Leadership matters

**State of the NSW Public Sector
Report 2016**

Contents

Foreword

The publication of this year's *State of the Public Sector Report* coincides with the fifth anniversary of the establishment of the office of the Public Service Commissioner. This five-year period has been one of transformational change in workforce management in the NSW public sector, underpinned by the recommendations of the Schott Commission of Audit in 2012 and taken forward by the dedicated focus of both the Public Service Commission (PSC) and the Secretaries Board. Reviews undertaken last year, by both the Commission itself and the Auditor-General, confirm the soundness of the reform directions and the very solid progress in their implementation.

So, five years in, what has changed? Well, our workforce looks a little different in a number of ways: there have been modest overall reductions in the size of the workforce as a whole while the number of employees in certain occupational groups (teachers, nurses and police) has increased. As a share of the total NSW workforce, the public sector has been decreasing steadily for the past five years; it is now at 10.3%, down from a high of 11.4% in 2006. We also have leaner, flatter executive structures.

And we have some encouraging signs in some areas of workforce diversity. Our overall level of Aboriginal and Torres Strait Islander representation in the workforce is improving and there has been some positive progress in addressing under-representation in some salary classifications. There is good early progress in meeting the target in the Premier's Priorities of doubling Aboriginal and Torres Strait Islander senior leaders in the sector by 2025.

The Premier has also committed to the sector achieving gender parity in the senior leadership ranks by 2025. Some good early progress has been made against this target and there is an emerging understanding in each cluster of the talent pipeline that exists today and what is required to convert that potential into a gender-balanced leadership cohort. Emerging work on increasing workplace flexibility will be critical to achieving this target.

Notwithstanding the solid progress above, there are other aspects of workforce diversity where redoubled efforts are required to turn around under-performance. This is notably the case in the representation and experience of people with disabilities in the NSW public sector. Overall, representation continues to decline and the experience of people with disabilities working in the sector is less positive than for those without a disability. A process jointly led by the Secretary of the Department of Family & Community Services and myself is working with peak disability organisations to inform a comprehensive response to this situation.

It is not only workforce demographics that have changed over the past five years. Workforce management systems and processes have been significantly reformed at every level. The transition to the new employment architecture as embodied in the *Government Sector Employment Act 2013* (NSW) (GSE Act) is nearly complete; 64% of our public service senior executives are now working under the new arrangements, with the remainder transitioning by February next year. This means that the public service leadership structure is now leaner, flatter and more consistently designed across the sector, with consistent work level standards underpinning executive structures. Already we have seen an 11% reduction in the number of executive roles.

From 1 January 2017, alignment to GSE Act design principles will occur (as provided for in the *Government Sector Employment Legislation Amendment Act 2016*) in the executive structures of the Health Service and Transport Service and in parts of the Police service. This does not require restructuring of these services' executives, but will complete a process that allows for better management of career pathways and development across the sector.

Our agency survey tells us that there is increasing maturity in many of the systems and processes that underpin the transition – performance management, workforce planning, rollout of the Capability Framework, new recruitment requirements and the use of workforce analytics. Tangible examples of this increasing maturity can be seen in a number of areas; this report showcases some of these initiatives, notably the whole-of-sector efforts related to our Information and Computer Technology (ICT) workforce.

While the above are all positive developments, there are areas that require attention; there is a concerning trend in increased unscheduled absence (including sick leave). The PSC will examine the underlying causes and recommend how the agencies respond.

Our employee survey tells us that employee engagement is steady and slightly up when compared to our first measurement in 2012; while it compares favourably to other jurisdictions, there is room for significant improvement, and a key expectation of Secretaries and other agency heads is to drive up employee engagement. The increased effort in developing workforce analytics has provided us with access to an evidence base that helps to direct efforts in each cluster to achieve the required lift.

Bullying rates continued to decline this year, marking a significant decrease compared to 2012, both in terms of people directly experiencing bullying and those observing it. A roundtable chaired by the Commission and involving the public sector unions has resulted in work (both guidance and, in the near future, an educational toolkit) that is helping agencies to take action to further drive down the prevalence of bullying.

So, a lot has changed in five years: a new employment framework; new systems and processes to underpin best-practice workforce management; a significantly improved capacity to utilise workforce analytics to underpin agency practice; and, importantly, evidence of real results starting to emerge. However, there is always more to do and, in one key area, a need to energetically build greater capability: leadership.

Leadership matters. Whether it is in setting direction, in executing strategy, in shaping organisational culture, or in driving results, leadership is key. Data from this year's employee survey show that there is considerable work to do in building the capacity of senior leaders in key areas: change management; communicating direction; listening to and involving employees in shaping organisational thinking and practice; and managing performance.

NSW has recently taken some very significant steps in having a properly structured approach to leadership development. The Leadership Academy, an initiative set up at the Premier's request, identifies high-performing, high-potential individuals and provides them with structured, needs-based development at key career points. Over 170 people from across the sector have already participated in the pilot phase of this initiative, with new intakes now coming in each year. But this is only part of what needs to happen to develop deep and broad leadership capability across the sector.

Capability-based assessments that underpin the new recruitment model need to be optimised to ensure that all people being recruited into roles that lead people are equally strong in domain expertise AND leadership capability.

Performance management of people in leadership roles needs to properly reflect on how a person leads and where they need to develop in their craft.

Significantly more effort needs to be put into developing people by using the mobility provisions of the new employment framework. This will give people a breadth and depth of experience that assists them in being better leaders.

We need to see senior managers directing more of their efforts to communicating better with their staff.

This year we saw the NSW public sector listed for the first time in the top 20 employers of choice in Australia in the annual Randstad survey (a major international survey). This result would have been inconceivable with the workforce management arrangements that Dr Kerry Schott identified in her 2012 Commission of Audit Report. This year's *State of the Public Sector Report* shows that there has been considerable progress in responding to the problems identified in that report and that agencies are now moving from first-phase reform to a more mature set of workforce management arrangements. While certain areas clearly require more effort to lift performance, I am confident that the sector's leadership is tackling the right issues and is actively seeking to leverage the full potential provided by the reforms.

Graeme Head
Public Service
Commissioner

About this report

The *State of the NSW Public Sector Report* is the Public Service Commissioner's independent assessment of the performance, notable achievements, challenges and priorities of the NSW public sector. This 2016 edition, *Leadership Matters*, is the PSC's fifth report.

This report draws on additional evidence from a range of sources, including the *People Matter Employee Survey* 2016 (The People Matter survey), the 2016 *State of the Public Sector Agency Survey* (The Agency survey); the 2016 *Customer Satisfaction Measurement Survey* (The Customer survey); and the 2016 *NSW Workforce Profile*. The report also looked at data from previous sector-wide employee surveys, and specific reviews and projects that assessed components of sector workforce management and reform.

How to read the data discussed in this report

The People Matter Employee survey

The 2016 People Matter Survey asks those currently working for the NSW government about experiences with their own work and working with their team, managers and organisation. It provides an important opportunity for all employees to agree or disagree with a series of statements about their workplace. It is the source for content in this report that refers to what 'employees said' noting this relates only to survey respondents. Most scores relate to a percentage agree.

The Agency survey

The Agency survey provides an employer perspective on the extent to which specific workforce management and operational practices have been implemented and/or improved in specific agencies. It uses a 'maturity' self-assessment scale, and this report contains data from only those agencies self-assessing their progress or practices as 'developed' or 'highly developed'. Survey data has been augmented by information from qualitative discussion groups, conducted for each cluster and attended by a cross-section of human resources and operational executives. The survey data and the focus groups are the sources for content in this report that refers to what agencies have said or reported.

The Customer survey

The Customer survey is delivered by the NSW Customer Service Commissioner and supports the government's focus on areas where customer service can be improved. It assesses how public services are performing against important components of the customer experience relating to employees, government sector values, processes and goals. It does this by measuring the satisfaction and expectations of individual consumers and business customers. It is the source for content referring to customer satisfaction.

The NSW Workforce Profile

The *NSW Workforce Profile* is a comprehensive annual collection of data about the demographic characteristics and employment arrangements of all public sector employees. The survey is done jointly by the PSC and all public sector agencies. The resulting data appears throughout this report.

Which services does this report include?

This report addresses performance across the public sector, which includes the following:

- **Government sector: the public service, teaching, health, transport and police services, and other Crown services such as TAFE.**

- **External to the government sector: agencies such as the Independent Commission Against Corruption, the Audit Office and Parliament.**

- **State-owned corporations: such as water and energy companies.**

Some data relates only to specific elements of the public sector, and this is clearly identified in context. For example, progress against the Premier's Priorities on diversity relates only to the government sector, and government sector employment reform applies only to the public service.

Chapter One
NSW public sector at a glance

326,706

Number of full-time equivalent employees (FTE) in the NSW public sector

$187.4bn

Government sector net worth in 2015–2016

48.2%

Employee-related costs that account for general government expenditure

0.6

Percentage point decrease in employee-related costs as a proportion of general government expenditure

63.6%

Proportion of employees who are women

45 years

Median age of public sector employees

24.5%

Proportion of employees aged 55 or over

Chapter One: NSW public sector at a glance

$81,649
Median salary in 2016

$949
Decrease in the gap between the median male and female salary from June 2015

men $82,233
women $81,649
Median salary for men and women

2,694
Increase in the number of nurses, teachers and police officers from June 2015 (FTE)

59
Decrease in the number of overall employees from June 2015 (FTE)

3.1%
Proportion of Aboriginal and Torres Strait Islander employees

9.3 years
Median length of service in agency

26.7%
Proportion of public sector employees who work part-time

67.1 hours
Average unscheduled paid absence taken annually (per FTE), a 3.1% increase from 2015

10.3%
Public sector proportion of all people employed in NSW

62%
Proportion of public sector employees working in Sydney

2.8%
Proportion of employees reporting a disability

Chapter One: NSW public sector at a glance

Trends in public sector employment
Census period (FTE) 1999–2016

272,863	291,264	312,201	330,400	326,765	326,706
1999	2003	2007	2011	2015	2016
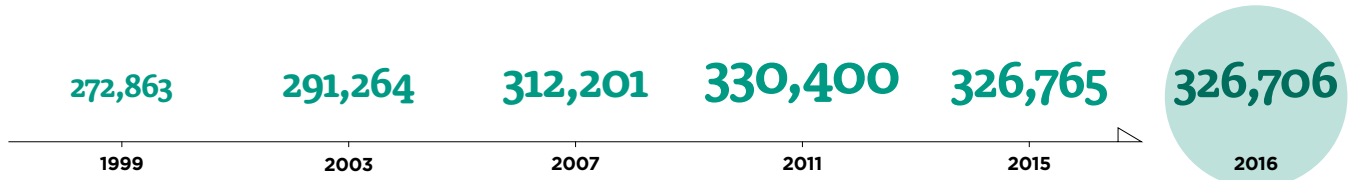
Source: NSW Workforce Profile 2016

