NSW GOVERNMENT | Public Service Commission

Getting into shape

State of the NSW Public Sector
Report 2013

Details

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Foreword

Graeme Head, Commissioner

Welcome to the second annual *State of the NSW Public Sector Report*. Last year's inaugural report established a baseline against which to assess, over time, the performance of the NSW public sector in a number of key areas.

This year's report builds on that work, concentrating on the very significant reform agenda initiated during the reporting period. These are fundamental reforms to the employment arrangements that underpin the public sector workforce and the tools used for managing the workforce.

The theme of this year's report – getting into shape – emphasises that the past year has seen a focus on building new systems, the performance of which will be assessed in future reports. It details a significant body of work undertaken to give effect to both the findings of the *NSW Commission of Audit Interim Report: Public Sector Management* and the new workforce management functions of the Public Service Commissioner, as set out in the *Public Sector Employment and Management Act 2002*. Notable milestones include:

- developing reform proposals to respond to Commission of Audit recommendations

- the Government considering these reform proposals

- enacting legislation – the *Government Sector Employment Act 2013* – to provide the basis for implementing new arrangements

- seeing the first year-on-year reduction in the size of the total public sector workforce in more than a decade

- modernising the statutory arrangements to promote workforce diversity

- developing and rolling out a new Performance Development Framework for the sector

- reviewing the sector's current approach to recruitment against best practice

- developing a new Capability Framework for the sector

- beginning three significant pieces of work examining public sector productivity, public sector collaboration with the not-for-profit and private sectors, and measurement of customer satisfaction with government services.

Workplace culture, and the reflection of NSW public sector values in that culture, is a major theme underpinning reform development and implementation.

The report details the context for these reforms and their significance as foundations for the sector well into the future. Notwithstanding the fact that the Public Service Commission is leading the process to develop and implement reforms, the resultant work is mostly the product of a highly collaborative effort. The Commission draws upon vast experience and knowledge from across the sector in framing the design parameters of new systems and approaches. Importantly, it also relies on this experience for testing how reforms will work on the ground, the ease with which they can be implemented given the complexity and diversity of the workforce, and the need to avoid disruption to the work of agencies.

This report outlines some of the collaboration that has taken place in the reform effort. For example, the new Performance Development Framework involved working closely with senior human resource directors across the sector's clusters, an implementation trial involving five agencies and a development program pilot that involved 40 managers. A similar scale of engagement was required to develop the new Capability Framework.

While collaboration underpins much of the approach to reform, some other issues require a more directive approach.

Workplace culture, and the reflection of NSW public sector values in that culture, is a major theme underpinning reform development and implementation. Last year I reported on perceptions of public sector employees about bullying in their workplaces. The picture painted was a concerning one, with almost one-third of respondents to the first sector-wide *People Matter Employee Survey* saying that they had personally experienced bullying in the workplace in the previous 12 months.

In response to these findings, I directed all agency heads across the sector to provide me with information detailing what they are doing to understand the extent of the problem in their respective workplaces and what measures they either had in place or were planning to address the issue. This was the first time I had used the Public Service Commissioner's directions power since the office was established.

The responses show that agencies across the sector have a wide range of initiatives in place focused on preventing and managing bullying. What is not clear, however, is whether there is any clear link between what appear to be more comprehensive or sophisticated initiatives and the prevalence of the problem in those agencies. The Public Service Commission is committed to supporting the sector in tackling this issue. To this end, I have recently invited Unions NSW to join me and other public sector leaders in a close examination of what can be done to promote workplace cultures that are free of bullying and ensure that procedures for dealing with problems, where they do arise, are fair to all parties and allow for a speedy resolution of issues.

When establishing the framework for state of the public sector reporting, and specifically considering the legislative requirement to annually assess the performance of the sector as a whole, an approach was developed which would make good use of existing data sources while also developing new sources and allow reports to evolve over the first few years. We already have very good time-series data on workforce demographics – the annual workforce profile data, produced since 1999 and now published each year as a companion report to the annual *State of the NSW Public Sector Report*.

Last year, we conducted the *People Matter Employee Survey* referred to above, which allowed us to report on the views of public sector staff about their work and workplaces. This survey will be conducted every two years, with the 2014 *State of the NSW Public Sector Report* containing the first comparisons to the base year. This year's report also discusses projects that will, in the future, allow us to incorporate the perspectives of customers and measurements of our sector's productivity into this report series.

Foreword

The value of these state of the sector reports is in having an independent assessment of performance to help drive the relentless pursuit of improvement. To that end, I have determined that there should be a thematic approach to the reports that helps both those in the sector and the broader community understand where the sector is at, where it is going and how it is progressing on that journey. One effect of this in terms of year-to-year differences in reports will be the extent to which quantitative and qualitative assessments are balanced.

For instance, this year's report appropriately focuses on describing key fundamental reforms as well as major new pieces of work to enable the implementation of those reforms. Relative to last year's report, it therefore takes a qualitative approach. Next year's report on the performance of the sector will have a qualitative and quantitative assessment, which will include:

- the results of the second *People Matter Employee Survey*

- the results of the survey of agencies on their workforce management strategies

- an assessment of progress in implementing the new Performance Development Framework

- a report on initial work done on measuring customer satisfaction with government services.

I have indicated in many forums that the scope and scale of public sector workforce reform being undertaken is a five-year transformation process. Last year's *State of the NSW Public Sector Report, How it is*, described the starting point for that transformation. This year's report – *Getting into shape* – focuses on what has been or is being done to get ready for that change.

Next year, with the commencement of the *Government Sector Employment Act 2013* in February 2014, full-scale reform implementation will start across the sector; all features of the legislation are to be fully operational within three years of commencement. Throughout this process, these reports will provide an important annual assessment of both the progress of implementation and the outcomes for citizens and public sector employees.

Graeme Head
Commissioner

Acknow-
ledgements

The Commissioner would like to acknowledge the assistance of all those involved in creating this report, including:

The NSW public sector at a glance

NSW public sector employees made up 11% of the total NSW workforce in 2012–13.

Functions and structure of the NSW public sector

The NSW public sector delivers a wide range of services and regulatory functions to the community, such as education, law enforcement, transport, health services and environment protection.

These services and functions are delivered by a large number of organisations through a variety of arrangements determined by the government of the day. The organisations are grouped into nine 'clusters' to improve coordination and service delivery. Each cluster of organisations is administered under a Department. These are:

• Department of the Attorney General & Justice

• Department of Education & Communities

• Department of Family & Community Services

• Department of Finance & Services

• Ministry of Health

• Department of Premier & Cabinet

• Department of Trade & Investment, Regional Infrastructure & Services

• Department of Transport

• The Treasury.

A large number of other organisations such as boards and committees are also involved in delivering services or performing other functions for the NSW community.

Some 'central agencies' are responsible for supporting government and legislative processes, policy making, budgeting and people management. These are:

• Department of Premier & Cabinet, which focuses on working with clusters to coordinate the achievement of government priorities and measuring overall performance by setting objectives and targets

• The Treasury, which leads and promotes effective and accountable financial and economic management and use of the state's resources

• Department of Finance & Services, which develops policy, and supports agencies in relation to the key enabling functions of government, such as procurement and asset management.

The Public Service Commission has a central, independent role to promote and maintain a sector culture that is underpinned by core values of integrity, trust, service and accountability. The Commission works to improve the capabilities, performance and configuration of the sector's workforce so it can effectively deliver services to the public.

Share of the NSW economy

In 2012–13, the NSW public sector had a net worth of $157.3 billion.[1] With the inclusion of infrastructure, the NSW government sector made up about 12.8% of the NSW economy in 2011–12.[2] Employee-related expenses were the single largest expense in the NSW State Budget,[3] accounting for 48.0% of the state's expenses in 2012–13.

The workforce[4]

At the end of 2012–13, the NSW public sector employed 399,243 people, which is approximately 11% of all NSW employed persons or 329,336 full-time equivalent (FTE)[5] employees. The majority of public servants (88.4%) provide direct services to the public or to other agencies, for example, as teachers, nurses, medical practitioners, police, fire fighters, bus drivers, family support workers, auditors and IT specialists.

9 in 10 employees provide direct services

1   NSW Government (2013), *Budget Statement 2013–14: Budget Paper No.2*, NSW Government, Sydney, Chapter 4
2   Australian Bureau of Statistics (2012), *Australian National Accounts: State Accounts, 2011–12*, cat. no. 5220.0, ABS, Canberra
3   NSW Government (2013), *Budget Statement 2013–14: Budget Paper No.2*, NSW Government, Sydney, Chapter 5
4   Unless otherwise specified, all references to NSW public sector workforce data in this report are drawn from the following data source: NSW Public Service Commission (2013), *NSW Workforce Profile (v2013.09.25)*. Additional information can be obtained from the *Workforce Profile Report 2013*
5   FTE describes the number of full-time employees required to account for all ordinary time paid hours of work. For example, two employees working half the standard number of full-time hours would be counted as one FTE employee

The NSW public sector at a glance

Number of employees
and the services they work in

Health
104, 557.91 FTE   **31.75%**

Education & Communities
100,400.66 FTE   **30.49%**

Attorney General & Justice
38,273.89 FTE   **11.62%**

Transport
27,742.49 FTE   **8.42%**

Trade & Investment
23,354.57 FTE   **7.09%**

Family & Community Services
16,480.37 FTE   **5.00%**

Finance & Services
10,620.90 FTE | **3.22%**

Premier & Cabinet
7,176.34 FTE | **2.18%**

The Treasury
630.93 FTE | **0.19%**

Public Service Commission
98.10 FTE | **0.03%**

NSW public sector
329,336.16 FTE | **100%**

Over the past year, the total number of FTE employees fell by 3,218.55 or 1.0%, the first recorded decrease since 2000.

While there was a decrease in total numbers in most clusters, there was an increase of 1,576.60 FTE employees among nurses (up 2.2%), school teachers (up 0.4%) and police officers (up 2.5%).

The work location of public sector employees throughout the state in 2012–13 remained similar to that in 2011–12, with the decrease in the overall sector leading to a slight lowering of proportions in the Sydney, Hunter, Illawarra and South Eastern regions (less than 0.5% for each of these regions).

The NSW public sector has a slightly higher proportion of staff in regional locations than the total NSW workforce.

There was an increase in FTE employees among nurses, school teachers and police officers.

Location of public sector employees throughout the state in 2012–13

9.1%
Northern, Far West, North Western and Central West

3.8%
Murray Murrumbidgee

7.3%
Richmond-Tweed, Mid-North Coast

9.3% Hunter

62.5% Sydney

8.0%
Illawarra and South Eastern
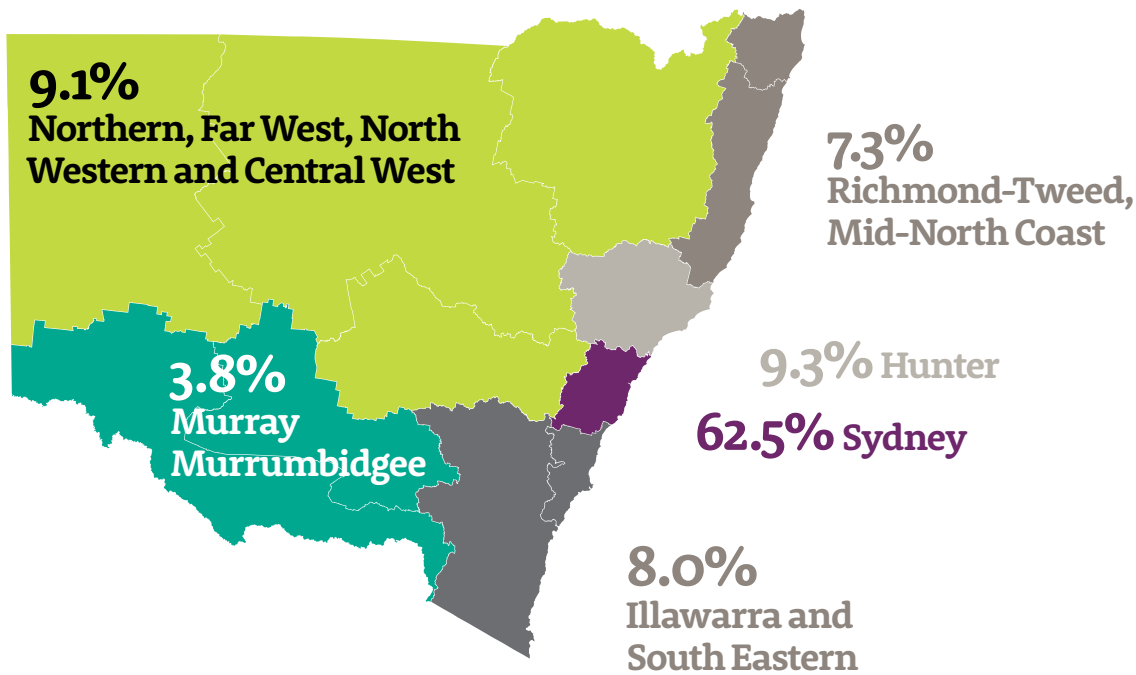
The NSW public sector at a glance

The proportion of women in the sector has increased since last year and is considerably higher than in the wider NSW workforce.

Gender balance

The proportion of women in the sector has increased since last year and is considerably higher than in the wider NSW workforce. However, there are differences in where and how men and women work in the sector. Women predominate in the largest clusters of Health and Education, within the nursing and teaching professions, and in the lower salary bands across multiple occupations. Men are in higher proportions in the rest of the public sector workforce and more likely than women to work full-time.

% of employees…
in the NSW public sector

62.0	38.0

in New South Wales

45.8	54.2

% of employees…
earning less than $77,441

64.5	35.5
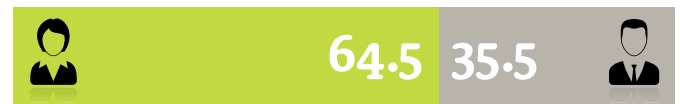
earning more than $125,181

34.4	65.6

% of employees…
working full-time

62.4

90.9

Age groups

Compared with the NSW workforce as a whole, the NSW public sector has lower proportions of employees in younger age groups and higher proportions in the mid-life and older age groups, with the exception of the group aged 65 years and over (see Table 1). These differences account for a higher median age of 45 years for the NSW public sector workforce, compared to 40 years for the general workforce.

Table 1: Age of NSW public sector employees compared with all NSW employed persons 2013[6]

Age group (years)	15–24	25–34	35–44	45–54	55–64	65+	Total
NSW public sector	4.7%	20.4%	24.5%	26.9%	20.4%	3.2%	100%
NSW employed persons	15.7%	22.9%	22.2%	21.2%	14.3%	3.8%	100%

Percentages have been rounded to one decimal place. As a result, the percentages do not add up to exactly 100%.

