful. They had to be strategically, logistically and operationally proficient. However, the issues that have led to this review being commissioned are significantly linked to operational matters. They are an important reminder that, no matter how complex the project, there needs to be regular and diligent attention directed toward the routine, operational and procedural requirements and expectations of government agencies.



### What we heard

There were a wide variety of perspectives on how the unit operated in practice. This is not unexpected given that the stakeholders interviewed held different roles, were involved at different stages of the WSU's activities and represented perspectives both from within and outside the unit. It is also potentially reflective that the elapsed time and personal experiences have impacted their recollection of events and activities.

For example, many stakeholders were adamant that there was effective engagement with risk whilst others referred to it as 'tick and flick'. This was also the case with important operational functions such as procurement and probity. For recordkeeping, however, there was greater consensus that the WSU did not execute this well. Some interviewees put the blame squarely on a range of system issues, whereas others pointed to behavioural, time pressures, lack of clarity or turnover as root causes.

Further, notwithstanding the amazing achievements of the WSU over a number of years, as highlighted earlier in our report, the ANAO and the Sententia Review identified a number of shortcomings in the operation of the unit. In particular, Sententia observed that the land acquisition strategy 'disproportionately' focused on the relationship with the Leppington Pastoral Company and did not address broader risks (including Value for Money).

They also found that a number of poor decisions and practices exposed unnecessary risk and that processes did not effectively manage the Commonwealth's risks or interests, such as:

- a lack of option and risk analysis
- an absence of a negotiation plan
- deviation from the previously approved acquisition plan without consultation with leaders
- a failure to document / demonstrate that the price paid was an efficient, effective, economic and ethical use of public funds.



*"There were high levels of operational rigour – particularly around probity and governance*

*PMO just sent around a risk register once a quarter – a tick and flick ..."*



*There could have been better record keeping from the start and clearer expectations on this...*

*There was good knowledge of process early on, but that fell away and there was more of a focus on just getting it done...*

*Record keeping needs to be made obligatory, there wasn't a consequence for not doing it..."*



## What we think

The number of apparent contradictions about the WSU’s operation are, at first, difficult to understand or interpret. From a design perspective, there were governance structures, communication mechanisms, and a well-resourced PMO in place. There were probity arrangements, a dedicated procurement unit and experienced APS staff who understood the importance of documenting value for money in spending proposals.

In KPMG’s experience, the mere existence of a ‘better practice’ project element does not mean it will be effective in practice. Failing in some or all of these elements would have likely contributed to the issues uncovered by the ANAO.

The Sententia Review also attributed the failings associated with the land purchase to a number of factors, such as:

**The Sententia report also attributed the failings associated with the land purchase down to a number of factors, such as:**

Leadership turnover	Level of project complexity – “this was just one of a 1,000 issues to be dealt with”
Focus on outcomes “at the expense of conformance with good processes”	A lack of knowledge and experience in land acquisition

Our analysis and observation confirm that these are also important factors. However, there also appears to be a broader issue of ‘focus’ across the WSU’s operation. For example, in probing further on the issue of risk management, it was apparent that managers and staff interviewed were using the term ‘risk’ in vastly different ways.

Essentially, those who talked about effective risk management were recalling the large, complex, and strategic risks that were the heart of the Airport’s development and how well these were identified and mitigated. These include the incredible complexity of stakeholder management, subject matter complexity, legal and timing risks that clearly were managed well. A case in point is the successful relocation of two cemeteries.

Conversely, those who reported risks being managed poorly are largely referring to more operational and compliance matters. There are also aspects of ‘substance versus form’ issues with complex risks being managed in substance but not necessarily being effectively documented on risk registers.

Concerning recordkeeping, there was greater consensus that it was not done or was not properly executed. The root cause is likely a mixture of poor system capability and useability, staff turnover, staff being time poor, insufficient focus or priority and lack of monitoring and enforcement.

There were also apparent capability issues associated with important and necessary routine tasks, such as assisting the ANAO to conduct their performance audit.



## Key insights and focus areas

1

Risk management means different things to different people and differing views on the effective risk management can sometimes come down to perspective and perception. For example, failure to maintain a good risk register does not necessarily mean risks are not being managed. It is important, however, that risks are both managed in substance and form (i.e. through effective documentation) and that all types of risk –strategic and operational – receive appropriate focus and attention.

2

Effective records management is an ongoing challenge across the APS and the private sector alike. For the WSU, the risk of poor records was exacerbated by the heightened consequences that comes with a high profile project and significant expenditure of public funds and increased likelihood factors of poor systems, high turnover, insufficient focus or priority and lack of monitoring and enforcement.