Changes in NSW public sector employment
compared to total NSW employment, 2010–2016

	2010	2011	2012	2013	2014	2015	2016
NSW public sector	0.8%	2.2%	1.8%	-0.6%	-0.8%	-0.5%	-0.2%
All people employed in NSW	1.1%	1.4%	1.3%	2.1%	0.2%	2.4%	3.2%

■ NSW public sector   ■ All people employed in NSW
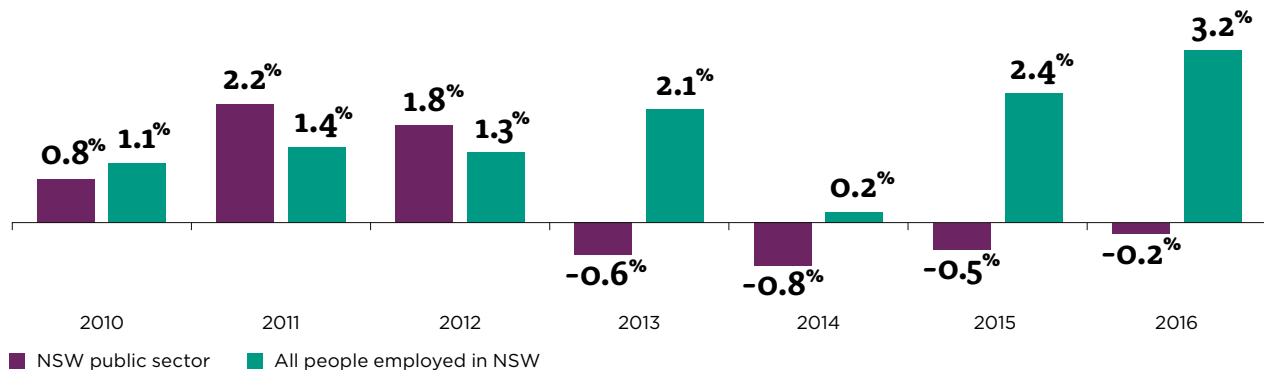
Source: Australian Bureau of Statistics 6291.0.55.001–Labour Force, Australia, Detailed–Electronic Delivery, Aug 2016–Table 16–Released 22 September 2016

Teachers, nurses and police officers
census period (FTE) 2011–2016

Police Officers	Police Officers	Police Officers
15,509	**16,157**	**16,060**
Teachers	Teachers	Teachers
61,149	**63,274**	**64,919**
Nurses	Nurses	Nurses
40,312	**44,331**	**45,478**
2011	**2015**	**2016**
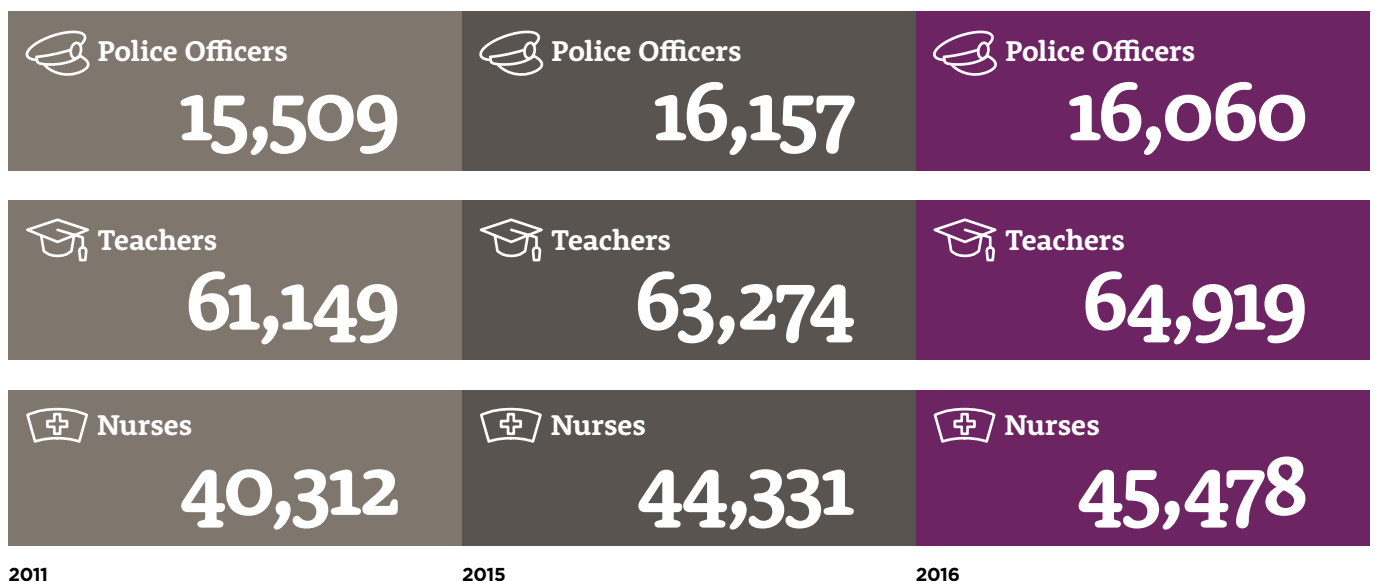
Source: NSW Workforce Profile 2016

Chapter One: NSW public sector at a glance

Changing shape of the public service workforce, 2014−2016

Senior Executive/Senior Officer
- 3,040
- 2,508

Grade 11/12
- 4,824
- 5,124

Grade 9/10
- 7,559
- 7,657

Grade 7/8
- 9,535
- 9,735

Grade 5/6
- 7,904
- 9,328

Grade 3/4
- 12,416
- 11,113

Grade 1/2
- 6,181
- 6,269

General Scale
- 9,361
- 6,751

■ 2014   ■ 2016

Source: NSW Workforce Profile 2016

Chapter One: NSW public sector at a glance

Profile of employees in key occupations

School Teachers

No. of employees (2016 FTE)
64,919
Median tenure (years in agency)
13.4

Nurses

No. of employees (2016 FTE)
45,478
Median tenure (years in agency)
7.9

Clerical & Administrative Workers

No. of employees (2016 FTE)
30,455
Median tenure (years in agency)
8.0

Police Officers

No. of employees (2016 FTE)
16,060
Median tenure (years in agency)
12.2

Cleaners and Laundry Workers

No. of employees (2016 FTE)
4,758
Median tenure (years in agency)
8.7

Food Preparation Assistants

No. of employees (2016 FTE)
2,045
Median tenure (years in agency)
9.9

Handypersons

No. of employees (2016 FTE)
1,596
Median tenure (years in agency)
9.2

Medical Practitioners

No. of employees (2016 FTE)
10,980
Median tenure (years in agency)
3.5

Firefighters

No. of employees (2016 FTE)
3,882
Median tenure (years in agency)
14.1

Ambulance Officer

No. of employees (2016 FTE)
2,779
Median tenure (years in agency)
9.0

Bus Drivers

No. of employees (2016 FTE)
3,645
Median tenure (years in agency)
8.0

Prison Officers

No. of employees (2016 FTE)
3,520
Median tenure (years in agency)
12.8

Residential Care Officer

No. of employees (2016 FTE)
2,996
Median tenure (years in agency)
8.4

School Support Staff

No. of employees (2016 FTE)
20,296
Median tenure (years in agency)
10.4

Train Drivers

No. of employees (2016 FTE)
1,733
Median tenure (years in agency)
12.5

All Other Staff

No. of employees (2016 FTE)
108,487
Median tenure (years in agency)
8.5

Source: NSW Workforce Profile 2016

Chapter One: NSW public sector at a glance

Change in employment by Service since introduction of the *Government Sector Employment Act 2013*, 2014–2016 (FTE)