Ageing trends

Demographic trends in the general population and public sector workforce show that the ageing population is already a reality. As Figure 1 illustrates, from 2001 to 2013 there was a decline in the proportion of all age groups in the public sector except those aged 55 years and over, with the group aged 55–64 years having the most significant growth over this time.

Figure 1: Age of NSW public sector employees, 2001 and 2013
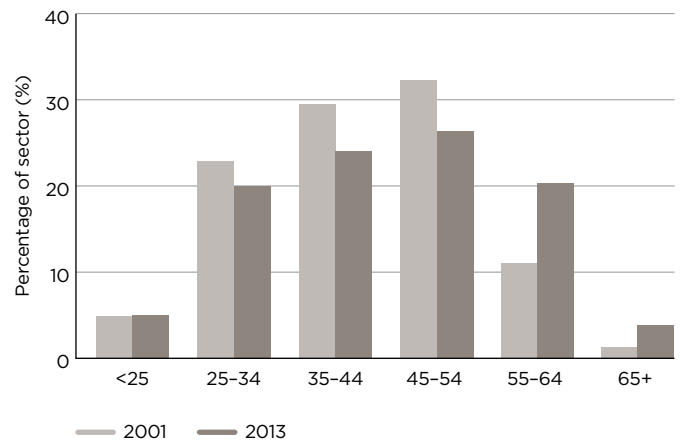
There are currently 94,123 or 23.6% of employees aged 55 years or more. An additional 107,137 or 26.9% of employees aged 45–54 years will move into the older age group over the next 10 years. The likelihood of large numbers of employees retiring from the workforce over this period will vary between agencies and occupations, and may be offset by recruiting younger employees, older employees remaining in the workforce for longer and workforce reform.

It will be necessary to closely monitor ageing workforce trends (across all age groups) and develop appropriate plans to respond to the opportunities and challenges they present across the sector.

6   Ibid.

Path to reform

1

The reforms under the new GSE Act will enable the NSW public sector to improve its performance, flexibility and accountability, and enhance the quality of the services it delivers.

In June 2013, the NSW Parliament passed the *Government Sector Employment Act 2013* (GSE Act). The Act will replace the *Public Sector Employment and Management Act 2002* (the PSEM Act). It represents the most significant and thorough reform in decades of the legislation underpinning employment and workforce management in the NSW public sector.

The passing by Parliament of the GSE Act in June 2013 was a major milestone in the NSW Government's program of public sector reform. The Act is intended to provide a foundation for an innovative, professional, capable, diverse and accountable government sector that encourages and recognises performance, delivers better front-line services for local communities, and creates a competitive landscape for investors, economic growth and job creation in NSW. The GSE Act is expected to come into effect in the first half of 2014.

Chapter at a glance

- In June 2013, the NSW Parliament passed the *Government Sector Employment Act 2013*.

- The Act will modernise and simplify the employment framework of the government sector and establish a single Public Service senior executive structure.

- The reforms will help attract and retain talented people who are well equipped to deliver the best service to the people of NSW.

- The Act will reinforce the sector's existing Ethical Framework by making leaders legally responsible for operating and managing their agencies in accordance with the framework.

The need for change

In January 2012, the *NSW Commission of Audit Interim Report: Public Sector Management*[7] recommended sweeping changes to workforce employment and management practices in the NSW public sector. The Commission of Audit saw a need for improvement in almost every aspect of employment in the sector. For example, it made recommendations about the design and structure of public sector organisations, the performance of executives and flexibility in staff employment and deployment.

The Public Service Commissioner agreed to lead the implementation of the Commission of Audit's workforce-related recommendations. The Commissioner's focus has been on ensuring the NSW public sector has the structures and culture appropriate to a 21st century service operating in a Westminster system of government.

The first step was to examine the sector's executive structure and management arrangements, given the critical role of the executive in leading service delivery and managing the workforce reforms. Having the right structures, people and capabilities in this executive group is fundamental.

The examination confirmed there were many elements that needed addressing, including:

- limited staff mobility within and between agencies
- a narrow and uncoordinated approach to employee management and development
- inefficient and ineffective recruitment and selection practices
- inconsistent performance management and capability development
- agency cultures that were inward-looking and risk-averse.

Based on these findings, the Public Service Commissioner developed a comprehensive suite of proposals to reform NSW public sector executive structures and employment and broader workforce management practices. The proposals considered the Commission of Audit's recommendations and drew widely on information and advice from other sources, such as the results of the 2012 *People Matter Employee Survey*[8] and the PSC's Executive Development Program (see page 20).

In February 2013, the NSW Government announced its intention to make major legislative changes in line with these proposals. The GSE Act is the centrepiece of those changes.

Government Sector Employment Act

The GSE Act will bring far-reaching, generational change in the employment and management of the state's public sector workforce. Two of the Act's key reform areas are the structure of the sector's executive, and the employment arrangements and management practices that apply to both executive and non-executive employees. Another key aspect is the manner in which the Act will enable agencies to determine the detail of how they manage their workforces within the parameters of broad, centrally defined requirements.

Combined with a number of complementary and interrelated initiatives described further on in this report, the GSE Act will provide the foundation for a modern and effective workforce, attracting and retaining talented people who want rewarding careers and who are well equipped to deliver the best service to the people of NSW.

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7 NSW Commission of Audit (2012), *NSW Commission of Audit Interim Report: Public Sector Management*, NSW Government, Sydney

8 All references to the *2012 People Matter Employee Survey* data in this report are taken from the following data source: NSW Public Service Commission (2012), *2012 People Matter Employee Survey*. Additional information can be obtained from the NSW Public Service Commission (2012), *People Matter Employee Survey 2012 Main Findings Report*

Chapter 1: The path to reform

The sector's four core values – integrity, trust, service and accountability – are incorporated into the GSE Act, ensuring the NSW public sector workforce upholds the values of the Ethical Framework.

The Act will establish two main employment structures: the government sector and, within that, the Public Service. The government sector will comprise most NSW government employees, including the Public Service, the NSW Police Force, the Teaching Service, the Health Service, the Transport Service and other services of the Crown. The Public Service will comprise Departments, Public Service executive agencies related to Departments, and separate Public Service agencies.

State-owned corporations will be outside the government sector (as defined by the GSE Act) for most purposes but subject to some requirements of the Act. The Act will not apply to staff of the Independent Commission Against Corruption, the Audit Office or the Judicial Commission, or to Judicial Officers or employees of either House of Parliament. Staff who assist members of Parliament in their electorate or parliamentary duties will be covered under a new separate Act, the *Members of Parliament Staff Act 2013*.

In addition to these structural changes, the GSE Act makes the Secretaries of Departments (currently known as Directors General) and heads of agencies responsible for the conduct and management of their agencies in accordance with the sector's core values, and for integrating workforce diversity into strategic workforce planning.

Implementing the GSE Act reforms

To prepare for the commencement of the GSE Act, the PSC is developing a Government Sector Employment Regulation, and the Public Service Commissioner will make a set of 'government sector employment rules'. These rules will replace a plethora of policies, guidelines and circulars that currently govern employment arrangements. They are intended to set broad, overarching requirements rather than prescribe procedural details. This will give agencies the flexibility to manage matters in ways that suit local circumstances while ensuring consistency in key areas.

The PSC is supporting Departments and agencies to manage the transition to the new legislative landscape, such as by providing policies and guidelines to help them design and implement the changes to the senior executive structure. It has a team dedicated to providing practical support and advice to Departments and agencies as they implement the changes and is regularly briefing human resources practitioners and other managers and staff. It is also providing a wide range of information materials via its website.

There is more information about the impact of the GSE Act later in this report, particularly about how it aims to facilitate high performance, excellent customer service delivery and rewarding careers. Further details about the Act can be found in a range of materials the PSC has published about the reforms, including an information booklet about the Act and a series of 'Q&As'. These are available on the PSC's website at www.psc.nsw.gov.au.

Public Sector Workforce Management Reform Timeline

1988

Last major overhaul of the NSW public sector workforce management legislation

September 2011

NSW Government releases NSW 2021 Plan

October 2011

Public Sector Employment and Management Amendment (Ethics and Public Service Commissioner) Act passed by Parliament

October 2011

Appointment of Public Service Commissioner

November 2011

Public Service Commission commences operation

November 2011

Public Service Commission Advisory Board appointed

November 2011

Commencement of amendments to *Public Sector Employment and Management Act*. Includes the Ethical Framework for the public sector

January 2012

NSW Commission of Audit Interim Report released. Includes significant focus on public sector management

March 2012

Review of public sector executive structures and arrangements

April 2012

Public Sector Employment and Management Amendment Act passed by Parliament and commences. Includes performance management system provisions

July–August 2012

Inaugural *People Matter Employee Survey* conducted across entire NSW public sector workforce

August 2012

NSW Government response to *NSW Commission of Audit Final Report*

November 2012

Inaugural *State of the NSW Public Sector Report* tabled in Parliament

February 2013

NSW Government announces intention to reform public sector workforce management legislation

June 2013

Government Sector Employment Act passed by Parliament

First half of 2014

Anticipated commencement of *Government Sector Employment Act*

Enhancing our workforce

2

The NSW public sector relies on a strong executive group and a diverse, mobile workforce to deliver services to the community.

Current reform programs in the NSW public sector are focused on assessing, building and supporting the capabilities of the sector's senior executives to ensure they have the vision, skills and knowledge to develop and lead programs of work, drive culture change and encourage innovation. The GSE Act will support greater diversity and mobility of employees, whether executive or non-executive, and play an important part in fostering an innovative environment.

Chapter at a glance

- The GSE Act will create a leaner, flatter executive structure that will increase decision-making efficiency, accountability and mobility, and support the delivery of high-quality services.

- The PSC launched a range of senior executive development initiatives, including Delivering Business Results, and a networking forum for leaders.

- A new cross-sector employment strategy is under development to increase employment, career and leadership opportunities for Aboriginal and Torres Strait Islander peoples.

- Ongoing research into the barriers faced by employees with a disability will provide a solid foundation for future diversity policies and strategies.

- The GSE Act introduces employment arrangements that will make it easier for employees to move within and between agencies.

Leadership

A strong, capable and mobile leadership group is essential if the sector is to be at the leading edge of service delivery. The Public Service Commissioner therefore made it an early priority to examine the structure and management arrangements for the sector's senior executive. The Commissioner was assisted in this work by a group of eminent former public sector leaders and the Public Service Commission Advisory Board. The work was timely as the form and functions of the Senior Executive Service (SES) had not been comprehensively reviewed since 1988.
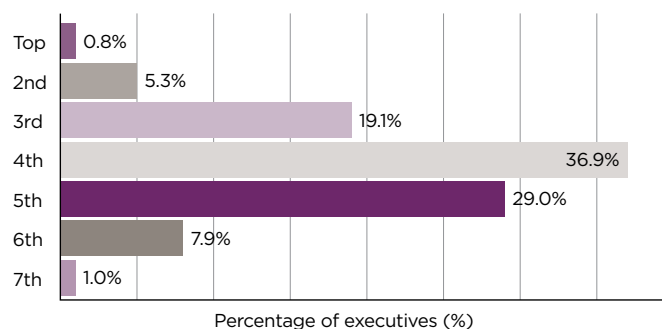
The analysis covered almost 3,900 positions, comprising a subset of the executive positions in the sector that had a base salary at least equivalent to that of a Senior Officer 1, which at the time of the analysis was $136,651. Positions outside the scope of the analysis included some specialist occupation groups, judicial officers and executives of state-owned corporations.

Structural constraints

The results of the analysis demonstrate why reform is needed. It established a single picture of the sector's executive for the first time – and showed that it is not currently structured for optimal performance. Organisational structures have tended to be designed based purely on local considerations rather than taking whole-of-sector factors into account. The structures are highly variable, including in the number of executives and management layers, spans of control, classification levels and naming conventions for executive positions.

There are agencies with many layers of management, including a significant number of executive positions that are several layers below the chief executive. Figure 2 shows almost 37% of the positions are at the fourth reporting layer in their organisation and just over 29% at the fifth layer. Almost 38% are at the fifth to seventh levels.

Figure 2: Executives' reporting layers

Percentage of executives (%)

Layer	Percentage
Top	0.8%
2nd	5.3%
3rd	19.1%
4th	36.9%
5th	29.0%
6th	7.9%
7th	1.0%

The more reporting layers there are, the greater the risk that:

• decisions will be further removed from the front-line, and could become out of touch with the needs of the community

• it will be unclear who is responsible for making the decisions

• decision making will be passed up the line, particularly in a risk-averse work culture

• good ideas will become bogged down or lost in the system.

One consequence of the number of reporting layers in the sector is that its executives generally have narrow spans of control. Of the executives who directly manage staff, a third manages less than half as many direct reports as their counterparts in the private sector. In the private sector and some other government jurisdictions, the benchmark for an efficient span of control is over six people per executive. The median span of control in the NSW public sector is five and around 30% of managers oversee one, two or three people (see Figure 3).[9]

9   NSW Public Service Commission (2013), *Public Sector Reform*, NSW Government, Sydney

Chapter 2: Enhancing our workforce

Figure 3: Executives' span of control

15+ direct reports — 6%
10–15 direct reports — 10%
7–9 direct reports — 18%
**1–3** direct reports — 30%
4–6 direct reports — 36%
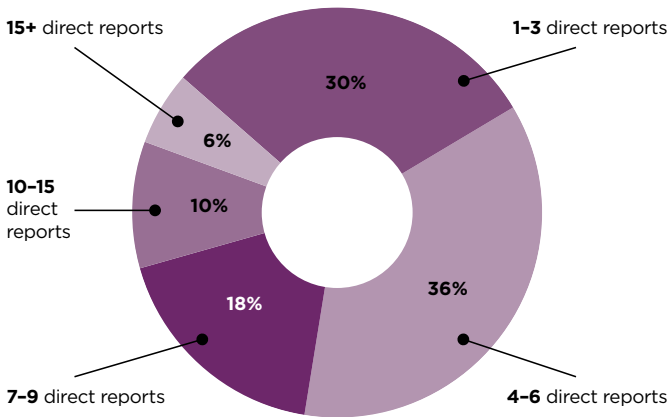
Note: excludes the 16% of the sector's executive with no direct reports.

Of the 16% of executives in the sector who do not have staff reporting directly to them, some still supervise contractors, manage large contracts or have specialist professional roles.

There is no correct 'one size fits all' span of control. The appropriate span will depend on a range of factors such as the nature and variability of the work. However, the current spans of control contribute to the risks associated with multiple reporting layers. In addition, the variability in spans of control across the sector is likely to reflect some inequities in work distribution in executive teams across the sector.