3

With the benefit of hindsight, the ANAO performance auditors could have been better supported if the departmental staff working with them had the right skills, understanding and experience to ensure information requirements were addressed in a more timely, comprehensive and efficient manner.



## Considerations and suggestions for future projects:



A key considerations and suggestions for future projects arising from Establishing safeguards to leverage benefits is to:

- **Establish all the necessary structures, operating practices and systems** to support effective management of all required project tasks. This includes ensuring operational and routine functions receive an appropriate level of attention regardless of the complex environment in which they reside. This should be supported by effective challenge mechanisms that report in an objective, frank and fearless way (refer Suggestion #5).

# Considerations and suggestions for future projects

Drawing on the feedback collected and subsequent analysis, a suite of suggestions have been formed to set foundations for sustained high performance in future complex projects.

These suggestions centre around five key themes:

### 1. Fit for purpose leadership for complex settings

- **Select and develop leaders for the skills and style to suit project stages.** Consider style, capability and the expectations of each new stage. Handover conversations should include the nature of the transition to the next stage, cultural norms across the team, specific shifts in performance expectations and priorities
- To the extent possible, **stabilise the leadership and chain of command** for the program within these stages of the project to ensure there is consistency, clarity, continuity and knowledge retention.
- Set the leaders up for high performance by **developing a 'complexity leadership toolkit'**, particularly emphasising adaptive leadership strategies.

### 2. Establish ways of working to reflect complex environments

- Consciously **prioritise tasks that are essential but have potential to be neglected** when teams are busy and focused on high impact issues. Tasks, such as administration, documentation, induction and briefing, can be supported with protected time and task allocation. Activities could include a 'Friday filing hour', and mid-week meetings to identify and navigate emerging issues.
- Ensure staff are encouraged to question cultural norms, advice of experts, and operational practices. **Create safe environments where team members have confidence to ask 'dumb' questions and pose 'what if' ideas.**
- **Set clear expectations** that, while teams should question opinions, working effectively includes collaborating and cooperating internally and with other divisions and external agencies.

### 3. Fostering high performance

- Establish the **pursuit and sustainment of trust as a key goal of every future project.** Put in place indicators of trust and conduct regular trust audits so that strategies can be put in place to ensure goals are met.
- Regularly **diagnose the factors influencing performance of the team** (shared definition of purpose, roles, goals and standards, regular exchange of feedback, shared commitment, fit for purpose systems and processes, productive working relationships, high levels of trust and the right mix of skills and capacity). Use the diagnosis to intervene to remove barriers to performance.
- **Invest in the skills required to work specifically with complexity**, such as adaptive and dynamic (and less mechanistic) approaches.
- Conduct **trust-building activities** across team functions, use mini pulse surveys and polling tools, such as Mentimeter, to gauge anonymous views and improvements. Critically, share results, follow with a response and action.
- Leaders need to **listen when staff are indicating systems are inadequate and causing problems.** Find workarounds and address the root of the concerns.
- Consider explicit training in conflict and relationship management to **give the team practical tools and skills to navigate inevitable conflicts and interpersonal challenges.**



#### 4. Actively managing transitions of projects

- Overtly recognise the complex nature of the project from the outset and **conduct a 'go slow to go fast' process**. Immerse teams in the nature and complexity of the project by investing in a start-up week of highly interactive sessions at the outset and, at transition points, cultivate clarity, embrace complexity, build trust, set foundations for collaboration and debate, and explore roles, capability and expectations.
- Establish practices for **marking the transitions and milestones in projects**. Leaders should plan to consciously pause, reflect and reset as stages end and new stages commence.
- Create explicit **opportunities and time for the transfer of knowledge and capability** between external experts/consultants and APS team members.

#### 5. Establishing the right project structures, operating practices, systems and assurance mechanisms

- **Implement supports and internal review mechanisms to make sure teams are resourced and skilled** and have the tools to undertake operational tasks. Include buddy systems for effective knowledge transfer for reporting requirements, including across divisions and external agencies. Further, there needs to be regular and effective monitoring arrangements to ensure that these functions are performed.
- **Project timelines and resources need to factor in capacity to undertake operational tasks**. There should be sound clarity around roles and responsibilities – for risk management, recordkeeping and documenting key events and decisions. This includes clarifying the role of the PMO and where its responsibilities start and stop.
- **Establish independent program assurance functions for objective advice** that is separate from line management or the PMO. This function should report directly to the Senior Responsible Officer and be staffed with experienced officers capable of reporting in an objective, frank and fearless way. This 'critical friend' role should be developed to provide regular and effective monitoring, feedback and checking that all operational functions are being performed.
- **Balance the design elements of future functions** to promote collaboration, rapid implementation and ease of operation with appropriate levels of objectivity and independence. In particular, consider the need to separate important enabling functions, such as procurement and probity, from the project and establish clear protocols for leveraging the expert skills and experience of corporate division personnel.
- When new project challenges arise, or new requirements are introduced, **review whether the structures remain fit-for-purpose** or hand it off to a team that is better equipped for the task.