Public Service

–2,430
Change 2014–2016

Other Crown Services

–2,088
Change 2014–2016

Transport Services

–385
Change 2014–2016

NSW Police Force

+160
Change 2014–2016

Teaching Service

+2,837
Change 2014–2016

NSW Health Service

+5,253
Change 2014–2016

| 0 | 20,000 | 40,000 | 60,000 | 80,000 | 100,000 | 120,000 |

■ 2014   ■ 2016
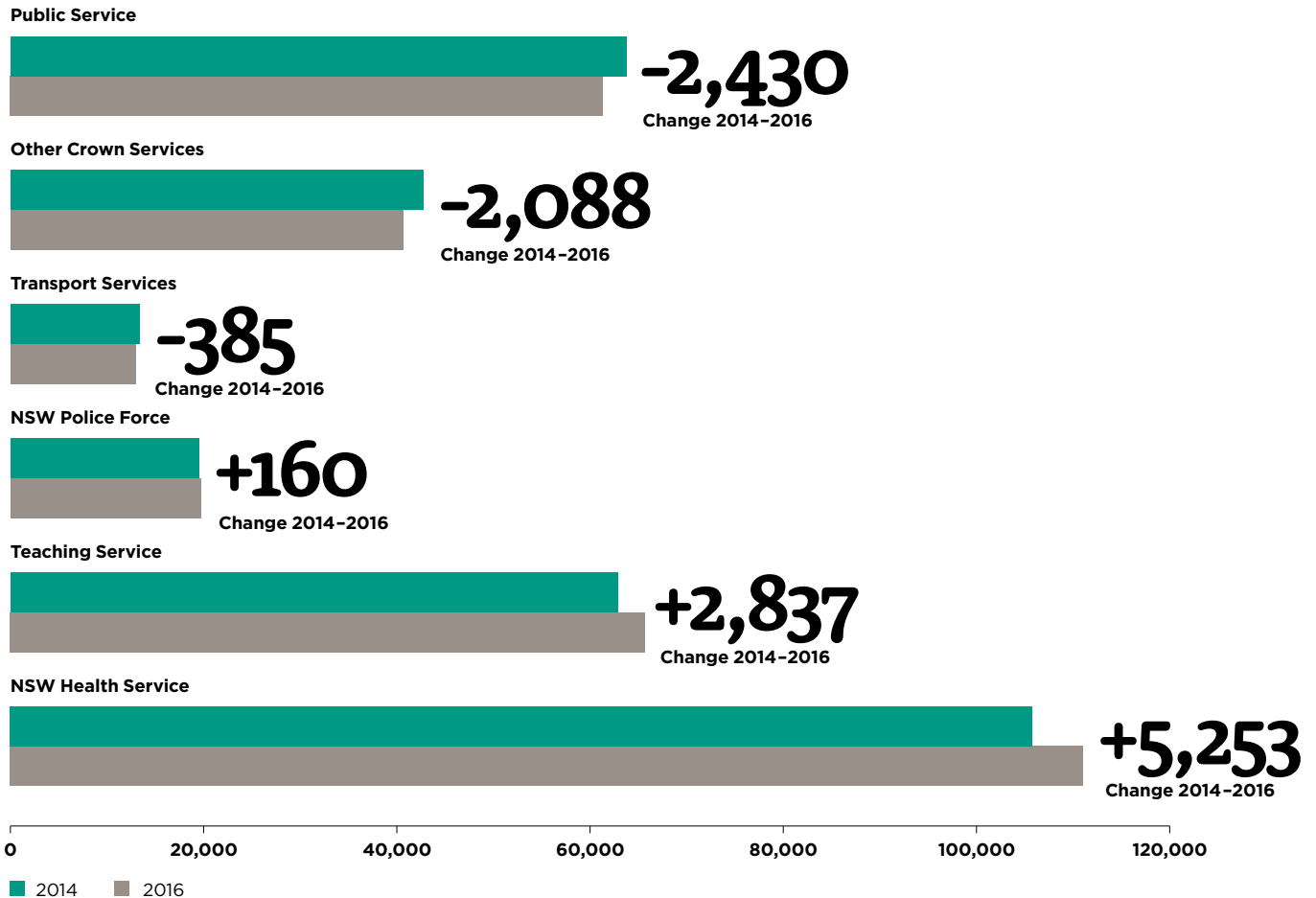
Grouped by legislation. The Public Service includes the policy and regulatory agencies and Family and Community Services. Other Crown Services includes Sydney Trains, NSW Trains and TAFE.

Source: NSW Workforce Profile 2016

Paid unscheduled absence, hours per FTE, 2012–2016

61.4
2012

62.3
2013

63.7
2014

65.1
2015

67.1
2016
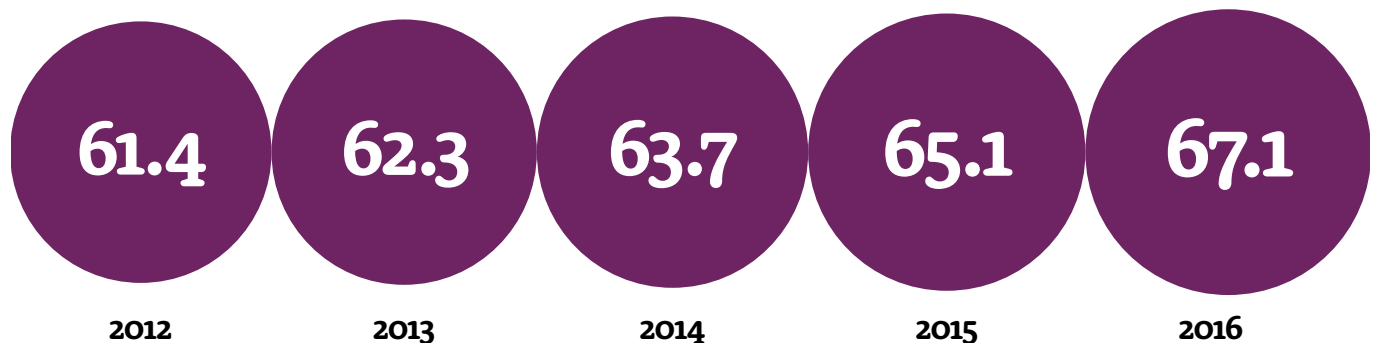
Non-casual employees only.

Source: NSW Workforce Profile 2016

Chapter One: NSW public sector at a glance

The NSW public sector is structured into 10 clusters to coordinate related services

Each cluster comprises a department and agencies, with the exception of the four independent agencies ('external to government sector'), which are not part of a cluster. The majority of employees work in the Health and Education clusters.

34.2%
Health
111,833

External to Government Sector
1,083

0.3%

Treasury
1,147

0.4%

Premier & Cabinet
2,236

0.7%

Planning & Environment
5,366

1.6%

Total
326,706*

27.3%
Education
89,107

2.3% **Finance, Services & Innovation**
7,618

12.6%
Justice
41,151

4.1% **Family & Community Services**
13,340

8.8%
Industry
28,742

7.7%
Transport
25,083
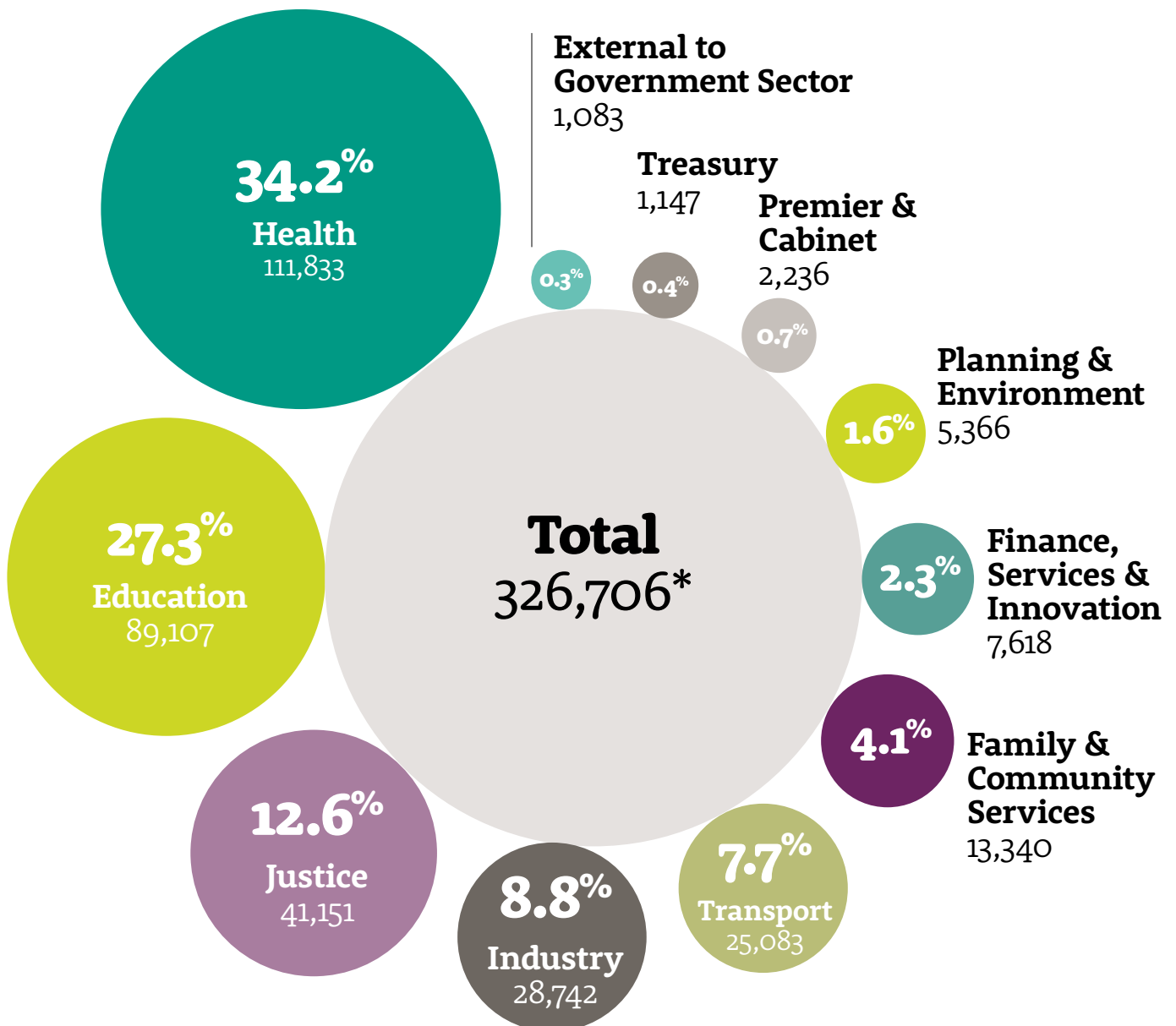
*FTE 2016

Source: NSW Workforce Profile 2016

Chapter One: NSW public sector at a glance

Where public sector employees work in NSW

While Sydney has the most public sector employees overall, when examined as a proportion of total employment in a region, the public sector contributes far more to overall employment in the regions of Far West and Orana and Central West at **17.3%** and **13.3%** respectively.