The situation is further complicated by the range of executive structures across the sector: the eight-level, contract-based SES; the three-level, award-based Senior Officer (SO) structure; and equivalents on a range of contract and award-based arrangements (see Figure 4).
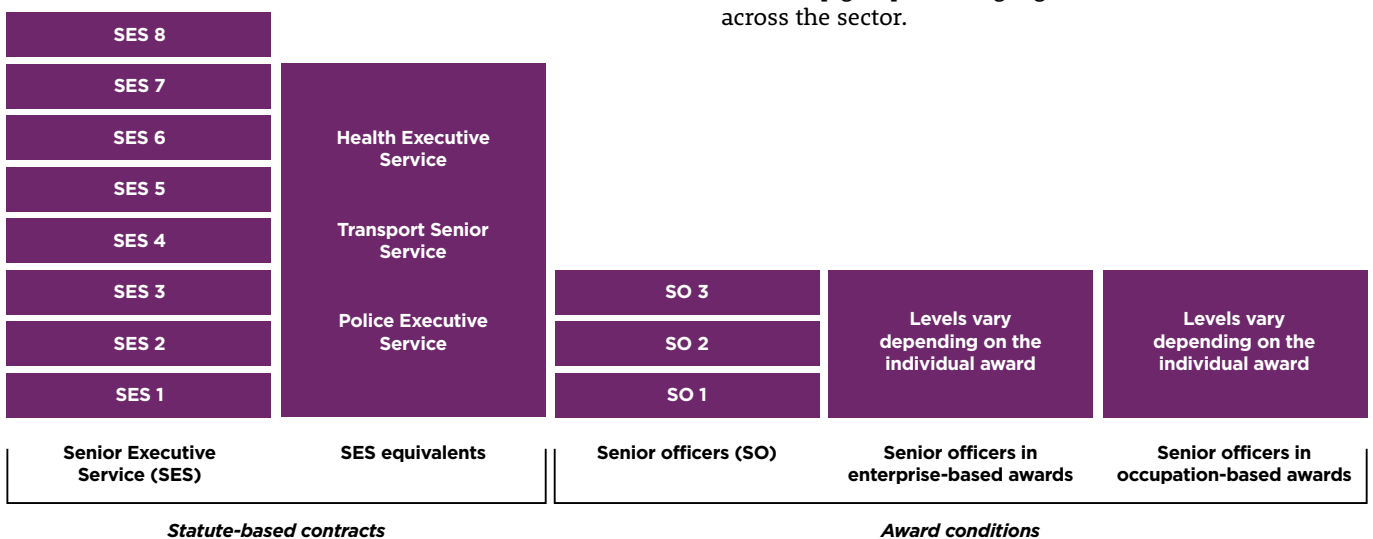
The co-existence of a number of parallel structures across the sector and within clusters is resulting in an inconsistent distribution of work value. It also makes it difficult to understand the relative nature of positions in different structures, particularly for those who do not work in the sector. The widely varying structural arrangements and highly specific position descriptions also restrict executives' mobility – their ability to move from one role to another – even within an agency. The current executive structures and employment arrangements tend to promote narrow expertise, work against optimal performance, and prevent the executive team from operating as an integrated leadership group.

Like non-executive employees, each executive is currently appointed to a particular position that they effectively 'own'. This can have a number of interrelated consequences: the executive is only required to develop a narrow range of capabilities specific to that position; and development opportunities and mobility are limited for the executive. The historically narrow definition of selection criteria for a position – often defined as experience in a specific function – could also rule out people who might have had the capabilities to function effectively in the position. Ultimately, this limits the flexibility of the sector to configure the workforce to match service delivery needs and reduces opportunities for rewarding careers.

Simplifying the executive structure

The NSW public sector needs a leaner and flatter executive structure that is:

- easily understood and adaptable
- capable of supporting and encouraging executive talent
- more likely to retain and attract the best and brightest
- accountable
- designed to help executives operate as an integrated leadership group, working together to deliver services across the sector.

Figure 4: Current executive structure

SES 8				
SES 7				
SES 6	Health Executive Service			
SES 5				
SES 4	Transport Senior Service			
SES 3		SO 3	Levels vary depending on the individual award	Levels vary depending on the individual award
SES 2	Police Executive Service	SO 2		
SES 1		SO 1		
Senior Executive Service (SES)	SES equivalents	Senior officers (SO)	Senior officers in enterprise-based awards	Senior officers in occupation-based awards

Statute-based contracts — *Award conditions*

Note: Public office holders not included.

An executive structure with fewer layers will also bring executives closer to front-line service delivery, increase decision-making efficiency and accountability, and overcome the barriers to innovation of a multi-layered structure (see page 47).

The GSE Act is designed to achieve these outcomes. It will replace the current range of structures with a single executive structure for the public service. The new structure will be known as the Public Service senior executive.

Figure 5: Future executive structure

Band for Secretaries of Departments and the NSW Police Commissioner
Senior Executive Band 3   Deputy Secretaries + Agency Heads
Senior Executive Band 2   Executive Directors + Agency Heads
Senior Executive Band 1   Directors

Under the new structure, a senior executive will be employed in a band rather than appointed to a specific position, as is the current practice. The executive will be assigned to a role in that band and, following consultation, may later be reassigned to another role in the same band, whether the role is in the same agency or elsewhere.[10]

The bands within the structure will be determined under the GSE Act. The intention is to have a band for Department Secretaries and three bands for senior executives (see Figure 5). This contrasts with, for example, the eight bands that now exist in the SES structure alone.

This new structure will result in employment arrangements that are more transparent, promote consistent classification of and remuneration for common roles across the sector and facilitate greater mobility. Having fewer reporting layers will also mean generally broader spans of control, which will encourage streamlined decision making and make accountabilities clearer.

The NSW public sector needs a leaner and flatter executive structure that can support leaders to deliver high-quality services.

Chapter 2: Enhancing our workforce

The GSE Act also replaces the variety of employment arrangements currently in place across the executive group. The Act provides senior executives with two kinds of employment under a contract:

• ongoing employment – employment until the executive resigns or their employment is terminated (this will be the standard arrangement)

• term employment – employment for a specified period or for the duration of a specified task.

Rules made by the Public Service Commissioner under the GSE Act will prescribe model contracts and make model provisions mandatory.[11]

Implementation of the new senior executive structure

In the first six months after the GSE Act commences, each Department and agency in the Public Service will be required to develop a plan for a new senior executive structure that incorporates the features described above. Executives will be asked if they are interested in being considered for a role in the new structure and, if they are, they will undergo a capability assessment to determine their potential assignment to available roles.

To ensure an orderly transition and allow time for proper process, Departments and agencies have up to three years to implement the executive structure reforms from the date the GSE Act comes into effect.

The PSC will require agencies to use the new NSW Public Sector Capability Framework (see page 33) as a reference point to define the core capabilities required for each senior executive role. The Framework provides a basis for managing workforce performance, informing development needs and supporting mobility across the sector.

Executives' capabilities

The *State of the NSW Public Sector Report 2012* emphasised the importance of building executives' capabilities if the sector was to improve its performance significantly and respond well to major challenges. The report described the results of the first assessment of executives under the Executive Development Program. This program is part of the PSC's Executive Development Strategy and aims to build leadership capability and foster talent in the sector's leadership group.

The first capability assessments in 2012 involved 337 executives at SES levels 4–6 or equivalent. Since then, 120 more executives at these levels have been assessed, bringing the total number of assessed executives to 457 or 83% of a potential candidate pool of 550 executives from the nine clusters.

Table 2 aggregates the results from both groups; it provides a more comprehensive baseline assessment of this cohort than last year's report, rather than tracking year-to-year progress.

Table 2: Executives' competency levels*

Capability	Number competent or above	Percentage competent or above
Customer focus	422	95%
Complex dependencies	406	91%
Organisational resilience	402	90%
Capacity to lead and manage people	389	87%
Reform and change management	367	82%
Innovation	359	81%
High-level project management	349	78%
Strategic and innovative policy advice	339	76%
Cross-organisation and sector focus	336	76%
High-level ICT management	309	69%
Strategic human resource leadership	290	65%
High-level contract management	254	57%
Strategic financial management	210	47%

*Table 2 includes the results of the 444 participants who were still at SES levels 4–6 or equivalent on 30 June 2013.

11 *Government Sector Employment Act 2013* (NSW), section 39

All participants had their strengths and development needs assessed against 13 capabilities drawn from the capability frameworks then in place and priorities identified in the *NSW Commission of Audit Interim Report*. They showed significant strengths, with a high proportion of executives rated competent or above. However, there were gaps in the more technical capabilities such as strategic financial management, contract management and human resource leadership.

Thirty-one per cent of the executives assessed were women. They were in the minority in each participant group, except the Family & Community Services cluster, and were a significant minority in the Finance & Services, Transport and Attorney General & Justice clusters. These results reflect an under-representation of women at executive levels, which is well recognised as a challenge that needs to be addressed if the sector is to better reflect the diversity of the community.

In all age groups, women had a slightly higher mean capability rating than their male counterparts. For women, the mean capability score is higher in the younger age group and lower in the older age group. For men, there is relative consistency across the age groups.

The first group of executives to be assessed were asked to provide feedback as part of a formal evaluation of the program. More than 75% of those who responded agreed that they had greater clarity about their strengths and development needs and more than 84% said they were making changes to improve the way they worked.

Capability development

The PSC has established two coaching options for executives in the Executive Development Program. Peer-to-peer coaching draws on the experience and individual strengths of high-performing executives to assist their colleagues. The Executive Coaching Panel facilitates access to a wide range of services offered by professional coaches. The aim of the coaching is to enable participants to continue their development under an individualised plan, with a focus on building strategic leadership capabilities that will ultimately benefit the sector.

While there are significant strengths in the executive group, the assessment results reinforce the conclusion in last year's *State of the NSW Public Sector Report* that four capabilities in particular needed to be improved: high-level ICT management; strategic human resource leadership; high-level contract management; and strategic financial management. The PSC is introducing a range of programs to assist in achieving this goal.

The focus is on improving four capabilities: ICT management, HR leadership, contract management and strategic financial management.

Chapter 2: Enhancing our workforce

Building capabilities

In one initiative to develop capabilities in these areas, the PSC worked with the Australian Graduate School of Management to create a Delivering Business Results program, addressing the key management areas of finance, human resources and contracting. The program was designed to respond to the varying needs of each cluster and encourage cross-sector collaboration in program activities. Two groups of executives have now been through the program.

The Treasury was also involved in developing Delivering Business Results, ensuring the program aligns with its planned financial management reforms.

In addition, the PSC's new Capability Framework was specifically designed to support the strengthening of these capabilities by including a unique 'business enablers' group of capabilities. See page 33 for more information about the Capability Framework.

Encouraging executive networking

In 2012–13, the PSC launched Executive Connections, a series of regular forums for senior executives to encourage information sharing, develop connections across the sector and inspire action. The forums provide participants with insights into effective management approaches, and include workshops on sector-wide issues and briefings on key government priorities. Moreover, they help effect a cultural shift from a situation where executives are focused on the objectives and functions of their particular agencies to one where they operate as a sector-wide leadership group, with a common goal of delivering high-quality services to the public.

Researching barriers to career progression

The capability assessment results for women indicated there is untapped potential in the female executive group. The PSC is eager to capitalise on the potential for this group to make a greater contribution to service delivery. It plans to examine 2013 workforce data and the results of the 2012 *People Matter Employee Survey* to inform the next phase of research into the barriers to career progression that women may experience.

Diversity

In last year's *State of the NSW Public Sector Report*, the PSC noted that the NSW public sector workforce did not reflect the diversity of the wider community.

Maintaining a diverse workforce is important for three main reasons:

1. The public sector's core values require all employees to consider people equally without prejudice or favour and to appreciate difference.[12] A workforce that applies these principles consistently and transparently is more likely to engender trust and be customer focused.

2. If employees feel their workplace is diverse and inclusive, their performance is likely to be higher in a number of areas, including innovation, responsiveness to customers' changing needs and workplace collaboration.[13]

3. A workforce that is free from discrimination, recruited and promoted on merit, and representative of the wider NSW community, is likely to provide better advice to government and deliver higher-quality services to the public.

The legal framework to promote equal employment opportunity (EEO) in the NSW public sector has been largely unchanged since it was introduced in 1980. It was designed to address the historic disadvantage that particular groups in society experienced when looking for employment. Part 9A of the *Anti-Discrimination Act 1977* – which applies to the NSW public sector, listed universities and local government – enabled the sector to implement strategies to redress this disadvantage through EEO management plans to:

• eliminate discrimination on the grounds of race, sex, marital or domestic status or disability

• promote equal employment opportunities for women, members of racial minorities and people with a disability.

Significant progress has been achieved since Part 9A was introduced. However, the highly prescriptive planning process it lays down may have resulted in the diversity objectives and initiatives of some agencies separating from strategic workforce planning in many instances, rather than being integrated into it. Further, the employment context for some groups on which Part 9A focused has changed over the years. In developing the GSE Act, there has been an opportunity to consider a broader concept of diversity that addresses current and emerging employment issues, such as the ageing workforce.

12 *Public Sector Employment and Management Act 2002* (NSW), section 3B
13 Deloitte Touche Tohmatsu (2012), *Waiter, Is That Inclusion in My Soup? A New Recipe to Improve Business Performance,* Deloitte Touche Tohmatsu Ltd., Sydney, p.4

Impact of the GSE Act

The GSE Act will significantly change the NSW public sector's approach to encouraging diversity in its workforce. As with the PSEM Act, the sector's Ethical Framework – with its four core values of integrity, trust, service and accountability – and associated principles are incorporated in the GSE Act.[14]

The Act allows the PSC and agencies to focus on outcomes rather than process. It:

• repeals Part 9A of the *Anti-Discrimination Act 1977* and reflects a wider, more contemporary concept of workforce diversity, including but not limited to gender, cultural and linguistic background, Aboriginality and disability

• enshrines in legislation the responsibility of Department Secretaries and agency heads for their organisation's conduct and management, including making the agency head responsible for workforce diversity within their organisation, and ensuring it is integrated into strategic workforce planning, which will in turn support business planning and customer service

• requires the Public Service Commissioner to provide periodic reports on workforce diversity, and enables the Commissioner to make rules regarding workforce diversity that are binding on Department Secretaries and agency heads.[15]

This approach will enable the PSC and agencies to address emerging workforce diversity issues and provides a clearer basis for strategic decision making. The Public Service Commissioner will continue to lead the strategic development and management of the government sector's workforce in relation to equity and diversity, including ensuring the workforce reflects the diversity of the wider community.