# Appendices

# Appendix A: Terms of Reference

## Terms of Reference – culture and capability review

### Context:

The Department of Infrastructure, Transport, Regional Development and Communications (the Department) seeks a suitably qualified supplier to undertake a review of the systems, processes, culture and capabilities of the former Western Sydney Unit, including whether these contributed to the findings and issues identified by the Australian National Audit Office (ANAO) in its performance audit on the *Purchase of the 'Leppington Triangle' Land for the Future Development of Western Sydney Airport* (the Report), published on 21 September 2020.

The Report found that the Department did not exercise appropriate due diligence in its acquisition of the Leppington Triangle land and that aspects of the operation of the Department fell short of ethical standards. The Department agreed to all of the ANAO's recommendations and is taking action to address identified shortcomings in processes and decision-making.

This review is being instigated in addition to the measures outlined in the Department's formal response to the Report, to look more broadly at any underlying cultural and environmental factors.

The review will complement and draw from the findings of the independent audit of the conduct of the Leppington Triangle transaction, which is currently underway.

### Scope:

The review will:

- examine the systems, processes, culture and capabilities in the former Western Sydney Unit, including the circumstances that contributed to the findings and issues identified in the ANAO report
- examine the interactions between the former Western Sydney Unit and the Department's governance structures and corporate divisions, including how these interactions may have contributed to the findings and issues identified in the ANAO report, and
- reflecting the Department's commitment to continuous improvement, identify forward-looking lessons learnt for the systems, processes, culture and capabilities of the Department, and recommend any actions the Department should undertake in relation to the above.

The review will not make findings of fact relating to:

- specific transactions, including the Leppington Triangle purchase, and
- specific actions of individuals, including any potential Code of Conduct matters.

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**Approach:**

In order to deliver against the scope, the review will:

- draw principally from the fact base established by the ANAO Report and the independent audit of the conduct of the Leppington Triangle transaction
- undertake consultation with relevant personnel, including former personnel, through interviews, group forums and other means as relevant
- consider the engagement and utilisation of the Department's key governance and enabling functions and the impact this had on decision-making, delivery and performance
- consider the alignment of capabilities required for the delivery of complex and unique projects, and
- where relevant, draw from past reviews and innovative and best practice approaches.

**Timeframes and deliverables:**

Subject to the advice of respondents, it is expected that this work commence immediately for a period of no more than two months and include:

- a project plan, outlining the approach and key milestones for undertaking the review
- a draft report for consultation, addressing the objectives of the review
- a final report addressing the objectives of the review, to be accompanied by a verbal briefing to the Secretary outlining key findings and lessons learnt, and
- subject to agreement to the final report, the contract may be extended to further develop a fit-for-purpose change management and implementation plan to embed any lessons learnt.

**Conflict of Interest Requirements:**

In keeping with the APS Values and APS Code of Conduct, and ensuring the integrity of the Department's response to the Report, respondents will be required to:

- (a) outline all prior work completed for the Department within the last five years, including any engagement with the Western Sydney Unit, the Inland Rail Division or the Major Transport and Infrastructure Projects Division, and
- (b) complete the attached conflict of interest disclosure.