11.0%
12,005
Richmond–Tweed

12.5%
7,889
Coffs Harbour – Grafton

12.6%
10,934
New England and North West

12.1%
10,434
Mid North Coast

17.3%
9,921
Far West and Orana

8.2%
10,544
Hunter Valley exc. Newcastle

13.2%
24,773
Newcastle and Lake Macquarie

13.3%
14,180
Central West

12.9%
5,758
Murray

11.5%
9,416
Riverina

8.7%
5,339
Southern Highlands and Shoalhaven

9.5%
10,632
Capital Region

9.2%
15,608
Central Coast

9.9%
96,182
Sydney west

9.3%
131,164
Sydney east

11.1%
15,955
Illawarra

ABS figures for total NSW employment are estimated employed persons who live in the region, not estimated employed persons who work in the region

Key

Percentage of total NSW employment public sector provides for region

2016 public sector headcount

Region

8.2%
10,544
Hunter Valley exc. Newcastle

Source: Australian Bureau of Statistics, Population by Age and Sex, Regions of Australia, *2015 (3235.0) – released 18 August 2016.*

Chapter One: NSW public sector at a glance

Where public sector employees commute

People are more likely to work in the region in which they live than in another region. However, substantial numbers of NSW public sector employees commute to Sydney from each of the surrounding regions.
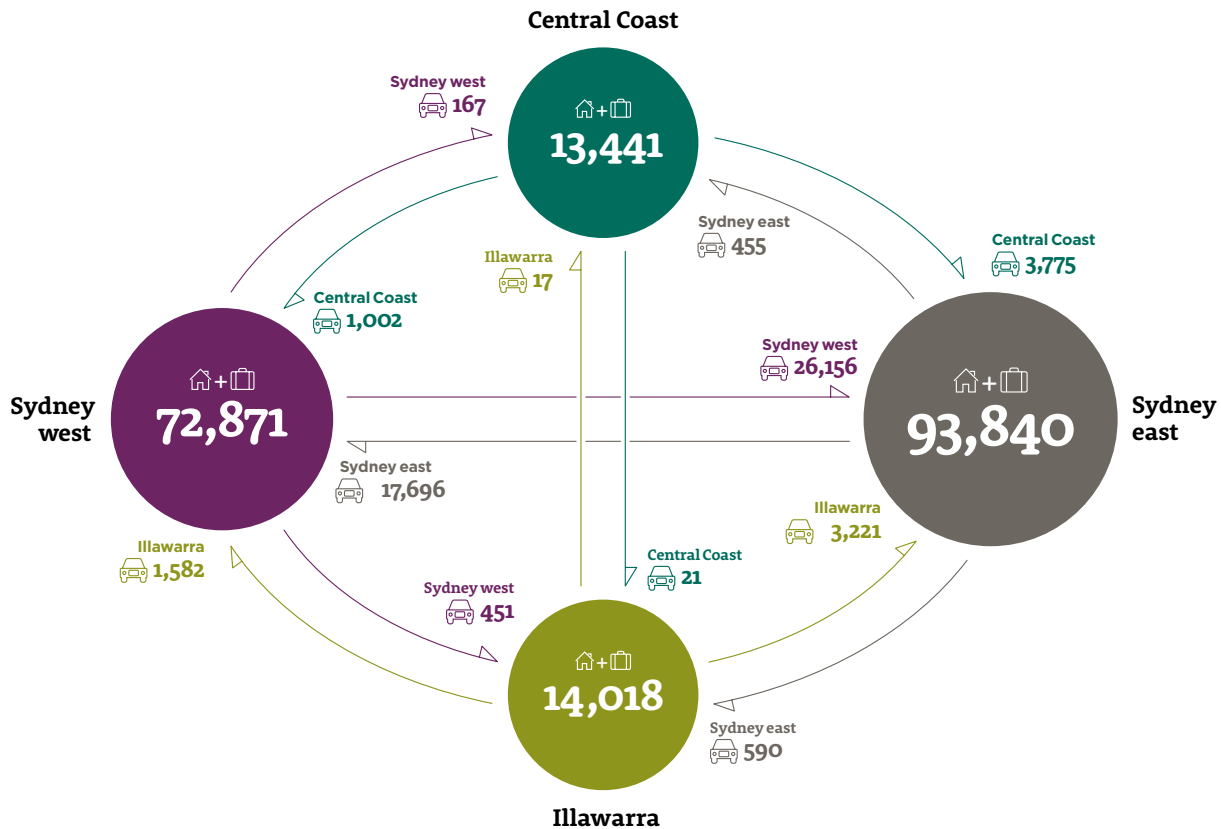
All figures are 2016 Census Period Headcount, Public Sector

Source: NSW Workforce Profile 2016

Median age by cluster

While the ageing population is a reality, the median age per cluster varies across the sector.

45 Education	**42** Justice
49 External to Government Sector	**43** Planning & Environment
47 Family & Community Services	**41** Premier & Cabinet
44 Finance, Services & Innovation	**47** Transport
43 Health	**41** Treasury
48 Industry	**45** Total Sector
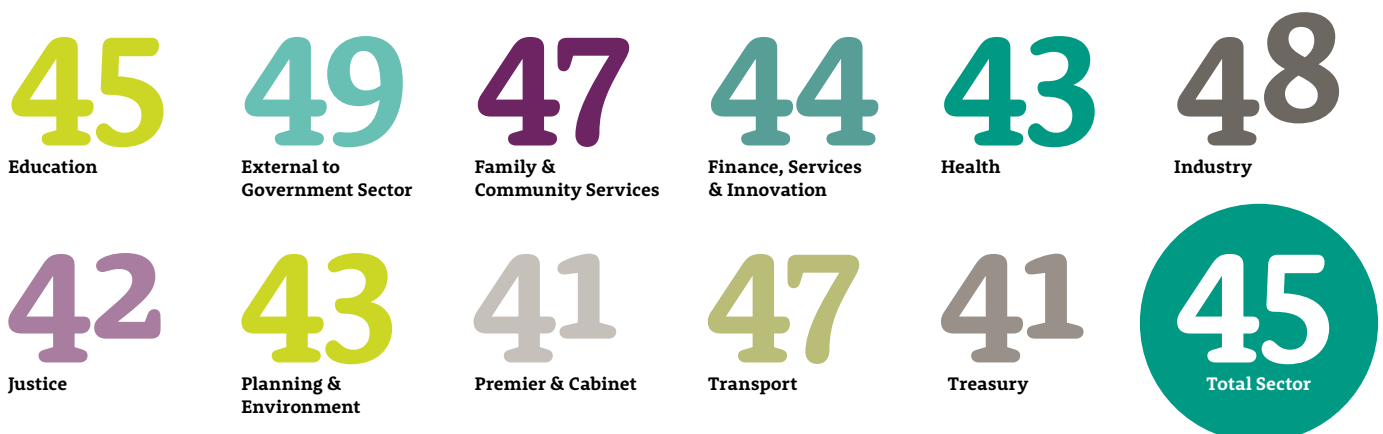
Source: NSW Workforce Profile 2016

Chapter One: NSW public sector at a glance

Aboriginal and Torres Strait Islander employees as a proportion of the NSW public sector, 2006−2016

1.9%	2.1%	2.2%	2.4%	2.5%	2.6%	2.7%	2.7%	2.9%	3.1%	3.1%
2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016

Source: NSW Workforce Profile 2016

Aboriginal and Torres Strait Islander employees in senior leadership roles in the government sector, 2015−2016

In 2015, **55** senior leaders identified as Aboriginal or Torres Strait Islander. **17** are no longer in NSW government sector leadership roles, with some having left the sector and others having shifted to different roles. **11** did not have a Government Employee Number (GEN), which is a unique identifier for all NSW government employees. Without this number, their employment between agencies cannot be reported.

Of the 2015 group, **27** senior leaders remained. In 2016, **29** Aboriginal and Torres Strait Islander leaders have joined the 2015 group. **17** of those **29** were promoted to leadership roles within the sector. **7** do not have a GEN, and so their entry pathway to leadership is unknown. There are now **63** Aboriginal and Torres Strait Islander senior leaders in the NSW government sector.

2015
55
people

2016
63
people

Premier's Priority goal by 2025
114
people
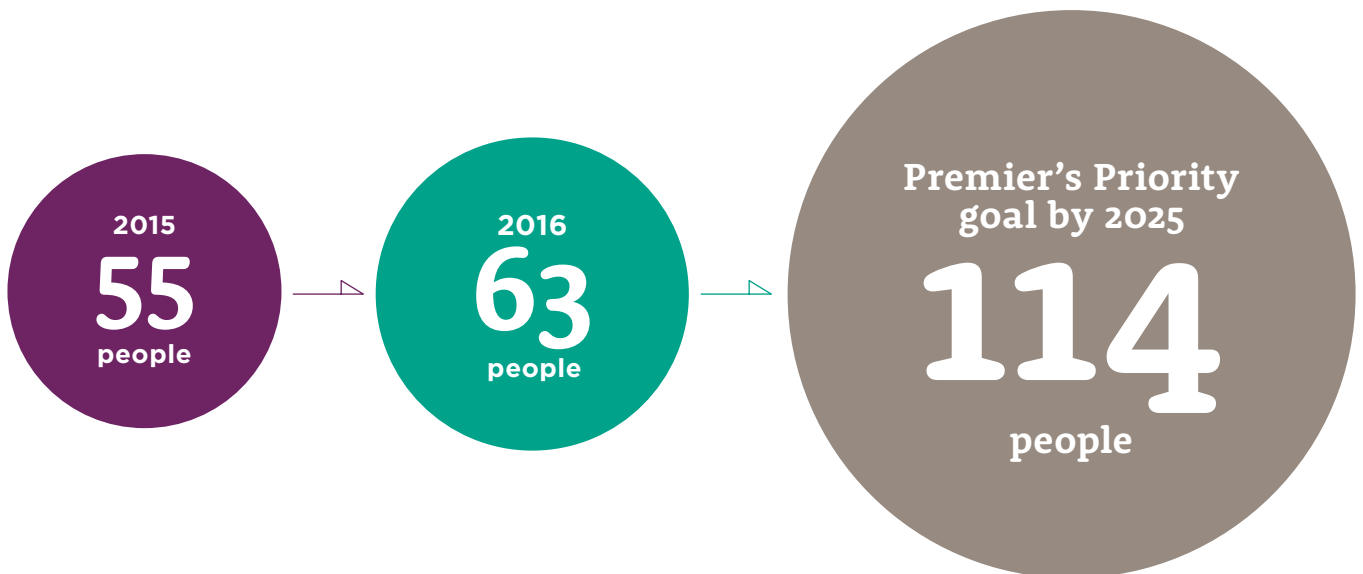
Source: Government Employee Number and NSW Workforce Profile 2016