Aboriginal and Torres Strait Islander employment and workforce development

The PSC will be working with agencies across the NSW public sector to engage Aboriginal and Torres Strait Islander peoples and communities, and strengthen the sector's reputation as a place for Aboriginal and Torres Strait Islander peoples to find rewarding jobs and develop meaningful careers. Central to this is reinforcing the sector's demonstrated leadership and commitment to improving employment and development opportunities for Aboriginal and Torres Strait Islander peoples.

The estimated representation of Aboriginal and Torres Strait Islander peoples in the NSW public sector workforce has increased steadily since 2006 (see Figure 6). With an estimated 2.74% of the workforce identifying as Aboriginal or Torres Strait Islander in 2013, the sector has exceeded the target of 2.6% by 2015 set by the Council of Australian Governments.[16]

Figure 6: Estimated representation of Aboriginal and Torres Strait Islander peoples in the NSW public sector workforce, 2006–13
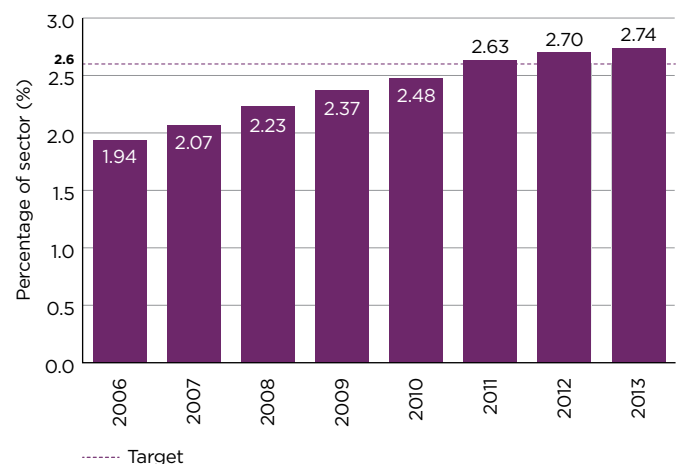
The growth in roles for Aboriginal and Torres Strait Islander peoples in the NSW public sector has been in areas such as health, education and welfare support. However, the employment of Aboriginal and Torres Strait Islander peoples in other key areas, such as finance and transport, has not shown the same growth.

14 *Government Sector Employment Act 2013* (NSW), section 7
15 *Government Sector Employment Act 2013* (NSW), sections 25, 30 and 63
16 Council of Australian Governments (2011), *Final Report: Actions Taken to Meet the COAG Reform Council's Recommendations*, COAG, Canberra

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In addition, workforce data shows that Aboriginal and Torres Strait Islander employees continue to leave the NSW public sector at a rate of between 1.3% to 2.9% higher than the rate for non-Aboriginal and Torres Strait Islander employees (for the period 2006–2013). In 2013, the public sector exit rate[17] of Aboriginal and Torres Strait Islander employees was 9.1%, compared with 7.8% for non-Aboriginal and Torres Strait Islander employees and 8.1% for the total workforce.

The proportion of Aboriginal and Torres Strait Islander employees in more senior positions[18] has grown by 1.3% – from 5.8% of all Aboriginal and Torres Strait Islander employees in 2006 to 7.1% in 2013. However, the rate has not kept pace with the overall sector growth rate in more senior positions, which increased by 3.4% between 2006 and 2013 (from 13.0% in 2006 to 16.4% in 2013).

Improving employment opportunities for Aboriginal and Torres Strait Islander peoples

In early 2013, the PSC commissioned an evaluation of current strategies, policies and activities in the NSW public sector to recruit, retain and develop Aboriginal and Torres Strait Islander peoples. The findings will inform the next sector-wide approach to Aboriginal and Torres Strait Islander employment, leadership and career development in 2014.

A priority for the PSC in 2014 is to work closely with agencies across the sector to identify key strategies that will improve employment opportunities for Aboriginal and Torres Strait Islander peoples. One of these strategies will focus on increasing the representation of Aboriginal and Torres Strait Islander peoples in leadership roles. With this in mind, the PSC will develop a sector-wide leadership development program for Aboriginal employees, as well as other career planning and networking initiatives.

The development of a sector-wide Aboriginal employment strategy is also recognised as a priority by the NSW Government and, as such, has been listed as a major initiative in OCHRE, the *NSW Government Plan for Aboriginal Affairs: Education, Employment and Accountability.*

One public sector agency that is creating greater education and employment opportunities for Aboriginal and Torres Strait Islander peoples is NSW Businesslink. Every year since 2011, the agency has provided up to five one-year traineeships to Aboriginal and Torres Strait Islander peoples. The traineeships include on-the-job training and mentoring and the opportunity to gain a permanent position with Businesslink.

The traineeships are the result of a partnership between Businesslink and the Gandangara Local Aboriginal Land Council (LALC), in which the organisations work together to improve the representation of Indigenous peoples in the workforce.

Gandangara LALC sponsors potential candidates to complete a Certificate II in Business Administration. Participants who complete the course are invited to apply for a traineeship within Businesslink.

The trainees work in a range of areas, including recruitment, finance and payroll, so they can develop a variety of skills and identify the areas they are most interested in. They also study for a Certificate III in Business Administration, and when this is completed they may be offered permanent positions.

The program emphasises culturally appropriate mentoring to support trainees. Businesslink also provides them with a flexible work environment that allows them to develop their strengths.

Seven trainees are now working permanently at Businesslink, with one gaining employment at a higher grade. Another was awarded the South Western Sydney Institute of TAFE Indigenous Student of the Year award and nominated for the prestigious Director's Award. Many have also continued on to the Certificate IV in Business Administration.

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17   Number of employees separated from the public sector divided by the average headcount during the year
18   Grades above Clerk Grade 9 or equivalent

People with disabilities

In February 2011, the NSW Government set an employment target for the proportion of people in the NSW public sector workforce who have a disability that requires a work adjustment. The target was to be achieved in stages: 1.1% of the workforce in 2010–11, 1.3% in 2011–12 and 1.5% in 2012–13.

Based on 2013 data, while 3.46% of the sector's employees identify as having a disability, only 0.91% identify as having a disability that requires a work adjustment. These figures are estimates for the whole sector, based on the rates of identification for those staff members who provided equal employment opportunity data. They are lower than the 2012 figures and reflect a trend of a decreasing proportion of the sector identifying as having a disability. The exception was 2012, which saw a slight increase from 2011 of 3.59% to 3.75% (see Figure 7).

Figure 7: Estimated representation of employees with a disability in the NSW public sector workforce, 2006–13
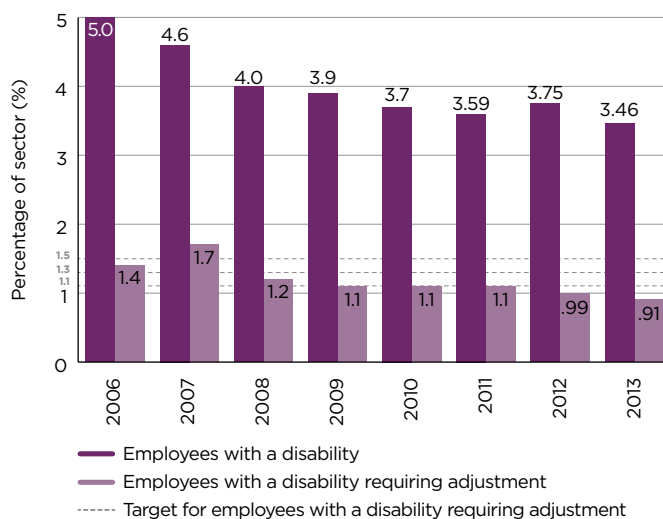
These figures are also consistent with an overall reduction in reported disability in the Australian population, from 20.0% in 2003 to 18.5% in 2009,[19] and among Australian Government public sector employees, from 6.6% in 1986 to 2.9% as at June 2012.[20,21]

The latest data shows that, in terms of the Australian workforce as a whole, the participation rates of people with disabilities have been stagnant since 1993.[22]

The 2012 NSW public sector workforce data contrasts with the results of the 2012 *People Matter Employee Survey*. Of the 60,779 survey respondents, 6.51% indicated they had a disability and of those respondents, 2.96% indicated their disability required an adjustment to their work situation (compared with the workforce data figures of 3.75% and 0.99% respectively).

The variations highlight the longstanding difficulty in measuring and reporting on the prevalence of disability in the NSW public sector workforce. One issue has been variation in how disability is defined. A person's experience of their disability in the workplace, and the degree of workplace modification and support they require, influences whether or not they see a need to report having a disability.

The voluntary disclosure of information about disability – combined with employee concerns about confidentiality and privacy – is also a factor in reduced reporting levels.[23]

Measuring disability across the sector's workforce

Without better data, it is difficult to be confident about the number of NSW public sector employees who have a disability and whether this figure is stable, increasing or declining over time. The PSC will take steps to improve the measurement and collection of diversity data for June 2014, by increasing the accuracy of how estimates are calculated and working with agencies to improve response rates. These changes are essential if the NSW public sector is to enhance its understanding of the workforce's profile and the effectiveness of actions taken to increase diversity.

It is also important to gain a better understanding of the experiences and attitudes of employees in the sector who have a disability. The results of the 2012 *People Matter Employee Survey* reveal, for example, that respondents who indicated they had a disability were generally less likely than other employees to agree with positive propositions in the survey (see Figure 8). Respondents who identified as having a disability were also more likely than other employees to indicate they had personally experienced bullying (43% compared with 29% for the overall sector).

19 Australian Bureau of Statistics (2009), *Disability, Australia*, cat. no. 4446.0, ABS, Canberra
20 Management Advisory Committee MAC (2006), *Employment of people with disability in the APS*, Australian Government, Canberra, Australian Government
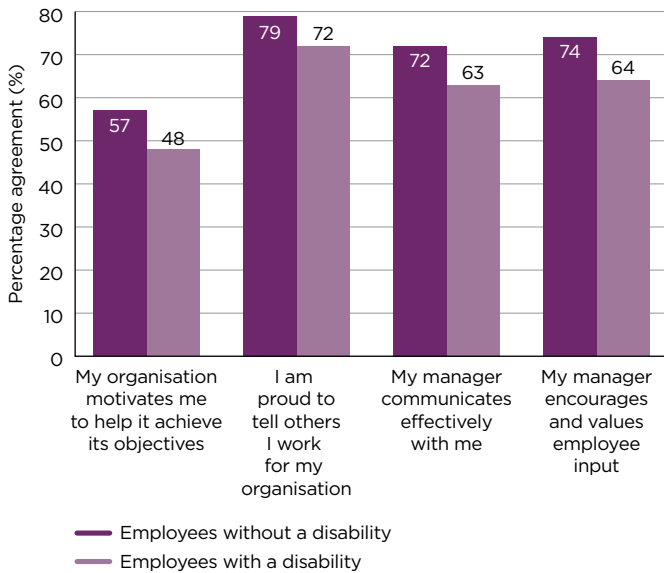21 Australian Public Service Commission (2012), *State of the Service Report 2011–12*, Australian Government, Canberra, p.143
22 Australian Bureau of Statistics (2009), ibid
23 NSW Department of Premier and Cabinet (2010), *EmployABILITY*, NSW Government, Sydney, p.11

Chapter 2: Enhancing our workforce

Figure 8: Perceptions of employees with disabilities

Figure 8: Perceptions of employees with disabilities

Legend:
- Employees without a disability
- Employees with a disability

Category	Employees without a disability	Employees with a disability
My organisation motivates me to help it achieve its objectives	57	48
I am proud to tell others I work for my organisation	79	72
My manager communicates effectively with me	72	63
My manager encourages and values employee input	74	64

Knowing more about the systemic barriers faced by employees with a disability in the NSW public sector will provide a more robust basis for future diversity policies and strategies. The PSC and the Department of Family & Community Services are finalising research into these barriers. The PSC plans to use the findings from this research to develop recommendations about strategies for increasing workforce diversity and inclusion in the NSW public sector.
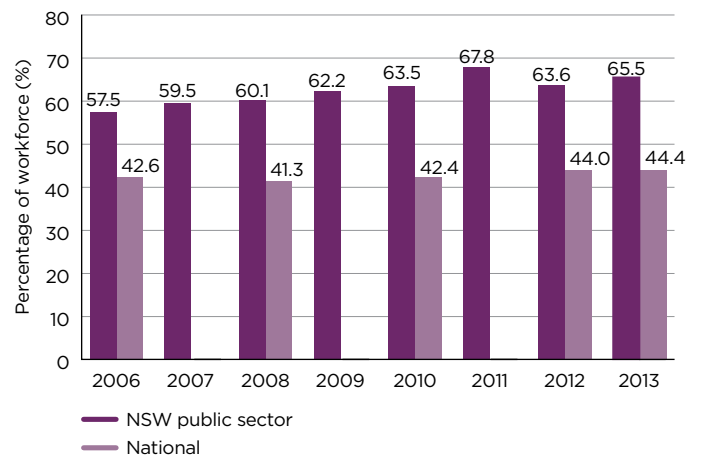
Mobility

The first *State of the NSW Public Sector Report* and the *NSW Commission of Audit Interim Report* both identified increasing the mobility of the NSW public sector workforce as a key priority. In this context, mobility is the ability of employees to move easily from one role to another within or between agencies or clusters in the NSW public sector, or between the sector and other areas.

A mobile workforce is important because it makes it easier to redeploy resources to match priorities and respond effectively to change and emerging trends, get the 'right person' into the 'right job', and infuse new ideas and practices into a workplace. Employee mobility is also widely regarded as one of the best ways to develop leadership capability, provide enriching careers, and build and retain capability and 'know-how' in an agency.

Studies have also shown a strong link between mobility and organisational performance.[24,25,26] Exposure to different roles and workplaces provides employees with fresh experiences and the opportunity to develop their capabilities, both of which can open up new career options.

However, mobility appears to be declining in the NSW public sector, with employees increasingly likely to stay in their agencies for five years or more (see Figure 9).

Figure 9: NSW public sector employees who spend five years or more in an agency, compared with the national workforce[27]

Figure 9: NSW public sector employees who spend five years or more in an agency, compared with the national workforce[27]

Legend:
- NSW public sector
- National

Year	NSW public sector	National
2006	57.5	42.6
2007	59.5	
2008	60.1	41.3
2009	62.2	
2010	63.5	42.4
2011	67.8	
2012	63.6	44.0
2013	65.5	44.4

Note: 2011 data for the NSW public sector excludes data from the Health cluster. National workforce data are unavailable for 2007, 2009, 2011.