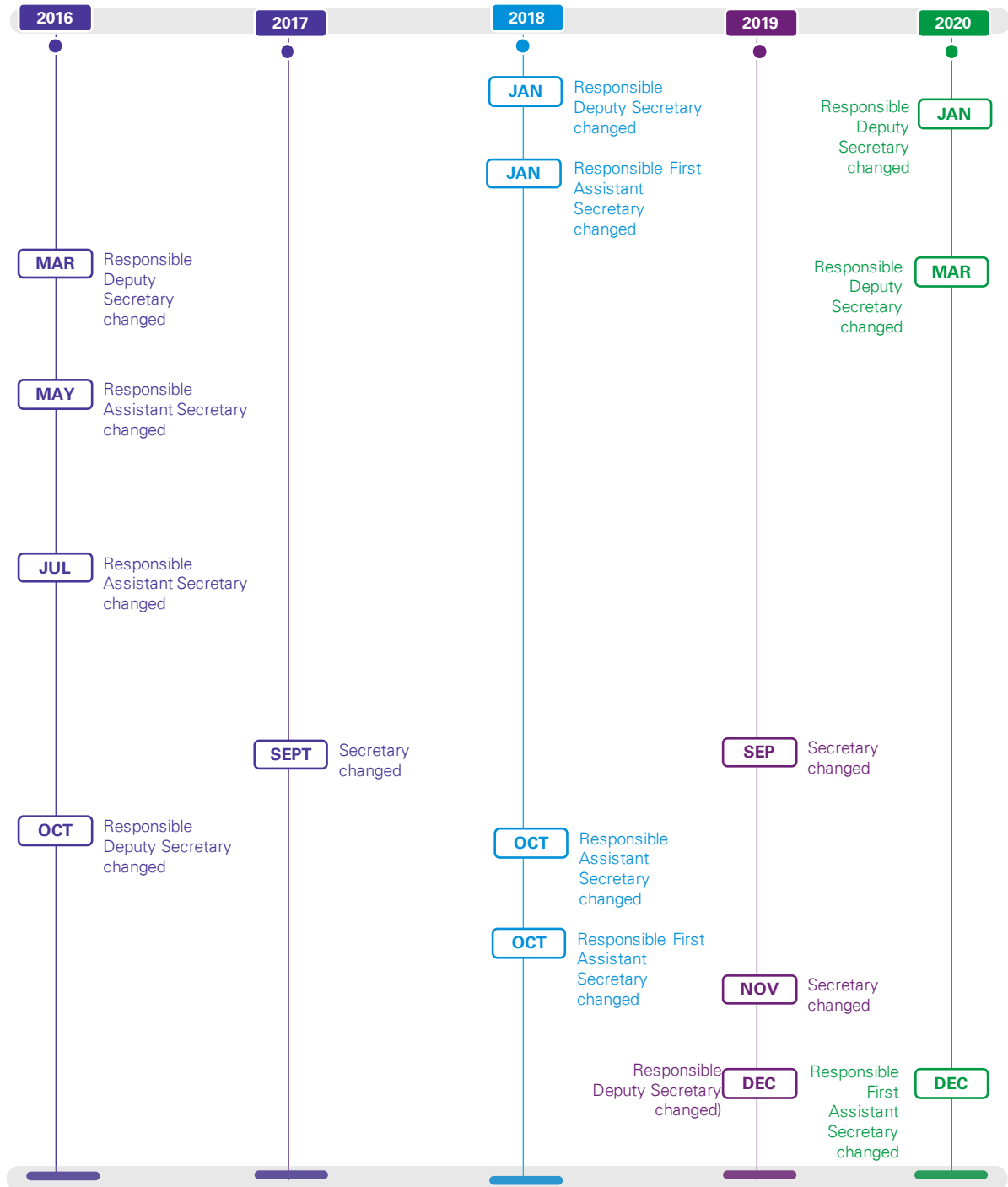
Where conflicts of interest are identified (real or perceived), respondents are required to outline within their response how they propose to address such conflicts.

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# Appendix B: Leadership Churn

Leadership turnover 





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## Disclaimer

### Inherent Limitations

This report has been prepared in accordance with the Official Order issued by Department of Infrastructure, Transport, Regional Development and Communications, dated 6 February 2021. The services provided in connection with this engagement comprise an advisory engagement, which is not subject to assurance or other standards issued by the Australian Auditing and Assurance Standards Board and, consequently no opinions or conclusions intended to convey assurance have been expressed.

The findings in this report are based on qualitative and quantitative information provided by the Department and stakeholders consulted during the engagement.

No warranty of completeness, accuracy or reliability is given in relation to the statements and representations made by, and the information and documentation provided by, the Department's stakeholders consulted as part of the process. KPMG have indicated within this report the sources of the information provided. We have not sought to independently verify those sources unless otherwise noted within the report. KPMG is under no obligation in any circumstance to update this report, in either oral or written form, for events occurring after the report has been issued in final form.

### Third Party Reliance

This report is solely for the purpose set out in Appendix A and for the Department's information, and is not to be used for any purpose not contemplated in the engagement letter / contract or to be distributed to any third party without KPMG's prior written consent. Other than our responsibility to the Department, neither KPMG nor any member or employee of KPMG undertakes responsibility arising in any way from reliance placed by a third party on this report. Any reliance placed is that party's sole responsibility.