Chapter One: NSW public sector at a glance

Gender profile across the public sector
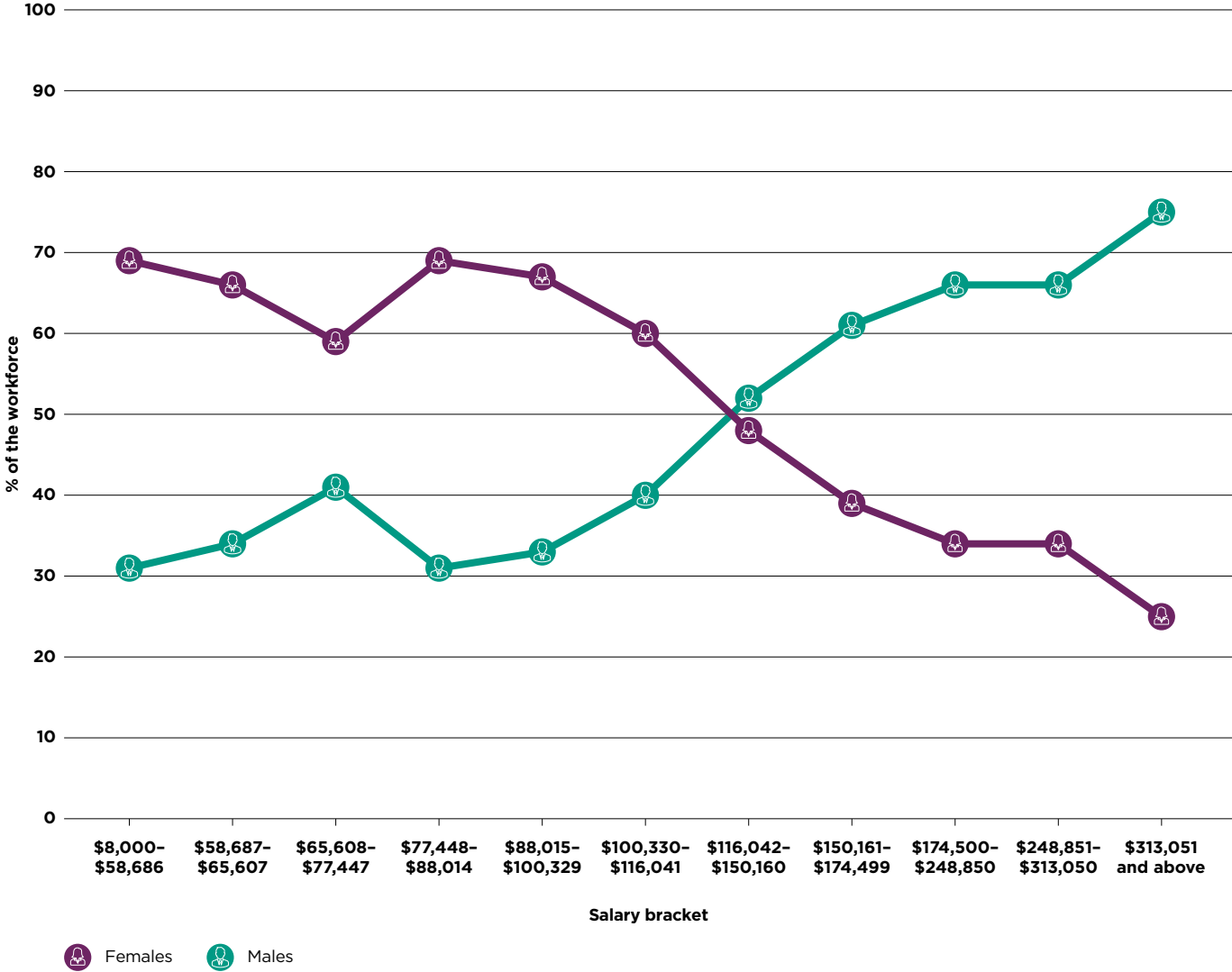
Source: NSW Workforce Profile 2016

Chapter One: NSW public sector at a glance

Percentage of senior leadership roles held by women in government sector by cluster, 2014−2016
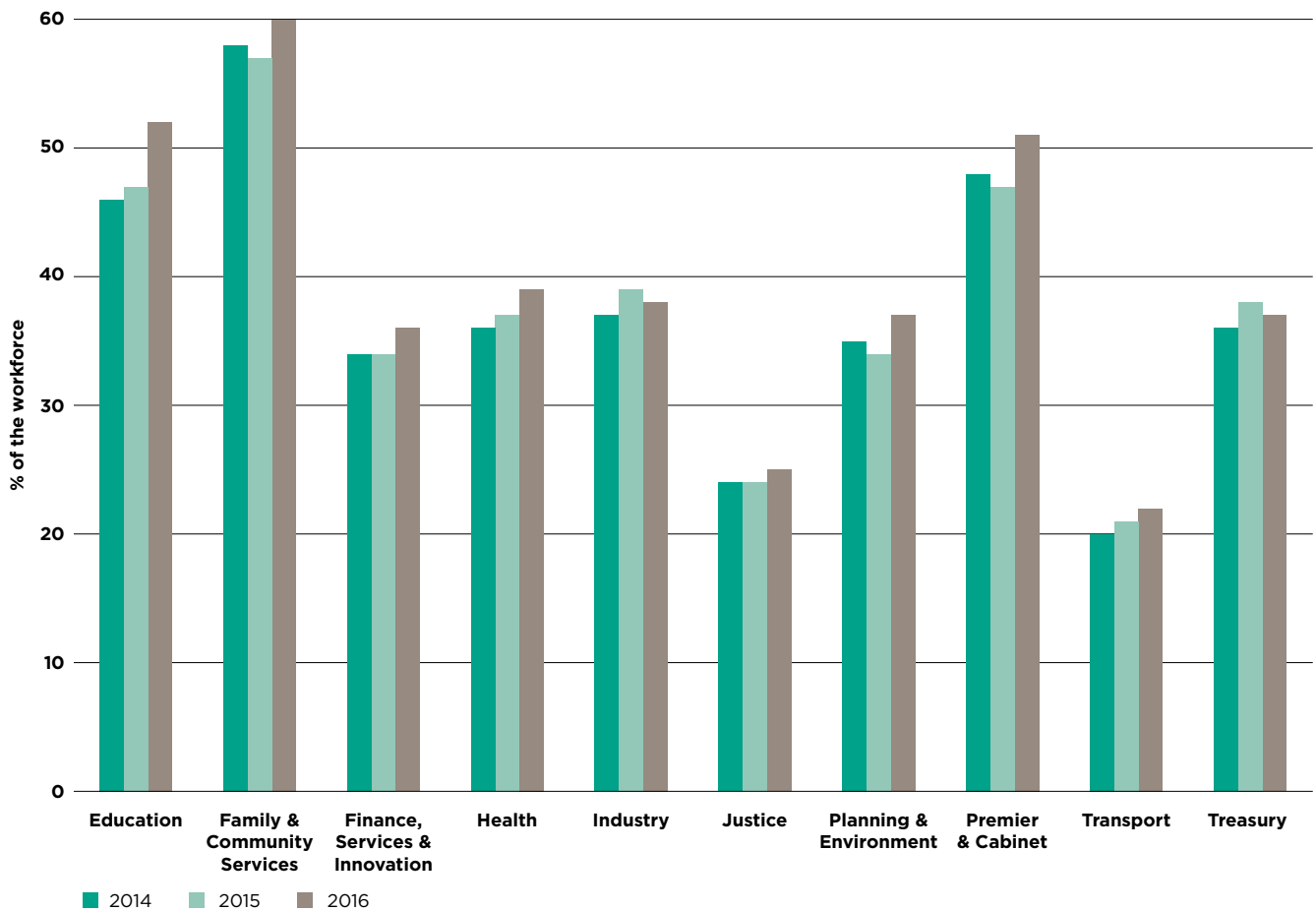
Source: NSW Workforce Profile 2016

Women in senior leadership roles across the government sector, 2015−2016

2015 representation **34%**

Current representation in leadership **36%**

Premier's Priority goal by 2025 **50%**

Source: NSW Workforce Profile 2016

Chapter Two

How do our leaders lead the sector?

Leadership is critical for the sector to deliver to the community

As public expectations of government services increase, the ability to make the most of opportunities and respond effectively to current and emerging challenges is critical: the best services require the best leaders. Leadership is central to delivering high-quality services to the community; it influences all of the factors that characterise a high-performing organisation and is central to achieving positive workforce outcomes across the sector.

Last year's *State of the Sector Report* highlighted the sector's commitment to creating leaders skilled in strengthening their agency's culture of customer focus, collaboration and innovation. Senior executive reform provided the opportunity for change. The Leadership Academy is now growing the skills base necessary to lead a culture of high-performance.

"Leaders today must be visionary, inspire direction and purpose and drive results," Premier Mike Baird said in a speech to leaders in the sector in July 2016. "They must act with integrity, and display resilience and courage … The first step is for sector leaders to reflect on their organisation's capabilities, talent and culture, and consider the workforce management strategies they need to drive the best business outcomes."
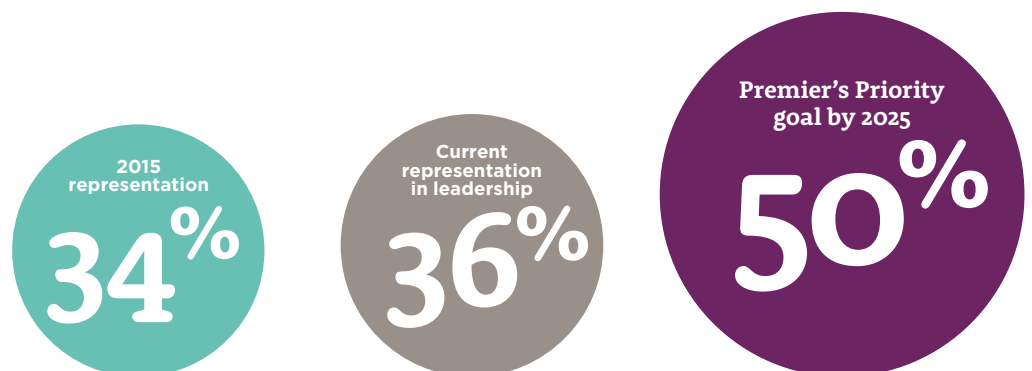
This chapter discusses how leadership is changing in the NSW public sector. Leaders' strengths and their challenges are analysed from employee, customer and agency perspectives. The importance of building leadership diversity and a pipeline of future leaders is also discussed.

Reforms have enabled a shift to a leaner leadership group

Reform in the public service has streamlined senior executive reporting layers from between **six** and **seven** to **four**. There are now **11%** fewer executives in the public service since reform implementation commenced in 2014; increasing their impact, but also the demands on them to drive a change agenda.

Figure 2.1: Reduction of total public service executive numbers since reform implementation, headcount at census date, 2014–2016
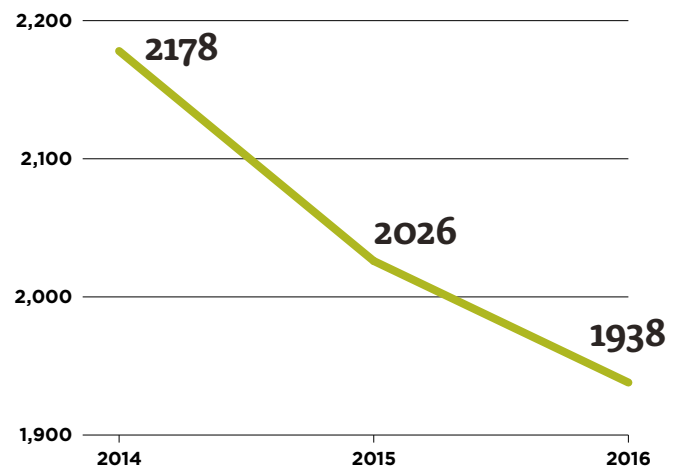
Source: NSW Workforce Profile 2016

Chapter Two: How do our leaders lead the sector?