24 Somaya, D, Williamson, I O and Lorinkova, N (2008), 'Gone but not lost: The different performance impacts of employee mobility between co-operators versus competitors', *Academy of Management Journal*, Vol. 51 No. 5, pp.936–937
25 Bidwell, M (2012), 'Paying more to get less: The effects of external hiring versus internal mobility', *Administrative Science Quarterly*, Vol. 56, pp.369–407
26 Grant, R (1991), 'The Resource-Based Theory of Competitive Advantage: Implications for Strategy Formulation', *California Management Review*, No. 33, pp.114–135
27 Australian Bureau of Statistics (2006, 2008, 2010, 2012, 2013), *Labour Mobility*, cat. no. 6209.0, ABS, Canberra

The trend of declining mobility in the NSW public sector is consistent with national and international trends that show a decline in voluntary turnover since the mid-2000s and a slight increase in the average job tenure in recent years. Studies suggest that this may be due to a range of factors, including:

• a reaction to a period of job instability arising from the global financial crisis of 2007–08

• employee benefits, such as superannuation arrangements[28]

• low patterns of mobility in the government sector, compared with other industries in which individuals regularly change roles, such as hospitality and construction[29]

• increasing overall job satisfaction and employee engagement[30]

• organisational size, with job changing found to be less likely in larger organisations with 500 employees or more.[31]

Research also shows that mobility of the sector's workforce is higher within agencies than between agencies and with other sectors. Approximately 70% of roles advertised in 2012 through jobs.nsw (the sector's online job search engine) were filled by existing employees in the sector. Of this group, 57% were filled by candidates from within the agency advertising the vacancy.

Mobility varies across the demographic groups in the sector. In 2013, the median tenure for employees aged between 25 and 34 years of age was 4.4 years, the same as it was in 2009. In contrast, for employees aged between 35 and 44 years, the median tenure increased from 8.4 years in 2009 to 9.1 years in 2013. For employees aged between 45 and 54 years, the median tenure decreased from 13.3 years in 2009 to 12.6 years in 2013.

Women tend to stay in the sector for a shorter length of time than men. However, this gap has closed in recent years. The proportion of women who have worked in the same agency for five years or more has grown steadily from 54.3% in 2006 to 64.8% in 2013.

Removing the barriers to mobility

The first *State of the NSW Public Sector Report* identified several barriers to workforce mobility, including linking employees to a specific position in an organisational structure.

The GSE Act will introduce a number of structural and other changes that are intended to remove these barriers. As mentioned earlier, this includes the single, leaner and flatter executive structure with a common set of employment arrangements, and staff being employed within a grade or band and assigned to a role that may change over time, rather than being appointed to a fixed and specific position.

Employees will be consulted before being reassigned to a different role and will not have their remuneration reduced without their consent.[32]

The greater mobility under the new employment arrangements will help to:

• expand the breadth of employees' capabilities

• increase development opportunities for them

• enable agencies to respond quickly to changing government priorities or community needs.

A new recruitment model (see page 39) is expected to contribute to mobility by simplifying and streamlining the application and selection process, and promoting the development and use of internal and external talent pools to fill vacancies in common roles. The more robust selection methods outlined later in this report are also likely to assist mobility.

Higher levels of mobility should strengthen capability, lead to improved levels of workforce performance and productivity, and help equip the sector to meet the future needs of the community and optimise performance over the longer term.

28 D'Arcy, P, Gustafsson, L, Lewis, C, and Wiltshire, T (2012), 'Labour Market Turnover and Mobility', *RBA Bulletin*, Sydney, December, pp.1–12
29 Watson, I (2011), *Does changing your job leave you better off? A study of labour mobility in Australia, 2002 to 2008*, National Centre for Vocational Education Research (NCVER), Commonwealth of Australia, Adelaide, p.17
30 Chartered Institute of Personnel and Development (2013), *Megatrends: The trends shaping work and working lives – Has job turnover slowed down?*, CIPD, London, UK
31 Watson, I (2011), ibid
32 *Government Sector Employment Act 2013* (NSW), sections 45 and 46

Strengthening workplace culture

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A healthy workplace culture enables employees to work in a more innovative, productive and collaborative way.

A workplace built on mutual trust and respect – where new ideas are welcomed and the focus is on achieving goals – is likely to enhance productivity, encourage collaboration and improve service delivery. The sector's core values of integrity, trust, service and accountability provide a practical basis for higher performance. In strategies to embed the values in workplaces across the sector, it is therefore important to address behaviour that is inconsistent with the values.

Chapter at a glance

- The NSW public sector is undertaking work to embed the sector's core values more completely into workplace management systems.

- All public sector agencies report having basic policies in place to prevent or counter bullying. The challenge is to work out why, despite this, almost 30% of respondents to an employee survey in 2012 indicated they had experienced bullying in the previous 12 months.

- It is important to take into account workplace culture and organisational context when addressing bullying.

- The sector is implementing strategies to improve workplace culture, including developing executives' capabilities, strengthening performance development and improving workforce diversity.

Culture

Many factors influence the culture of a workplace: its people, leadership, systems, practices, written and unwritten rules, official and unofficial priorities, perceptions and beliefs. The way things are typically done has very real and significant effects on individual employees' behaviours and the performance of the whole workplace. For example, one study found employee performance improved by up to 39% in workplaces where people were provided with incentives and encouragement to work on new ideas, despite the risk of uncertain outcomes or initial failures.[33]

The sector's values provide clear criteria for enhanced relations between employees, better services to customers and clients, greater innovation, increased collaboration, higher labour productivity and stronger public confidence in the sector. As the NSW Commission of Audit commented, enshrining the core values in legislation in late 2011 was a good way to start strengthening the culture of agencies.[34] Based on the results of the *People Matter Employee Survey*, employees generally agreed that their work group was observing the values.

The GSE Act retains these values, and their underlying principles, but goes further than the PSEM Act by explicitly making Department Secretaries and agency heads responsible for the general conduct and management of their organisations in accordance with the values. Given the importance of leadership in driving effective culture change, this is of both symbolic and real importance.

The key is to implement the core values in a way that is meaningful, practical and relevant to employees so they are accepted as part and parcel of how things are done. Work is underway across the sector to achieve this by embedding the values into various workforce management systems. For example, the principles that support the values:

• are incorporated in the new Capability Framework

• have been integrated into the new Performance Development Framework

• will inform recruitment and promotion practices

• will be reflected in the instrument that is being developed to measure customer satisfaction.

Supporting agencies

Organisational change is typical of contemporary working life, and if not managed well can generate uncertainty and insecurity in the workplace.[35] To manage change well, organisations must consider workplace culture. To help agencies deal with these and future challenges, the PSC has been developing a comprehensive package of resources to support all employees, including managers, to effectively embed the values in their workplace policies, practices, services and conduct.

An important item in the package is a Code of Ethics and Conduct based on the sector's core values. It sets a standard of expected behaviour for all employees across the sector, to which they can be held throughout the performance development process.

The package includes resources on leadership, culture change, governance and working effectively within the requirements of the Westminster system of government. There is a strong focus on learning and development for all employees to understand and meet their ethical obligations as public servants.

33 Corporate Leadership Council (2002), *Building the High-Performance Workforce – a quantitative analysis of the effectiveness of performance management strategies*, Corporate Executive Board, Washington D.C., p.20a
34 NSW Commission of Audit (2012), *NSW Commission of Audit Interim Report: Public Sector Management*, NSW Government, Sydney, p.141

35 Skogstad A, Mattiesen S B, Einarsen S (2007), 'Organisational Changes: A precursor of bullying at work?', *International Journal of Organisational Theory and Behaviour*, Vol. 10 No. 1, pp.58–94

Chapter 3: Strengthening workplace culture

Bullying

The various behaviours that constitute bullying are contradictory to the values of integrity, trust, service and accountability, and are unacceptable. Last year's *State of the NSW Public Sector Report* concluded that bullying was a significant issue in the sector, particularly in light of results from the *People Matter Employee Survey* and the *Ethics Stocktake*.[36]

Workplace bullying is recognised across all sectors as a complex, serious and costly problem. In July 2012, the NSW Government estimated that bullying in NSW workplaces had cost the state's economy almost $100 million in the previous three years, and introduced a *Bullying Prevention Kit* to help employers tackle the issue.[37]

In March 2013, the Public Service Commissioner directed agency heads to report on what they were doing to understand the extent of bullying in their organisations and the specific measures they had or were planning to put in place to combat it. This was the first time the Commissioner had exercised his power under the PSEM Act to issue directions to agency heads, highlighting the importance of the problem.

All agencies responded to the Commissioner's direction in May 2013. Based on their responses, all agencies have basic policies to prevent or counter bullying and have, to varying degrees, implemented their policies through communication and training. All stated they have some form of grievance handling or complaints system that records incidents and issues (including bullying), and report relevant facts to management.

Most agencies advised that they reported the results of the *People Matter Employee Survey* to their employees, and have developed action plans with strategies – or modified existing plans to include strategies – to address issues brought up in the survey, particularly bullying.

Some agencies are emphasising policies and procedures within a broad culture change framework that includes developing a more 'respectful workplace'.

The challenge is to work out why, despite the measures that agencies have in place, 29% of respondents to the *People Matter Employee Survey* indicated they had been bullied in the 12 months prior to the survey, and just under half indicated they had witnessed bullying in the workplace in that period.

Reasons for disconnect

Analysis from Australia and overseas shows that workplace culture exerts a powerful and pervasive influence over employee behaviour and agency performance.

Workplace culture may be one reason for a disconnect between how things should be done and how they are being done. The beliefs and work practices at the local workplace level can diverge significantly from formal or official policies on how work should be carried out. A further complication is that it is common for agencies to have more than one culture, with different sub-cultures existing in different workplaces throughout the agency. There may be a need to better align the various sub-cultures and the broader agency culture through the shared public sector values.

Another issue is the extent to which behaviour that survey respondents reported as bullying would generally be regarded as such. The context in which the behaviour occurs is important. Factors that appear to determine when behaviour is more likely to be labelled as bullying include a perceived negative intent and low levels of trust between individuals and within the organisation.[38] This combination of context and perception makes workplace bullying a complicated issue to address.

The NSW public sector is not alone in facing this issue. Levels of workforce bullying across the Victorian public sector (reported through an employee survey) have been consistent at around 20% since the sector started measuring the issue in 2004. A comparative study in 2010 showed that the level of bullying reported in public sector employee surveys is fairly similar across Australia.[39]

The experience in Victoria is instructive, particularly as the NSW *People Matter Employee Survey* is closely based on the Victorian survey, which is run by the Victorian State Services Authority. The Authority's recent research revealed that, while there is a fairly clear spectrum of behaviour from respectful to disrespectful, the line between disrespectful behaviour and bullying is blurred and subjective. However, survey evidence of bullying is a useful warning indicator and is likely to need more detailed exploration before action can be taken.[40]

The research suggests that organisational context is crucial to interpreting behaviour. Importantly, it highlights the critical role of trust in defining the context and perceptions around bullying. There were three aspects of organisational culture that seemed to have the most effect on trust in the organisation: employees' perceptions of whether leaders were modelling the organisation's values; their confidence in grievance and dispute resolution procedures; and belief in performance management systems.

36   St James Ethics Centre (2012), *NSW Public Service Ethics Stocktake*, NSW Public Service Commission, Sydney, p.79

37   Pearce, G (NSW Minister for Finance and Services, Minister for the Illawarra) (2012), *NSW Government to Tackle Workplace Bullying*, media release, 22 July, Sydney

38   State Services Authority (2012), *Exploring workplace behaviours: from bullying to respect*, State Government of Victoria, Melbourne, p.25

39   State Services Authority (2012), *Trends in Bullying in the Victorian Public Sector People Matter Survey 2004–2010*, State Government of Victoria, Melbourne, p.30

40   State Services Authority (2012), *Exploring workplace behaviours: from bullying to respect*, State Government of Victoria, Melbourne

The NSW public sector must find a way to implement its core values in a way that is meaningful and relevant to employees.

The *Ethics Stocktake* also found that performance management, leadership and grievance procedures are at the centre of many challenges to ethical culture in the public service. The conclusions in this qualitative study suggest that workplace bullying is a persistent and multi-layered issue. Changing workplace culture is one of the most difficult challenges facing any organisation. It involves re-setting organisational values, employee beliefs, work practices and standards of conduct, and takes a great deal of time and effort for all employees.

Based on the observations of other jurisdictions, employee perceptions and experience will not dramatically and materially change in the short term. However, the PSC will work with agencies, unions and experts to improve prevention and management initiatives, and performance measurement techniques. The PSC will also take the opportunity to improve relevant questions in the survey to obtain a clearer picture of the situation. As the survey improves, so too will the sector's capacity to understand and therefore respond to bullying.

In addition to a survey of employees, the PSC will also conduct a survey of agencies in 2014. The survey aims to gather information that will allow a more in-depth assessment of agency systems and processes that are in place to address bullying. This information will be important in helping the sector understand the discrepancy between employees' perceptions that their agency is doing a good job implementing the public sector's core values, and the perceived high levels of bullying that exist. It will also give the sector insights into why employees do not feel confident that bullying is being managed appropriately, despite agencies reporting they are putting strategies in place to address the issue. The results of the survey may help determine the most effective initiatives to improve workplace culture and how these can be implemented.

In addition to agency heads providing updates on their initiatives to address bullying, reforms under the GSE Act and improvements in the 2014 employee survey, there are a number of other workplace culture strategies that are being implemented across the sector, detailed below.

Leaders modelling the values

Agency heads have the power to influence the behaviour of their agency's culture. Employees look at what leaders do – rather than what they say – to determine the agency's real priorities, agendas and acceptable ways of working. For this reason, the sector will continue to focus on developing executives' capabilities, offering professional development and assessing the performance of leaders to ensure they can positively influence the culture of their agency.

Performance development

Strengthening performance development will ensure managers and employees more clearly understand their roles and responsibilities and develop capabilities to address unacceptable behaviour through difficult conversations and performance assessment. This will help reduce the acceptance of inappropriate behaviours in the workplace.

Respect and inclusiveness

The research by the Victorian State Services Authority suggests that a continued focus on implementing the sector's values – specifically trust – is likely to improve workplace culture. The guiding principles that underpin the core value of trust include the basic behavioural standard that all employees must build relationships based on mutual respect. While the GSE Act gives agency heads the responsibility for implementing the sector's core values in their agencies, it is important for employees to see that they have an equal role to play in improving the culture of their workplace.

The research also shows that exclusionary behaviour was most likely to diminish a person's sense that their organisation is concerned about their well-being. This suggests that efforts to improve inclusiveness by increasing workplace diversity and respecting others will help create a workplace culture in which bullying has no place. By working hard to embed the core values of trust, integrity, service and accountability into employees' consciousness, the NSW public sector can begin to foster open, accepting and respectful workplaces.