Leadership is critical for the sector to deliver to the community

Reforms have enabled a shift to a leaner, newer leadership group

Customer service, collaboration and innovation are leadership strengths

People leadership and change management remain a challenge

Building a leadership pipeline is an emerging priority

Leadership diversity is a work in progress

With the passage of the *Government Sector Employment Legislation Amendment Act 2016*, executive structures in the transport, health and police services will soon have some alignment with the reformed public service structure. This employment architecture had its origins in the 2012 Commission of Audit and provides an improved system for mobility and development.

The past three years of reform show the number of public service senior executives now employed under the GSE Act is at **64%**, from **1%** in 2014, its first year. The remaining **36%** will transition by February 2017.

Figure 2.2: Proportion of public service senior executives now under GSE Act 2013 provisions, headcount at census date, 2014–2016
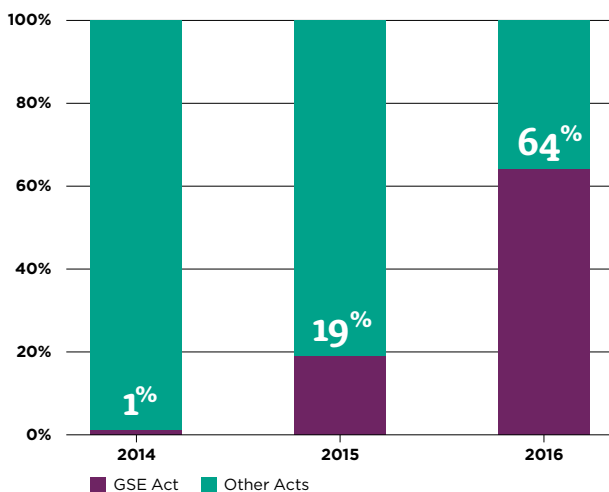
Source: NSW Workforce Profile 2016

The change in leadership, both in personnel and in structure, has also resulted in a new leadership profile. Anecdotal evidence suggests that as many as **30%** to **40%** of executives are new to the sector since 2014.

Agencies report that these new recruits contribute fresh thinking and established skills in many of the new workforce management practices, but require some support in learning the machinery of government.

Leaders are also changing the way they work and think. Past boundaries are evolving towards a focus on the 'joined-up', which refers to departments coordinating with each other to produce an integrated, seamless service.

While managing people and driving cultural change are important leadership goals within an agency, there is also the need to work collaboratively across the sector in order to achieve set outcomes. The Secretaries Board, which comprises the cluster secretaries of 10 departments and the Public Service Commissioner, has emphasised the need for leaders to work effectively between departments. This has been further emphasised by the Board's response to overseeing implementation of the Premier's Priorities.

This broader thinking is starting to drive collaboration across the sector in initiatives such as place-based services. These use data-driven approaches to find integrated solutions that are jointly designed with the communities they will serve, and delivered with Commonwealth agencies and non-government organisations (NGOs).

Chapter Two: How do our leaders lead the sector?

Customer service, collaboration and innovation are leadership strengths

Clear strengths in customer service – and to a lesser extent in collaboration and innovation – have been identified from employee, customer and agency data.

Customer focus

One of the Premier's Priorities is to improve customer satisfaction within key government services every year in this term of government. Employees view customer focus as an area in which leaders are performing relatively well compared to other senior manager-related questions in the People Matter survey (**60%**).

80% of employees report that in their agency, efforts are being made to match services to customer/client needs. Agency data supports this, with **74%** of customer-facing agencies reporting that they have mature practices in using customer insights to drive their service design, including customer feedback to design new or improved services. **60%** of agencies also have mature practices in using customer feedback to identify the knowledge and skills development their workforce requires.

Agencies report that leaders have driven a key shift in mindset within their organisations to focus more on the customer experience. Leaders with private sector and NGO experience have contributed valuable skills to this shift.

While the sector data supports this, what do customers think? Customer satisfaction for NSW government services, polled annually via the Customer survey, improved significantly to **7.5** out of **10** for both consumers and businesses in 2016 from **7.3/7.2** respectively in 2015. Particular improvements were noted in satisfaction for employees and business processes.

Customers rate the quality of the employees and their ability to focus on addressing customer needs higher than the processes that support them. This may mean that employees are meeting customer expectations in spite of, not because of the underlying processes they use. Further, while customer scores for the ability of employees to see things from the customer's perspective and get things done quickly have improved the most of all scores in this survey, indicating the work the sector has done, these scores remain among the lowest overall. Re-designing processes to make them streamlined, centred on the customer and connected will be necessary to improve customer satisfaction further. This will be a challenge for leaders going forward.

Figure 2.3: Employee perceptions of senior leaders – customer, innovation and collaboration

Senior managers communicate the importance of customers in achieving our business objectives

60%

Senior managers promote collaboration between my organisation and others we work with

52%

Senior managers encourage innovation by employees

49%

■ % Agree   ■ % Neutral or disagree

Source: People Matter Employee Survey 2016

Chapter Two: How do our leaders lead the sector?

Innovation and collaboration

Leaders play a pivotal role in fostering a culture of innovation and collaboration. **49%** of employees agree that their leaders encourage innovation. Two-thirds of agencies report their leaders empower their staff and partners to innovate to improve services, with **52%** reporting mature supporting structures and **43%** having mature practices to allocate people and resources to facilitate ongoing innovation.

Agencies report leaders are seeking alternative approaches to delivering services and ensuring that organisational success metrics set do not encourage a culture of 'business as usual'. To further promote innovation, agencies report hosting hackathons, dragon's dens, boot camps and investment panels to encourage a culture of innovation. Leaders are beginning to encourage a culture of taking some risks and testing ideas.

77% of agencies report that their practices for identifying and acting on opportunities to collaborate are mature. They report broad rates of collaboration with other NSW agencies in policy development (**84%**) and with the private sector in service delivery (**75%**), and consistently rate collaboration as one of their key organisational strengths.

Collaboration starts at the executive level, with leaders demonstrating shared accountability and decision-making. For some agencies, collaboration and partnerships are becoming standard, although they report the need for more skills in working effectively with external partners.

Other leadership capability data sources show working collaboratively across portfolios is an emerging strategic policy development strength for leaders, supporting the Agency survey.

52% of employees agree their leaders promote collaboration. This was found to be a key driver of employee engagement in 2016, discussed further in Chapter 5.

Although these are positive developments, more collaboration and innovation across agencies, clusters and sectoral divides is needed. Improvements have been rapid since 2015, and continue at a fast rate.

People leadership and change management remain a challenge

Low scores from employees indicate that senior leaders are not effective in change management and leadership of people, particularly communication – two significant drivers of employee engagement. Change management refers to the management of large reform and transformation programs, as well as restructures and other organisational changes.

People leadership

Articulating a clear future focus for an agency and managing the workforce to drive stronger organisational capability are at the heart of leadership. However, employee scores for senior managers in the way they communicate, listen and champion future directions were low. **47%** of employees believe that their senior manager provides clear direction for the organisation's future, although **62%** believe their organisation is future-focused. **39%** of employees believe their senior managers listen to them, and **44%** agree that they keep them informed about what is going on.

NSW leadership development programs have also identified these characteristics as development areas for leaders, along with the ability to inspire direction and purpose, clearly communicate a vision and strategy, create confidence and trust in the future direction of the organisation and promote understanding throughout the agency.

Agencies recognise this gap. Nearly half of all agencies (**49%**) report that building leadership capability is one of their core priorities for the next year. Much work is also being done to develop core people management skills at earlier career stages. **79%** of agencies provide people management training and development for front-line service managers. **76%** of agencies offer development for staff seeking managerial roles, and **68%** offer leadership skills for high-potential employees not currently in leadership roles. Agencies recognise the challenge in building leadership skills at lower levels, and have the plans in place.

Chapter Two: How do our leaders lead the sector?

Figure 2.4: Employee perceptions of senior leaders—change and two-way communication

I believe senior managers provide clear direction for the future of the organisation

47%

I feel that senior managers keep employees informed about what's going on

44%

I feel that senior leaders effectively lead and manage change

43%

I feel that change is handled well in my organisation

41%

I feel that senior managers listen to employees

39%

■ % Agree   ■ % Neutral or disagree

Source: People Matter Employee Survey 2016

Managing change

43% of employees agree that senior managers lead and manage change effectively, while **30%** actively disagree with the statement. **41%** say their organisation handles change well – largely similar to the 2014 result (**44%**).

While agencies report that the pace of change has slowed (with **50%** reporting a restructure, 10 percentage points down from the previous year), agency confidence in their change management practices decreases as the processes become more complex.

61% of agencies have mature change agent networks or change champions to see through initiatives, and just over half consider their change leadership strategies are mature (**55%**). **39%** of agencies are confident they are mature when it comes to assessing whether their organisation is ready for change before undertaking it.

Agencies rate their evaluation practices as less mature. While it is possible that the success of a change initiative is captured via other project-based evaluations, **25%** of agencies report mature practices for assessing managers on how successfully they lead change, and **27%** regard themselves as mature in assessing the success of a change at the local level.

It is possible that to gain traction with employees, agency change management practices may need to be at the highest levels of maturity.

Chapter Two: How do our leaders lead the sector?

Figure 2.5: Maturity of agency change management practices

Face-to-face communication between senior managers leading the change and affected employees

85% of agencies mature

Tailored communications for employees affected by the change to support change initiatives

82% of agencies mature

Processes to identify impacted stakeholders (e.g. stakeholder mapping)

70% of agencies mature

Change management plans and change impact assessments that include a link with agency objectives

64% of agencies mature

Training programs for employees affected by the change to support change initiatives

62% of agencies mature

Resources such as change champions and/or change agent networks to support transition and encourage input

61% of agencies mature

Strategies for change leadership that detail how leaders will communicate the change, evaluate progress and assess employee engagement

55% of agencies mature

A formal mechanism for assessing change readiness before the action plan is implemented

39% of agencies mature

Formal mechanisms to monitor the success of the implementation of the change at the 'local' level (specific affected area)

27% of agencies mature

Managers are assessed on their success in managing change

25% of agencies mature

■ Mature agency practices   ■ Basic or lower agency practices

Source: Agency survey 2016

Some clusters are ahead in their change and reform journeys. For clusters at earlier stages, the response of their leaders in proactively driving change will be critical to avoid errors and grow change capability throughout the organisation.