Creating better systems

4

Robust systems, processes and policies provide the foundation for a high-performing workforce.

The scale and scope of the work undertaken by the NSW public sector workforce requires robust and reliable systems, processes and policies. With this in mind, the PSC has reviewed the sector's recruitment and performance development processes to ensure it can attract and retain talented employees, and give them the flexibility to progress to new roles. A new sector-wide Capability Framework has also been introduced to support workforce performance and development improvements.

Building a more capable workforce

Many organisations, including most governments in Australia and overseas, use capability frameworks to help identify the capabilities their employees need to achieve desired outcomes, design roles to recruit them and support their performance management and development.

At the time of the *State of the NSW Public Sector Report 2012*, there was a capability framework in place for non-executive employees. However, its application was inconsistent, and there was little evidence of capability information being collated or used to improve workforce planning.[41] There was also a draft framework for executives, which was applied by some agencies.

Chapter at a glance

- The PSC developed a new Capability Framework to be implemented over three years beginning in August 2013.

- The PSC is in the process of establishing a new recruitment model that will simplify the recruitment process and provide capability-based assessments.

- The new Performance Development Framework sets out the approach for managing all aspects of employee performance.

41 NSW Public Service Commission (2012), *How It Is: The State of the NSW Public Sector Report 2012*, NSW Government, Sydney, p.9

The *NSW Commission of Audit Interim Report* had also identified agencies' need for more guidance and help in rolling out capability frameworks. It saw particular capability gaps across the sector in finance, human resources, information technology and communications, procurement, and project management.[42]
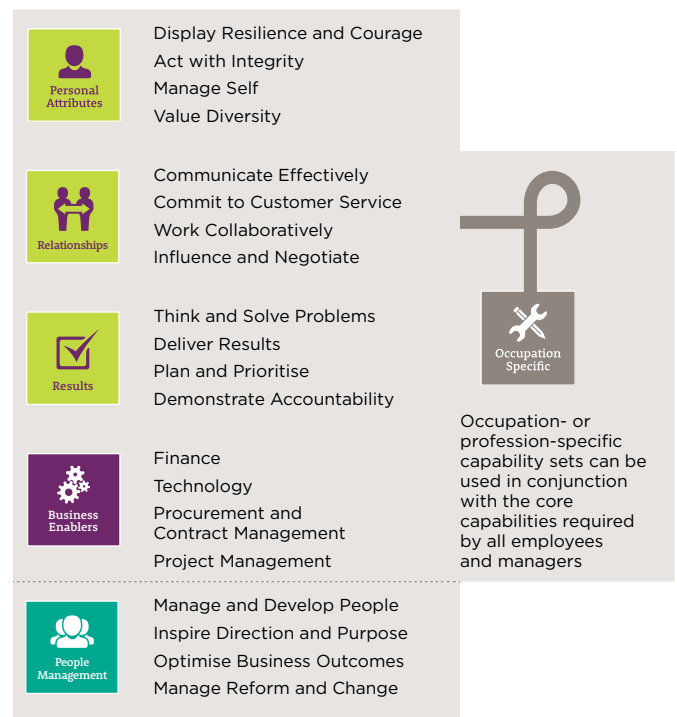
Capability Framework

Against this background, a new Capability Framework has been developed which is tailored to the specific needs of the NSW public sector and reflecting its legislated core values. The Framework, which will be implemented over a three-year timeframe from August 2013, will underpin and strengthen other measures and objectives discussed elsewhere in this report, including:

• assessment of executives' capabilities under the PSC's Executive Development Program

• the new executive structure under the GSE Act

• a new Performance Development Framework

• merit-based recruitment

• workforce mobility.

Representatives from all nine clusters were involved in developing the Capability Framework. Before its release, the Framework was widely tested to ensure it was practical, easy to understand and capable of being applied across the sector. The PSC will work with agencies to embed the Framework across the full range of workforce management practices.

The Framework comprises 16 core capabilities divided into four groups: personal attributes; relationships; results; and business enablers. There is also a 'people management' group with a further four capabilities, which applies to employees who manage others (see Figure 10).

Figure 10: Groups in the new Capability Framework

Personal Attributes
Display Resilience and Courage
Act with Integrity
Manage Self
Value Diversity

Relationships
Communicate Effectively
Commit to Customer Service
Work Collaboratively
Influence and Negotiate

Results
Think and Solve Problems
Deliver Results
Plan and Prioritise
Demonstrate Accountability

Business Enablers
Finance
Technology
Procurement and Contract Management
Project Management

People Management
Manage and Develop People
Inspire Direction and Purpose
Optimise Business Outcomes
Manage Reform and Change

Occupation Specific
Occupation- or profession-specific capability sets can be used in conjunction with the core capabilities required by all employees and managers

Under the Framework, each capability has five levels – foundational, intermediate, adept, advanced and highly advanced. Each level has a description (behavioural indicators) of the knowledge, skills and abilities required at that level.

42 NSW Commission of Audit (2012), *NSW Commission of Audit Interim Report: Public Sector Management*, NSW Government, Sydney, p.99

Chapter 4: Creating better systems

The introduction of the business enablers capability group is an innovation not found in any other core capability framework. It sets expectations for all employees in relation to finance, technology, procurement and contract management, and project management. While the business enablers group is not limited to executive roles, it will be helpful to address any capability gaps identified under the Executive Development Program assessments and by the NSW Commission of Audit.

The Framework allows for occupation- or profession-specific capabilities to be developed and applied in conjunction with the Framework. For example, the PSC has worked with the Department of Finance and Services on the capabilities required by the sector's ICT workforce to support the implementation of the NSW Government ICT Strategy 2012. The PSC selected the Skills Framework for the Information Age (SFIA) – an internationally recognised framework used in over 100 countries – to define these capabilities.[43] Work is well advanced on developing generic role descriptions for common types of ICT roles, based on the Capability and SFIA Frameworks.

Work has also begun on the development of specific capability sets for finance, procurement, project management and human resources professionals. Departments and agencies may develop other occupation- or profession-specific capabilities in consultation with the PSC.

The Capability Framework is expected to help individual employees in their career planning, by enabling them to identify career and development pathways based on the capabilities required to progress to their chosen roles. The Framework will also support employee mobility by providing capability descriptions for roles across the sector and a common language to describe role requirements.

Developing performance

A significant driver of performance is an employee's understanding of what is expected of them in the role and how the work they undertake relates to the organisation's objectives. Effective performance management helps build that understanding and align the employee's performance with those objectives so they can make a positive contribution to the organisation.[44]

The NSW public sector has long been required to implement performance management systems. However, for a range of reasons (not all unique to the public sector) it has struggled to maintain these systems.

This was reflected in the findings of the *NSW Commission of Audit Interim Report*, which saw performance management – particularly of poorly performing employees – as a key challenge across the sector. The Commission of Audit commented that difficulties in managing poor performance sometimes even led managers to use restructures to remove underperformers rather than managing their performance.[45] Later research done for the PSC detailed managers' concerns about difficulties they faced in managing underperformance, including being perceived as bullying by the employee concerned.[46]

The *People Matter Employee Survey* reinforced the need for action, with:

• 26% of survey participants indicating they had not received any informal or formal feedback on their performance in the previous 12 months

• only 40% overall indicating they had received formal and informal feedback on their performance over that period.

These results are a concern but suggest good performance management could markedly increase employees' engagement – how connected and committed they feel to their agency, its goals and values – as well as their productivity. Survey participants who received performance feedback of any form in the previous 12 months were significantly more engaged than those who had not received any type of feedback. Studies indicate that employee engagement is an important predictor of customer satisfaction.[47,48,49]

44 Corporate Leadership Council (2002), *Building the High-Performance Workforce – a quantitative analysis of the effectiveness of performance management strategies*, Corporate Executive Board, Washington D.C.

45 NSW Commission of Audit (2012), *NSW Commission of Audit Interim Report: Public Sector Management*, NSW Government, Sydney, pp.92–96

46 St James Ethics Centre (2012), *NSW Public Service Ethics Stocktake*, NSW Public Service Commission, Sydney, pp.19–21

47 Vincent, C and Marson, B (2003), 'From Research to Results', *Canadian Government Executive*, Issue 2, pp.26–27

48 Boedeker, C, Vidgen, R, Meagher, K, Cogin, J, Mouritsen, J, and Runnalla, M (2011), *Leadership, Culture and Management Practices of High Performing Workplaces in Australia: The High Performing Workplaces Index*, Australian School of Business, Society for Knowledge Economics

49 Gallup Inc (2006), 'Gallup Study: Engaged Employees Inspire Company Innovation', *Gallup Business Journal*

43 The SFIA Foundation website can be viewed at www.sfia-online.org

The GSE Act continues a new provision that was added to the PSEM Act in April 2012 to ensure a proper emphasis on performance management.[50] It requires the head of an agency to develop and implement a performance management system and the Public Service Commissioner to issue guidelines on the essential elements of such a system.

Performance Development Framework

The PSC and agencies have since worked together to develop the NSW public sector Performance Development Framework, drawing on research into best practice performance management. Groups of employees and their managers from a range of agencies took part in a pilot of the Framework between January and March 2013.

The Framework, which sets out the Public Service Commissioner's guidelines, was launched on 1 July 2013 and sets the approach for managing all aspects of employee performance. It has six components, each describing effective practices that link individual and team performance with the objectives and performance of their agency. Each component includes elements that are considered essential in agencies' performance management systems (see Figure 11).

To help improve financial management in the sector, the Framework specifies particular objectives that must be in the performance agreements of executives who manage budgets. The Framework also requires the performance agreements of all employees who manage people to include objectives aimed at improving workforce management across the sector.

Figure 11: Components of the Performance Development Framework

	Component	Essential elements
CONTINUOUS	**Set and clarify expectations** Collaborative process between manager and employee to set performance expectations and clarify them on an ongoing basis.	• Each employee has an up-to-date description of their role, including required capabilities and responsibilities, linked to the organisation's strategy. • All employees understand the public sector values, the capabilities required of them in their roles, and the deliverables for which they are accountable. • All employees are aware of the codes of conduct, policies, procedures and standards they are expected to observe. • All new employees (in the sector or the team) undergo a review process that includes informal and formal reviews.
	Monitor Ongoing joint evaluation of progress towards achieving work goals and expectations, involving regular two-way feedback.	• All employees have regular opportunities to discuss their work with their manager and receive informal feedback on their performance (either individually or as a team). • All employees have the opportunity to provide informal and formal feedback (through a structured assessment method) to their manager.
CYCLICAL	**Plan and review** Collaborative process between manager and employee to plan performance, linked to corporate objectives, with periodic reviews of progress towards achieving work goals.	• All employees have an annual formal performance agreement with their manager that sets out individual performance objectives linked to corporate objectives as well as the capabilities they are required to demonstrate in their role. • Performance agreements for all executives who have financial accountability include mandatory performance objectives. • Performance agreements for all employees who have responsibility for managing people include mandatory performance objectives. • All employees have a formal performance review at least once a year. • Formal performance reviews are to inform all assessments for incremental salary progression; payment of increases determined by the Statutory and Other Officers Remuneration Tribunal (SOORT); and any contract renewal.
	Develop Collaborative process to identify and develop employees' capabilities with periodic reviews of progress.	• Development plans are based on the capabilities required in the role, the employees' existing capabilities, and his/her performance objectives and/or career goals. • Progress against development plans is formally reviewed at least once a year.
	Recognise Regular practice of recognising employee efforts and excellent performance outcomes and achievements.	• Agencies have guidelines in place to help managers appropriately recognise employees at the local level.
EVENT-DRIVEN	**Resolve unsatisfactory performance** Process of addressing unsatisfactory performance.	• Managers promptly work with the employee to understand and resolve instances or patterns of unsatisfactory performance.

Chapter 4: Creating better systems

"Managing people is something that needs to be embraced and valued in order to achieve a performance culture in the public sector."

Management development program participant

Sustaining performance

The GSE Act emphasises the importance of performance management by giving the Public Service Commissioner the power to set the requirements for performance management systems.[51] However, agencies will have the flexibility to develop their own systems to meet those requirements.

The GSE Act and the consistent application of the new Performance Development Framework are expected to result in agencies placing more emphasis on good performance management practice, and better appreciating why this matters. In contrast to the PSEM Act, the GSE Act more clearly separates unsatisfactory performance from misconduct, in terms of definition and response.[52]

The GSE Act also has clearer provisions about unsatisfactory performance. The government sector employment rules will include requirements to ensure employee performance is addressed fairly, transparently, appropriately and promptly, instead of by the current drawn-out and often intractable process.

The new Capability Framework will also support effective performance development by clarifying the types and levels of capabilities expected in each role. It will give managers and employees a clear, shared understanding of expectations and provide a starting point for capability assessment and development planning. Learning and development activities will target specific capability levels and underpin talent management programs.

The PSC will continue to work closely with agencies as they adjust practices and develop processes so their systems contain all the essential elements of the Performance Development Framework. It will develop guidelines about managing unsatisfactory performance and run a program to help managers understand and apply core techniques to optimise performance.

51 *Government Sector Employment Act 2013* (NSW), section 67
52 *Government Sector Employment Act 2013* (NSW), sections 68 to 70

The PSC has been piloting a practical, six-month management development program that aligns with the components of the Performance Development Framework, involving participants from all clusters. The aim of the program is to help managers:

- get an insight into their strengths, identify areas for development and optimise their own performance

- understand and apply approaches to maximise individual and team performance

- understand and apply core techniques and skills to engage employees in discussions about performance

- manage and resolve unsatisfactory performance

- build a performance culture.

Once the pilot has been evaluated, the program will be considered for further use in the sector.

The Commission will also review the Performance Development Framework regularly to support ongoing improvements and ensure alignment with other workforce management reforms, such as the new Capability Framework.

Agencies will be required to assess their performance management systems against the Performance Development Framework, and provide a report to the Public Service Commissioner by 1 November 2013, and then annually from 31 January 2015, on the outcomes of their assessment and how identified gaps will be addressed. The results of the next *People Matter Employee Survey*, to be conducted in 2014, will help the PSC gauge the sector's progress in managing and developing the capabilities and performance of its workforce.

Transforming an organisation's culture to optimise performance is a long-term process of embedding good practice and changing mindsets. It requires every employee to understand that managing performance and building capability are responsibilities they share with their manager. The PSC will facilitate this culture change by strengthening the application of the sector's core values and principles, all of which are connected to performance in some way.