Chapter Two: How do our leaders lead the sector?

Building a leadership pipeline is an emerging priority

A key consideration for operational leaders is ensuring they invest time in developing the talented high performers they already have. This works as a retention strategy for high-performing and high-potential people, given that career development is a key driver of employee engagement, and also a way for agencies to develop their own future leaders.

Agencies report, however, that succession planning in leadership remains a challenge, generally as a result of a limited data on capability. While **57%** have mature processes for identifying executive high-performers and potential leaders, only **44%** report having this data about employees at the next level down[1]. Many agencies reported in discussions that the leap in leadership skill required from this band to the executive level is large, and they are working to map the transition required in agency knowledge and skills.

34% of agencies report having mature strategies to manage their top performers and potential leaders, a significant improvement on the **8%** reported in 2014. However, the emphasis of these strategies is on recruitment and development rather than building leadership pipelines, planning for critical roles or talent retention[2].

Smaller agencies (with up to 1,000 Full-Time Equivalent employees) reported that the costs and resources required to build leadership capability remains a challenge. **42%** of agencies consider that their capacity to provide on-the-job development experiences as their most significant challenge to implementing a talent strategy[3].

This emphasises the potential benefits of mature mobility practices for current and future leaders. Internal mobility practices are assessed as mature by **68%** of agencies, but only **17%** say they are mature in using a sector-wide approach. Taking a sector-wide approach may involve accessing databases of candidate profiles from across the sector (known as a 'talent pool') or ensuring that leaders actively support employees looking for work outside their current area. While agencies verbally report that they increasingly look beyond traditional internal development pathways, these processes remain more ad hoc than systematic.

One in three agencies report that enhancing the maturity of their talent management practices is an organisational priority over the next year.

Spotlight on leadership transitions: Department of Industry

In late 2015, the Department of Industry, Skills and Regional Development commenced consultation on a leadership-specific framework to define the values, capabilities, behaviours and supports required to be a successful leader at the Department. The resulting Framework is composed of five key leader behaviours, leader success profiles, and pathways for leadership development.

The senior executive leadership cohort contributed to defining Industry's leader behaviours, which align with the department's values, articulating how leaders work, interact with each other and make decisions. In May 2016 a leadership pulse survey was initiated, which asked leaders to reflect on how well they were performing against the behaviours and invite their direct reports to do the same. The feedback gave leaders insight into which aspects of their leadership style could be improved or enhanced. Opportunities for development are supported by information about best practices, and suggested actions that leaders can take.

While the process is still at an early stage (with a repeat survey planned for late 2016 to measure change/improvements) the executives have been able to use the feedback to explore what is expected of them and how they can work together more effectively across

the executive cohort. They were encouraged to share results with their teams as a way to build a culture of honest feedback, learning and growth. Industry plans to extend this tool down to team leader level in 2017.

The leader profiles and pathways for leadership development were designed in consultation with the senior executive, and released after the leadership pulse survey was implemented.

The pathways articulate the shifting technical and leadership capabilities required from a new line manger to a senior executive. It identifies the skills development necessary to successfully make each transition, and provides a suggested development plan based on the education, experience and exposure opportunities that could be used to reach it.

In addition, the Department rolled out leader profiles clarifying the department's expectations of its leaders. The profiles provide a foundation for dialogue between leaders for performance and development discussions.

Whether they are leading self, teams, managers or executives, feedback to date indicates that leaders value being able to steer their development, and prepare for what is next in order to deliver the department's priorities.

Chapter Two: How do our leaders lead the sector?

Leadership diversity is a work in progress

A public sector that understands its community is critical to meeting that community's needs, and agencies with a range of perspectives and talents are better placed to achieve this objective. The Premier's Priority on driving public sector diversity sets two goals to be achieved across the government sector by 2025:

• **double the number of Aboriginal and Torres Strait Islander people in senior leadership roles to 114**

• **increase the proportion of women in senior leadership roles to 50%.**

Agencies report that the priority has had a galvanising effect, focusing attention and effort on pipeline planning and deciding whether incremental targets are required.

Aboriginal and Torres Strait Islander leadership progress

The current Aboriginal and Torres Strait Islander leadership representation indicates there will be some challenges in meeting the Premier's Priority goal across the government sector. Education and Transport made notable progress in 2016, while other agencies have seen a decline in headcount because of exits and movements between agencies.

Figure 2.6 Progress towards the Premier's Priority of 114 Aboriginal and Torres Strait Islander leaders by 2025 across government sector

	2015 headcount	2016 headcount	Change
Education	18	29	**11**
Family & Community Services	8	5	**−3**
Finance, Services & Innovation	3	3	**0**
Health	3	4	**1**
Industry	1	1	**0**
Justice	17	13	**−4**
Planning & Environment	0	0	**0**
Premier & Cabinet	3	2	**−1**
Transport	2	5	**3**
Treasury	0	1	**1**
Total	**55**	**63**	

Source: NSW Workforce Profile 2016

Chapter Two: How do our leaders lead the sector?

In addition to the Premier's Priority goal, NSW has adopted an aspirational goal of **1.8%** Aboriginal and Torres Strait Islander representation in each salary band. This was introduced after NSW successfully achieved the **2.6%** representation goal set by the Council of Australian Governments by 2015, but found representation was not evenly distributed throughout the workforce. Achieving the **1.8%** goal is broadly expected to provide a pipeline that will help to meet the Premier's Priority goal, and will result in an overall level of representation of **3.3%**.

Analysis of the number of leaders across the sector suggests that as leadership headcounts change, Aboriginal and Torres Strait Islander representation will move in the same direction. If growth in leadership is expected to be limited in the near-term, then improving Aboriginal and Torres Strait Islander representation at senior leader levels will require careful consideration.

However, agencies are less confident about the maturity of the practices they have in place to achieve both goals. **29%** of agencies report their practices to meet the **1.8%** target are mature, unchanged from 2015, and **31%** rate their practices to meet the Premier's Priority as mature.

The Aboriginal Career and Leadership Development Program was introduced in 2015 as part of the strategy to build a pipeline of future Aboriginal and Torres Strait Islander leaders. There have been 100 graduates from the program to date, and when surveyed, **54%** of respondents reported achieving career development opportunities, including promotion (**27** of **50** respondents).

Women in leadership progress

At a sector level, women currently comprise **36%** of senior leaders, although at the cluster level there is a wide range of results. Reflecting this, just over one third of agencies (**34%**) reported that they will not need to set targets to meet the Premier's Priority. **16%** have set targets, **21%** were currently analysing their workforce to determine necessity, and **29%** had not commenced their analysis at the time of the survey (July 2016).

Figure 2.7: Percentage of women in senior leader roles by cluster

Cluster	2014 Female	2015 Female	2016 Female
Education	46%	47%	52%
Family & Community Services	58%	57%	60%
Finance, Services & Innovation	34%	34%	36%
Health	36%	37%	39%
Industry	37%	39%	38%
Justice	24%	24%	25%
Planning & Environment	35%	34%	37%
Premier & Cabinet	48%	47%	51%
Transport	20%	21%	22%
Treasury	36%	38%	37%
Sector average	33%	34%	36%
Total number	**2,520**	**2,518**	**2,795**

Source: NSW Workforce Profile 2016

When employees were asked whether gender was a barrier to success in their organisation, there was almost no difference between men and women's responses to this question (with **74%** agreeing that it was not). However, when asked whether senior leaders support women's career advancement, just over half of employees (**54%**) agreed, and analysis shows that men and women replied to this question quite differently. There was a gender divide between men and women's responses in all clusters, even those where women represent more than **50%** of leaders. However, this divide is larger in those clusters with relatively fewer women in senior leader roles.

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Figure 2.8: Percentage of men and women who believe senior leaders support women's career advancement

|	Male	Female
Sector average	**56.9%**	**53.7%**
Education	65.7%	63.4%
FACS	55.7%	52.7%
Finance	60.5%	57.0%
Health	52.8%	49.1%
Industry	58.2%	51.2%
Justice	57.1%	49.1%
Planning	63.2%	55.2%
Premier	62.5%	59.8%
Transport	52.4%	48.3%
Treasury	70.2%	60.0%

Source: People Matter Employee Survey 2016

At the executive level, the data shows that while fewer women than men are applying for senior roles, they are more likely to be successful when measured by gender as a percentage of total applications made.

To address the disparity in application rates, guidelines were developed to eliminate bias in recruitment processes using behavioural economics techniques. The guidelines note the value of careful wording in job advertisements in areas where women are historically underrepresented, and using personalised messages for targeted groups[4]. A number of clusters noted they will soon start to use these techniques to encourage more applications from women and other underrepresented groups.

Additionally, the Leadership Academy set a goal of **50%** participation by female leaders in its programs. This goal has been easily achieved to date, with **105** women participants out of **171**.