Improving recruitment practices

The NSW Commission of Audit considered recruitment to be one of the NSW public sector's most serious challenges. It noted the length of the process, described position descriptions as 'bureaucratic and in some cases incomprehensible to anyone outside the sector', and said selection techniques were too focused on adhering to procedures rather than identifying and hiring the best person for the job.

The Commission of Audit and PSC also believed the recruitment process demonstrated a misunderstanding of the merit principle and how it is applied.[53]

The PSC has since thoroughly analysed the sector's recruitment processes and practices. This included surveying managers and recruiters in the NSW and other Australian public sectors and the private sector, researching recruitment practices elsewhere and analysing data from the sector's e-Recruitment system from January 2012 to January 2013. During that period, the system covered all agencies other than state-owned corporations, NSW Health and the schools component of the Department of Education & Communities.

The PSC found that:

- over 78% of roles advertised through the NSW public sector's online recruitment system were single positions that were each filled using a discrete recruitment process, which is significantly more expensive than running one process to fill a number of similar roles

- 70% of roles advertised through the system were filled by existing NSW public servants, meaning 70% of recruitment costs were spent on appointing an applicant who is already known to the sector

- of the successful candidates from within the sector, 57% already worked in the agency concerned and 86% within the same cluster of agencies.[54]

53 NSW Commission of Audit (2012), *NSW Commission of Audit Interim Report: Public Sector Management*, NSW Government, Sydney, p.97
54 NSW Public Service Commission (2013), *jobs.nsw e-Recruitment data* Successful applicants between Jan 2012–Jan 2013 (including jobs at SES, SO, general Grades 1–12, other grades used by the public service and positions filled over the period that did not have a grade assigned)

Chapter 4: Creating better systems

The analysis showed that recruitment in the NSW public sector:

- dealt with individual vacancies without considering broader sector needs or those of a particular cluster or agency
- gave significant weight to a single interview and showed little evidence that selection techniques were tailored or used to build on each other
- was of dubious quality for senior management roles, given 8% to 9% of executive appointees remained in the job for less than 12 months, compared with an Australian Human Resources Institute benchmark of 4% to 5%[55]
- did not encourage workforce mobility
- involved a complex and lengthy application procedure that discouraged external applicants.

In discussions with the PSC, managers were generally positive about the review of recruitment practices. One manager said "the review of recruitment will introduce broader selection techniques to allow for higher validity in the assessments of knowledge, skills and experience". Another survey participant believed the review would give employees "control of their own career and have a clear understanding of what their capabilities and development needs are".

The right person for the right job

Effective recruitment practices are critical to an organisation's ability to build a highly capable workforce. The GSE Act will retain and strengthen the current requirement that employees be recruited and promoted based on merit and in accordance with the legislated principles that guide the core value of accountability.[56]

The Public Service Commissioner intends to use the power under the GSE Act to make government sector employment rules to ensure that recruitment and selection processes truly reflect the merit principle. It will be mandatory for employers and employees to comply with these rules.

The new Capability Framework will guide departments and agencies with their workforce planning, and help them identify current and future workforce capability needs and gaps.

The Framework will also help attract and select the right person to a role, based on the capabilities required to perform the job. Agencies are encouraged to develop succinct, plain English descriptions for all roles within the sector, across all occupational groups and at all levels. This will give potential applicants and recruiters a clearer picture of the type and level of capability required in a role. Recruiters can then select the relevant assessment methodologies for the type and level of capabilities required for the role. A critical requirement will be to use a range of assessment tools to ensure the process is comprehensive, and gives each candidate the best opportunity to demonstrate their capabilities.

This approach allows the full spectrum of capabilities to be assessed at different stages of the recruitment process, and subsequently monitored and developed through continuing performance development.

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55   Australian Human Resources Institute (2008), 'Love 'Em or Lose 'Em: Identifying Retention Strategies That Work', *HR Pulse*, Vol.2, No.1

56   *Government Sector Employment Act 2013*, section 7

New recruitment model

In light of the PSC's analysis of the sector's recruitment processes and practices, it has developed a new recruitment model that will be integrated with and support other key workforce reforms, including the new Capability Framework and the Performance Development Framework.

The model is generic enough to be applied effectively to all roles but with sufficient flexibility to accommodate different types of roles. It includes:

- robust workforce planning linked to the organisation's objectives and capability requirements

- strategies aimed at optimising the deployment of resources to priority areas and building capability

- recruitment strategies based on labour market reviews

- detailed job analysis to ensure all roles have clearly defined capabilities, performance objectives and assessment criteria.

Key components of the recruitment process include:

- a simplified initial application process (one-page cover letter, short statement addressing not more than two questions, and a resumé)

- two to three types of capability-based assessments, as a combination of assessment methods tends to provide a better indication of how well the applicant will perform in the role[57,58]

- bulk recruitment for common roles in an agency, cluster or across the sector

- rigorous background and reference checking.

Pools of assessed applicants will be created to help the sector quickly fill vacancies and support the mobility of the workforce.

The new recruitment model is expected to deliver a range of benefits, including a better alignment of selection criteria and recruitment assessment methods with the key capabilities required for a role. The nature of the assessment process should enable senior management to make more objective decisions about a candidate's suitability for a role and how they could best contribute to the sector's delivery of quality services, ensuring the merit principle is effectively applied. Linking the recruitment model with the Capability Framework should also help improve the sector's capacity to plan for new challenges and deploy resources efficiently and responsively. Using talent pools of pre-assessed internal and external candidates to fill vacant roles should provide much greater potential for mobility and diversity across the sector.

Effective recruitment practices are critical to an organisation's ability to build a highly capable workforce.

57   Pilbeam, S and Corbridge, M (2006), *People resourcing: Contemporary HRM in practice (3rd ed.)*, Financial Times Prentice Hall, Harlow
58   Schmidt, F L and Hunter, J E (1998), 'The validity and utility of selection methods in personnel psychology: practical and theoretical implications of 85 years of research findings', *Psychological Bulletin*, Vol. 124, pp.262–274

Improving service delivery

5

An innovative, productive and collaborative public sector workforce with a customer focus underpins the provision of high-quality services.

The NSW public service, like all its Westminster system equivalents, advises on and implements the decisions of the government of the day. In NSW, the priority is to deliver *NSW 2021*, which is the Government's 10-year plan to rebuild the economy, return quality services, renovate infrastructure, restore accountability to government, and strengthen the local environment and communities. The NSW Government reports on progress against its goals in a *NSW 2021* Performance Report that is published with the Budget Papers each financial year.

The previous chapters of this report have detailed how across the sector work is underway to improve workforce culture, capabilities, employment systems and arrangements. This chapter reports on the status of research that is examining other opportunities to improve performance as well as the application of concepts like innovation in the sector. All of these initiatives, whether internally or externally focused, are about the key workforce-related enablers required to deliver *NSW 2021*.

The public sector workforce directly or indirectly delivers most NSW Government services. Improving the workforce's performance is critical, not only because of the impact on recipients of those services, but also because of the potential effects on the well-being of the broader community and the health of the NSW economy.

Chapter at a glance

- Many agencies actively seek feedback about their services from the community.

- A single instrument to regularly and comprehensively measure customer satisfaction across the sector is under development.

- Improving productivity and encouraging collaboration within the sector and with other sectors provides opportunities to improve service delivery.

- The PSC investigated the existence of essential preconditions for innovation and launched a program to develop leaders' capabilities to foster innovation.

To improve the quality of public services, it is fundamental to find out what the community thinks of the services it currently receives. Many agencies are already making considerable efforts to obtain customer feedback. However, a single comprehensive measurement of customer satisfaction across the sector would also be valuable, and the PSC has been working with the state's Customer Service Commissioner on an approach to achieve this.

Increased productivity, greater innovation and effective collaboration in service delivery can potentially bring about better outcomes for customers. Research has been commissioned in these key areas to gain insights into current practices and identify opportunities for improvement.

Advisory Board priorities

The PSC Advisory Board provides advice to the Premier and the Public Service Commissioner on matters relating to the public sector's management and performance, and determines general policies and strategic directions regarding the functions of the Commissioner.[59]

The Advisory Board has had a dual focus over the past year: advising the Public Service Commissioner on matters relating to the development of the reforms and new tools described in this report; and developing work as the basis for advice to government on a number of strategic themes related to the public sector's capacity to deliver. In relation to the second of these – and strongly guided by the goals set out in *NSW 2021* – the Board decided on three priorities for its 2013 strategic agenda:

1. Advising the NSW Government on a framework for measuring **customer satisfaction** with NSW public services.

2. Undertaking work to measure public sector **productivity**.

3. Advising the NSW Government on improving customer outcomes through **collaboration** with other sectors.

These priorities are linked to a need to improve outcomes for the community, continuously improve work practices and ensure future directions are informed by robust evidence. They are particularly aligned with goal 30 in *NSW 2021*: 'restore trust in state and local government as a service provider'.[60]

Measuring customer satisfaction

Improving customer satisfaction with public services is central to goal 30 and is reflected in several government initiatives. This includes establishing Service NSW, a division within the Department of Premier & Cabinet. Service NSW (whose governance is led by the state's Customer Service Commissioner) aims to make it easier for NSW residents and businesses to connect with government, by providing services that are available at a time and in a way that suits them and through a single point of contact.

It also relates directly to the legislated objectives of the Public Service Commissioner, which include fostering a public service culture in which customer service is strongly valued, and to the NSW public sector's Ethical Framework, particularly the principles of focusing on customer needs and service quality.[61]

The 2012 *People Matter Employee Survey* showed that most public sector employees felt their agencies were striving to meet customers' needs and were providing high-quality services. An assessment of the relative strengths and development needs of the sector's Senior Executive Service found customer focus to be the top capability of executives (see page 20). However, it is important to know whether these perceptions match those of the sector's customers.

59 *Public Sector Employment and Management Act 2002* (NSW), section 3R

60 NSW Government (2011), *NSW 2021: A Plan to Make NSW Number One*, NSW Government, Sydney

61 *Public Sector Employment and Management Act 2002* (NSW), sections 3E and 3B

Chapter 5: Improving service delivery

The new customer satisfaction measurement instrument is expected to provide insights into the extent to which the workforce is implementing the sector's core values.

Public sectors around the world have invested in measurement and benchmarking initiatives related to service delivery. While there are lessons to be learnt from their experiences, there is no single comprehensive approach to measuring customer satisfaction in the NSW public sector. Assessments in the sector have typically been completed within individual agencies or on a program-by-program basis, with little coordination or comparison across agencies and minimal sharing of results about customer satisfaction.

Customer satisfaction measurement instrument

Against this background, the PSC Advisory Board decided to prioritise research into measuring customer satisfaction with NSW public sector services, including developing a whole-of-government customer satisfaction measurement instrument. The instrument will measure satisfaction in relation to, among other things, the core public sector values of integrity, trust, service and accountability.

The PSC Advisory Board has worked closely with the Customer Service Commissioner on this project, given its relevance to the Commissioner's work to measure and embed accountability and transparency across the NSW Government. The measurement instrument will be the initial component of a broader NSW Government customer satisfaction strategy. It is also expected to provide valuable insights into the extent to which the NSW public sector workforce is implementing its core values – in particular service – and the capabilities that may need to be developed to maximise outcomes for the NSW community. The instrument is currently under development. Subsequent state of the sector reports will provide information about its progressive application.

Agency customer feedback activities

In conjunction with the development of this instrument, the PSC surveyed agencies about activities they carry out to obtain customer feedback. A total of 83 out of 108 eligible agencies participated in the online survey, representing over 90% of the NSW public sector workforce.

Of the 83 agencies, the vast majority (93.8%) indicated they are collecting feedback from customers. Nearly three-quarters of them (73.8%) said they are implementing customer-related initiatives as a result of customer feedback. These initiatives include developing new programs, undertaking business process reviews and branding, and redesigning customer interfaces such as websites, portals and phone services.

The surveyed agencies indicated the most common use of customer feedback was to change the way they did things or to develop new initiatives. The feedback was less frequently being used to measure changes in productivity or to compare staff feedback.

Determining public sector productivity

When discussing productivity in the public sector, the key question for all public sector employees is: 'How do we provide more and better services using the money that taxpayers entrust us with to deliver those services?'

Including productivity when measuring the NSW public sector's performance will help answer that question. The *State of the NSW Public Sector Report 2012* flagged an intention to explore ways to measure the sector's labour productivity and noted the major challenges associated with its measurement. Improving the sector's productivity has the potential to contribute significantly to economic growth and in turn enhance living standards.

What drives productivity and how it is measured in the private sector have received a lot of attention over the years. However, productivity has received less focus in the public sector. With many government services now being delivered outside of the traditional public sector service delivery model, through private and non-government providers, measuring productivity potentially allows service delivery models to be assessed in a more consistent and comparable manner.

Drivers of productivity

Productivity is an important economic indicator, and improving productivity is a key way to lift service levels experienced by customers. At its most basic level, productivity is defined as the ratio of outputs to inputs. Within the public sector, outputs are the goods and/or services produced by a public sector agency. Some of the most important inputs used to produce outputs are labour (the public sector workforce), capital (computers, land, funds and other assets owned by the NSW Government), and goods and services purchased from external suppliers.

Productivity drivers vary across sectors and services and need to be considered in their operational context. It is important to understand what these drivers are when considering potential ways to increase productivity. The private sector is subject to competition, with customer demands providing an incentive for improving productivity. However, the public sector does not always face competition in service provision and therefore receives weaker signals of customer satisfaction, in comparison with the private sector, where customer demand is reflected in customers' willingness to pay for goods and services.

Research to date has identified a range of productivity drivers in the public sector, including capital investment, research and development, industrial relations, technology, education and training, contestability, devolved decision making, transparency and accountability.

The research also reinforces the approach the PSC has taken on a number of key reforms in the NSW public sector. For instance, it has highlighted the importance of workforce flexibility in improving productivity. The effective allocation of staff members to particular tasks can increase overall productivity by allowing managers to react quickly to changes in their environment. However, the larger an organisation, the more complex it can be to achieve flexibility and its benefits.

Workforce design and devolution are also emerging as key productivity drivers. It may be possible to increase productivity by flattening executive structures so decisions are made by the person who is closer to the point of service delivery and so best understands the situation and has experience and knowledge of the implications and outcomes of decisions. Importantly, public sector employees are saying that if responsibility for decisions and outcomes is devolved, the responsibility for managing associated budgets must be similarly devolved. They also say it will be necessary to develop the capabilities of the employees who inherit these responsibilities.[62]

Early research indicates that transparency and accountability create incentives for higher productivity as inefficient operations can be more easily identified.[63] Accountability is one of the core values of the NSW public sector and is supported by the principle that the sector must be transparent to enable public scrutiny.[64,65]

Measuring productivity

The *State of the NSW Public Sector Report 2012* discussed in detail the major challenges associated with measuring public sector productivity. One of these is calculating the 'price' of outputs. Many public sector goods and services are not sold in the conventional sense. For the most part, they are not subject to traditional market forces that would set their price. This makes it difficult to determine how much value consumers place on many public services.

Nevertheless, the NSW public sector is collecting and analysing a variety of data to measure the sector's outputs and performance. For example, the 2013–14 Budget included data on the number of cases finalised by courts, the number of households that receive social housing assistance and the number of home nursing services.[66] Some agencies have relatively advanced measurement regimes, while others are still under development.

62 Deloitte Access Economics and Public Service Commission (2013), 'Measuring and Driving Productivity in the Public Sector', *Productivity Round Table Forum*, Sydney, 16 September 2013
63 Deloitte Access Economics (2013), *Productivity Discussion Paper: Measuring and Driving Productivity in the Public Sector*, NSW Public Service Commission, p.25
64 *Public Sector Employment and Management Act 2002* (NSW), section 3B
65 *Government Sector Employment Act 2013* (NSW), section 7
66 NSW Department of Premier and Cabinet (2013), *NSW 2021 Performance Report 2013–14: Budget Related Paper No 1*, NSW Government, Sydney

Chapter 5: Improving service delivery

A number of agencies have made significant efforts to not only measure the quantity of outputs, but also consider and measure their quality and even outcomes. For example, NSW Health is collecting data on metrics such as admissions by principal diagnosis and age, case-mix adjusted average length of hospital stays, and risk-adjusted re-admission rates. This has allowed NSW Health to measure and compare different health services and determine how efficiently a given treatment is being conducted, based on the difficulty of the case.[67]

The PSC Advisory Board is currently overseeing work to determine if a tool can be developed to measure productivity across the sector. The Board has engaged experts to review how public sectors around the world measure productivity. It is also working closely with public sector agencies, other jurisdictions and productivity experts to identify the drivers of public sector productivity and how best to measure it.

The NSW public sector is not one homogenous entity – it encompasses vastly different functions and services – and an overarching single measure may not initially be the best way to gauge the sector's productivity. As with any measure, care needs to be taken to ensure it is useful and meaningful to decision makers and others.

Once developed, productivity measures would be used to complement other tools the public sector uses to measure performance to better determine whether current strategies and actions are having the desired effect or whether change is required.

Over coming months, the work on the drivers of productivity and determining how and whether a measure of public sector productivity can be developed will be finalised. The *State of the NSW Public Sector Report 2014* will include results of this work.

Increasing collaboration with other sectors

In the *State of the NSW Public Sector Report 2012*, the Commissioner flagged that future reports would examine in more detail the fact that the not-for-profit and private sectors are delivering an increasing range of services. This trend reflects one of the principles under the PSEM Act and the GSE Act to 'engage with the not-for-profit and business sectors to develop and implement service solutions'.[68,69]

Engagement can take the form of collaboration between the public sector and other sectors, where the parties work together to develop policy or design and deliver services in different types of partnerships.

Anecdotal evidence indicates that collaboration between the public sector and not-for-profit and private sector organisations can deliver excellent results for customers. However, the evidence about collaboration outcomes is mixed, and in relevant literature the evaluation of collaboration tends to focus on process rather than outcomes.

It is widely accepted that the public sector economy in NSW, across Australia and overseas has changed to a more mixed model of service delivery. In NSW, non-government organisations have had a long history of delivering public family, health and welfare services. On the other hand, partnerships with the private sector are more recent and sporadic but some interesting new models are developing.

For instance, social benefit bonds are a new way of building innovative partnerships between the public, private and not-for-profit sectors to deliver measurable social outcomes.

Under the arrangement, private investors provide up-front funding for a specified social program. The return to investors varies depending on the success of the program and the performance of the service provider against agreed targets.

67 Deloitte Access Economics (2013), *Productivity Discussion Paper: Measuring and Driving Productivity in the Public Sector*, NSW Public Service Commission, p.10

68 *Public Sector Employment and Management Act 2002* (NSW), section 3B
69 *Government Sector Employment Act 2013* (NSW), section 7

The NSW Government signed a contract for the first social benefit bond pilot in NSW and Australia in March 2013. The Newpin Social Benefit Bond will fund the New Parent and Infant Network Program managed by UnitingCare Burnside.

This program provides intensive long-term support to families with children who have been removed to foster care or who face risk of harm. Its aim is to return children to their families and prevent them from entering foster care, with associated savings for government.

The seven-year bond will initially fund four Newpin centres in Western Sydney with a proven track record and will pay for an expansion to 10 centres across NSW. The $7 million for the bond was raised from private capital by Social Ventures Australia.

As well as directly benefiting families, social benefit bonds can potentially result in broader economic and service delivery benefits. These include providing additional resources for improving social outcomes; ensuring funding focuses on outcomes rather than outputs or prescribed services; enhancing accountability and transparency; offering strong incentives for innovation in service delivery; and increasing the evidence base for future policy and service delivery decisions.

To inform the PSC Advisory Board's examination of collaboration issues, research was undertaken to explore successful models of collaboration within the public sector and between the public, private and not-for-profit sectors.

This research found a common set of factors that enable effective collaboration, including shared goals, trust, effective leadership, influential individuals and appropriate governance. Factors that hinder collaboration include power imbalances, inadequate accountability, insufficient investment in effort and resources, and differences in the operating language and culture of the parties involved.

The research to date has found that effective collaboration requires specific conceptual, interpersonal, influential and technical capabilities, as well as a supportive leadership and culture in all sectors. The research will further examine whether the public sector has particular features that can make it difficult to address these enablers and barriers.

Bold reform may be needed to support innovative and increasing collaboration with other sectors.

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In addition to literature reviews, an important part of this research includes in-depth interviews, focus groups and roundtables with representatives from non-government organisations, the private sector, academia and government sectors. These representatives have provided their advice and experiences and shared case studies of collaborative models. Themes emerging from these discussions and case studies include the complexity of collaborating when risks, authority and accountability for outcomes are shared; and the need for a greater tolerance of the risk that comes with trying new forms of collaboration. Bold reform may be required to support innovative and increasing collaboration with other sectors.

The PSC and its Advisory Board will continue to examine these issues in 2013–14, and the PSC will report on future directions in 2014.

Innovation

In an environment where demand for government services is increasing at the same time as pressure on budgets, it is more important than ever to foster innovation in the NSW public service. Creating a workplace where people are encouraged to think creatively and to share their ideas can increase productivity, enhance collaboration and improve service delivery and customer satisfaction.

'A strong service culture with the confidence to innovate': this NSW Government goal[70] is clearly reflected in the principles that currently guide the sector's core value of service under the PSEM Act and will continue to do so under the GSE Act.[71,72]

However, the results of the 2012 *People Matter Employee Survey* indicate the NSW public sector has room for improvement when it comes to innovation. The survey was open to all of the sector's employees and sought their perceptions of the extent to which the sector's core values were applied in their workplaces. Fifty per cent of the more than 60,000 survey respondents agreed that the NSW public sector was innovative.

Innovation index

The current focus is to help agencies and employees identify the organisational and cultural conditions that foster innovation rather than define what constitutes innovation or create particular places for it in the public sector. To this end, an 'innovation index' has been developed as an indicative measure of the extent to which the essential preconditions for innovation exist in the NSW public sector.

This measure was calculated by applying what the Australian National Audit Office considers the essential preconditions for innovation[73] to the results of the *People Matter Employee Survey* – specifically, the extent to which survey respondents agreed with propositions in the survey that were consistent with the existence of those preconditions. Figure 12 lists these preconditions and how the sector scored.

Figure 12: Innovation index for the NSW public sector
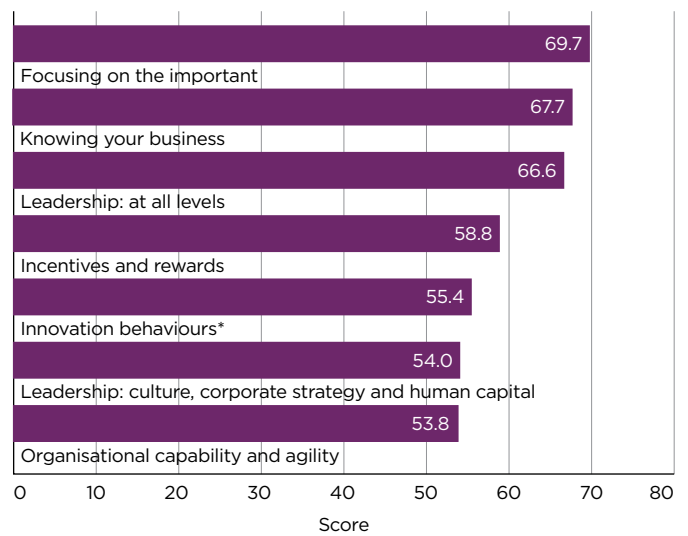
* This precondition is in addition to the Australian National Audit Office preconditions.

The innovation index for the sector was calculated to be 60.9%.[74] The closer the index is to 100%, the stronger the indication that the sector is providing the optimal environment for innovation.

The index provides a baseline against which to measure the effects of reforms in the sector against the essential preconditions for innovation, and to identify areas for improvement. The PSC intends to recalculate the index every two years using the results of sector-wide employee surveys and to report the findings in the *State of the NSW Public Sector Report*.

There is very little evidence of other jurisdictions or organisations putting the Australian National Audit Office framework into practice. In the absence of either comparative or longitudinal information, this measure can only be a starting point. However, the relative scores in the various preconditions show us where work may be needed. For instance, the low contribution from direct innovation behaviours, leadership (especially around culture) and organisational capability and agility underpins the PSC's focus on organisational design in the sector, leadership development and the innovation review described below.

70 NSW Government (2011), *NSW 2021: A Plan to Make NSW Number One*, NSW Government, Sydney, p.57
71 *Public Sector Employment and Management Act 2002*, section 3B
72 *Government Sector Employment Act 2013* (NSW), section 7
73 Australian National Audit Office (2009), *Innovation in the Public Sector: Enabling Better Performance—Better Practice Guide*, ANAO, Canberra
74 NSW Department of Premier and Cabinet (2013), *NSW 2021 Performance Report 2013–14: Budget Related Paper No 1*, NSW Government, Sydney

Determining the drivers of innovation

In the second half of 2012, the PSC conducted a review aimed at finding out what fostered, supported and hindered innovation in NSW public sector agencies. The review included eight workshops attended by a total of 158 participants.

Most workshop participants nominated an agency's culture as the top barrier to innovation, followed by the agency's leadership (see Figure 13).[75]

Figure 13: Most significant barrier to public sector innovation

Percentage agreement (%)
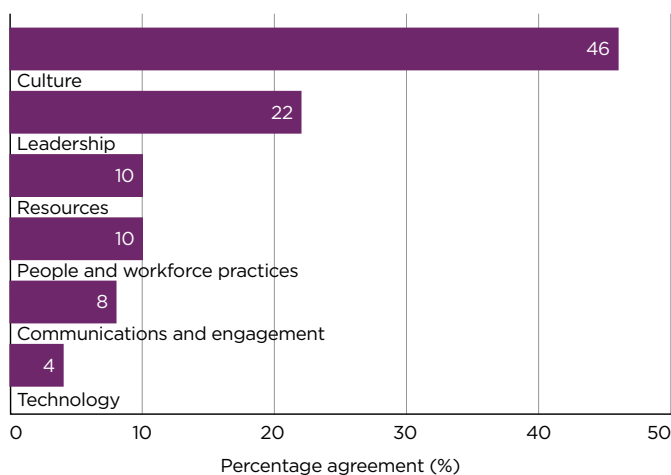
Participants pointed to challenges such as:

- a risk-averse culture and leadership across the sector, with insular agencies that want to maintain business as usual rather than be open to collaboration

- front-line managers who were focused on working within restrictive rules instead of improving policy and service delivery

- layers of bureaucracy and limits on authority that restricted managers' ability to support innovation

- a perceived lack of access to leaders, limiting the opportunity to raise new ideas.

There was also a pervading notion that innovation had to be led or managed by a separate dedicated policy team rather than by innovative thinkers involved in day-to-day operations.

These findings illustrate the need for reforms discussed elsewhere in this report, such as a flatter executive structure (see page 19) that will remove the multiple reporting layers that inhibit innovation, and the new Capability Framework (see page 33) that will strengthen executives' abilities to foster and drive innovation in their agencies.

The role of leaders

The results of the review suggest that senior leaders have a critical role in changing the culture of their organisations to foster and support innovation. In 2013, the PSC launched a program to improve leaders' awareness of how to create a culture of innovation and to develop their capability to assist in bringing about this cultural shift. A number of senior leaders completed the program in 2013, and more will do so in 2014.

An executive from the Transport cluster who took part in the program said: "Participating in the Innovation Strategy Leadership Program has reinforced the fact that we really do need to be outcome-orientated, customer-focused and accountable. The public sector needs to work collaboratively, not only within our home agency, but across agencies and with the private sector. We have to be open-minded about what the solutions might be, who might suggest these and how they might be delivered most effectively, so we can hold true to the core values of the public sector."

With the support of the Department of Premier & Cabinet, the PSC will also establish an innovation network. While not intended only for executives, the network will start with executives who have a proven track record of innovation in their agencies or have strengths in innovation based on an assessment of their capabilities under the Executive Development Program, see page 20. Existing measures that are expected to encourage and sustain innovation – such as the Executive Development Strategy and Capability Framework – are also discussed in this report.

Creating an environment that encourages innovation

The PSC is exploring other avenues to foster innovation, including:

- examining how the creative practices demonstrated by winners and finalists in the NSW Premier's Awards for Public Service might be applied more broadly and how they could help lead cultural change in the sector

- using technology more effectively to communicate innovation success stories across the sector

- finding ways for agencies to give meaningful, public recognition to employees who demonstrate creative thinking and practices

- collaborating within the sector and with other sectors to help build skills, creativity and thinking 'outside the box'[76]

- consulting intensively with the private and not-for-profit sectors and academia over the coming months to truly understand innovation.

These initiatives, along with streamlining management structures and increasing the mobility of employees under the GSE Act (see page 27), should result in an environment that is much more conducive to and supportive of innovation.

75   NSW Public Service Commission (2013), *Ideas at Work: Creating an Innovative Public Sector Discussion Paper 2013*, NSW Government, Sydney

76   Department of Industry, Innovation, Science, Research and Tertiary Education (2013), *A Plan for Australian Jobs: The Australian Government's Industry and Innovation Statement*, Australian Government, Canberra

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