Figure 2.9: Gender comparison of senior executive role applications and appointments, 2014–2016

Applications submitted by gender

Success rates by gender

■ Male ■ Female
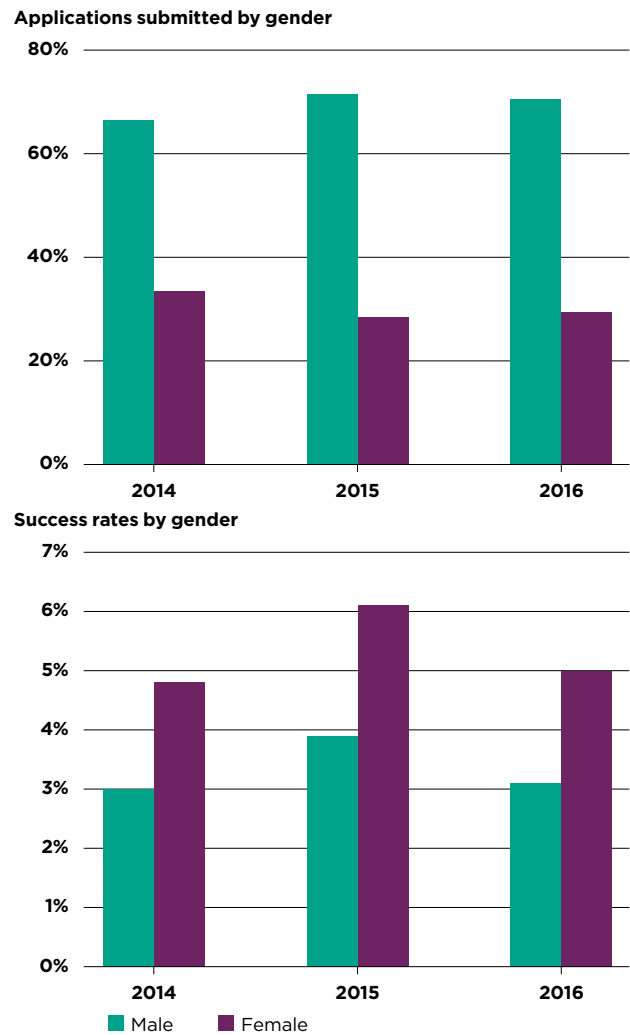
Source: I work for NSW recruitment data

Notes

1. Agency survey 2016
2. ibid
3. ibid
4. *Behavioural Approaches to Increasing Workforce Diversity*, NSW Premier and Cabinet Behavioural Insights Unit, August 2016

Chapter Three
How capable is the sector?

The sector is building capability for the future

This chapter looks at the critical strengths and gaps in capability across the sector. For individuals, increasing capabilities includes acquiring the skills and knowledge defined in the *NSW Public Sector Capability Framework*. Organisational capability includes individual capability, but also extends to the processes, technology, structures and partnerships required to deliver results.

Agencies acknowledge that the emphasis on providing customer excellence efficiently will require employees to gain either new or re-calibrated skills. The preliminary evidence shows this is now happening as:

- **The Capability Framework has moved from a recruitment tool to being embedded in performance management, and increasingly in development planning[1].**

- **Performance management is starting to be used to help build capability and develop meaningful working relationships and dialogue between employees and their managers.**

- **Recruitment reforms have been used to inject new talent, but agencies are still transitioning from the old practices. While agency leaders appreciate the benefits of consistent merit-based recruitment, some line managers are sceptical about the changes.**

- **The further rollout of integrated workforce management software, such as the Human Capital Management systems, may support greater mobility given their integration of employee records data and performance development processes.**

The NSW Commission of Audit's 2012 report triggered extensive changes to workforce employment and management practices in the sector. Agencies report that operational managers are increasingly embracing these practices by acknowledging how they build capability.

Service quality and collaboration are capability strengths

Employee, agency and customer data can be used to assess the strengths of the public sector in addition to discussions with agencies' human resource and operational leads.

76% of employees agree their agency focuses on improving the work it does, and **80%** agree that it provides quality services, and that it strives to match those services to client or customer needs.

75% of employees feel collaboration within their team is effective enough for it to achieve its objectives. Employees generally rank their organisations as strong, effective, respectful places to work that strive for client and customer satisfaction.

Agencies also say collaboration and service delivery are two of the top five organisational strengths across the sector.

However, perceptions differ when the focus turns to cooperation between different teams and workgroups, indicating that better influencing and negotiating capability is needed. **48%** of employees agree that teams across the organisation cooperate effectively with each other. Cooperation strongly correlates with engagement in most clusters across the sector, a topic discussed further in Chapter 5.

So what do customers think? The NSW Customer Service Commissioner has measured customer satisfaction across government services relating to employees, processes and government sector values and goals since 2014. The 2016 Customer survey shows increased rates of agreement to statements about agencies being accountable for their services, being open and transparent in their decision-making, and making information easier to access.

Customers noted employee effectiveness and efficiency had improved significantly since 2015[2]. Employee honesty and integrity were key drivers of customer satisfaction in 2016, with high safety standards a particular consideration.

While customer satisfaction has risen overall, customer expectations have risen as well. The gap between satisfaction and expectation has closed slightly, and further understanding of customer expectations will be necessary to build capability in order to close the gap.

Chapter Three: How capable is the sector?

Chapter highlights:

The sector
is building
capability for
the future

Service quality and
collaboration are
capability strengths

Data, technology
and process design
are challenges

How the
sector plans
to close the gaps

Figure 3.1: Employee satisfaction with improving work and services

My organisation strives to earn and sustain a high level of public trust

83%

My organisation provides high quality services

80%

My organisation strives to match services to customer/client needs

80%

My organisation focuses on improving the work we do

76%

■ % Agree   ■ % Neutral or disagree
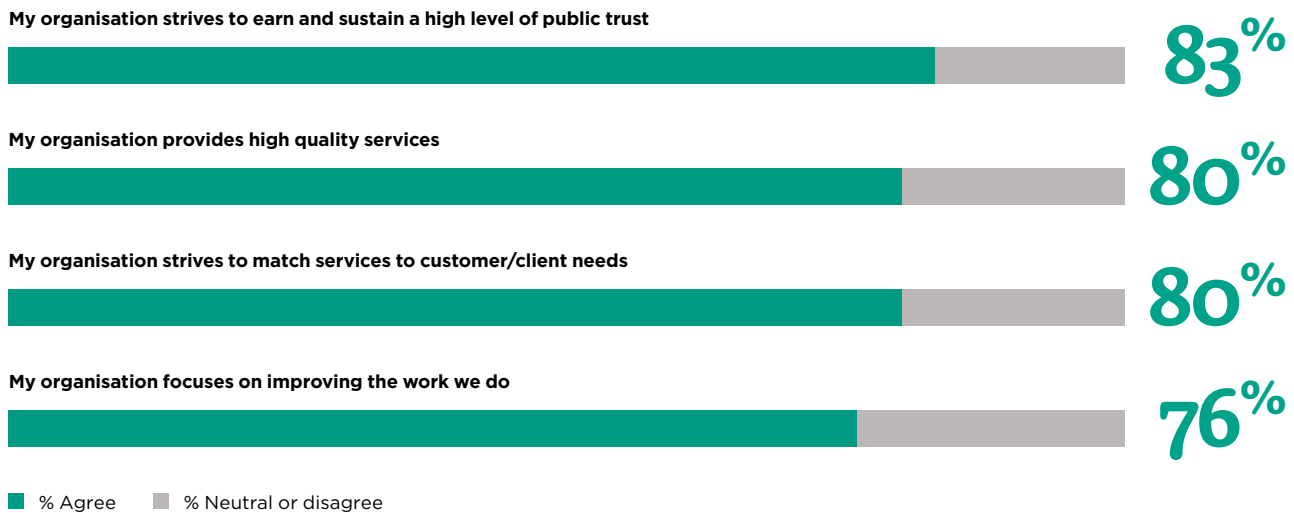
Source: People Matter Employee Survey 2016

Figure 3.2: Employee satisfaction with collaboration

My team works collaboratively to achieve its objectives

75%

Senior managers promote collaboration between my organisation and others we work with

52%

There is good co-operation between teams across our organisation

48%

■ % Agree   ■ % Neutral or disagree
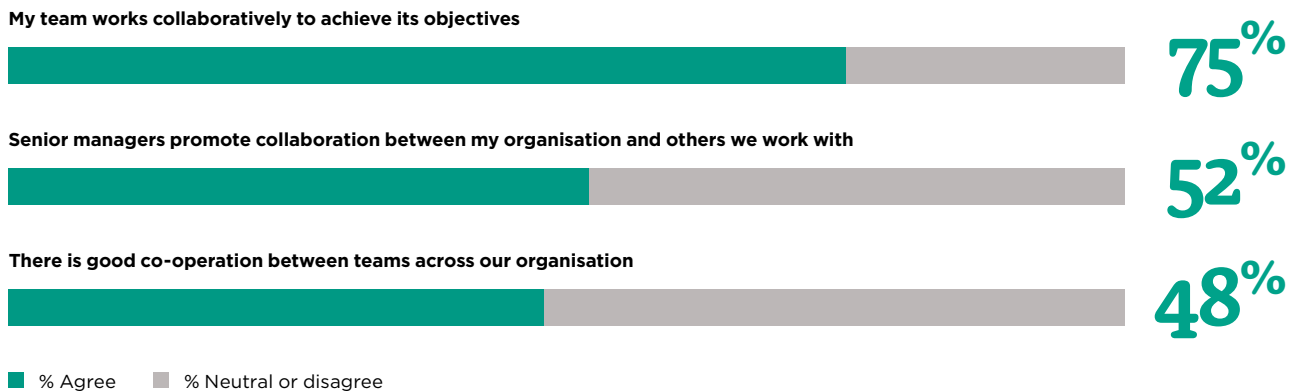
Source: People Matter Employee Survey 2016

Chapter Three: How capable is the sector?

Data, technology and process design are challenges

Agency and workforce capability will always be subject to changing community expectations. Discussions with agency human resources and operational executives reveal the following organisational capability challenges. Some are near-term, and others are longer-term.

- **Analysing and using data predictively**. Agencies report a gap in how operational, customer and workforce data is integrated in agencies and clusters. Employees need analytical skills to use data in their everyday work, to supplement the more scientific, interpretive use of data by specialists to predict needs and issues, and support better services. However, maturity in using and applying open data, often in collaboration with the private sector, is improving.

- **Using innovative service design and delivery processes**. Agencies are examining current and proposed government programs to identify more efficient and effective service delivery models. Alternative delivery models can include a mix of government, private and not-for-profit service providers. This mix can require new skill sets in brokering and designing services and managing contracts to achieve outcomes. Agencies new to this process find their appreciation of the skills required deepens as they understand the process better.

- **Improving vendor and contract management**. Agencies report a gap in influencing and negotiation at the procurement stage, as well as in managing stakeholders to ensure consistent service throughout the term of a contract.

- **Using technology innovatively**. Technology is being implemented to help provide better services and drive productivity. The largest proportion of public sector expenditure on contingent labour is for specialised ICT skills for both short and long-term roles, pointing to an internal capability gap and the need to be agile in response.

- **Improving financial management for non-financial managers**. Agencies recognise that budget management is a valuable and necessary skill, particularly for employees progressing to leadership roles. Some agencies report gaps in asset and liability management and, linked to this, a lack of awareness of managing financial and operational risks.

How the sector plans to close the gaps

Agencies report that people- and culture-based solutions are key to addressing their organisational capability gaps, chiefly through recruitment, performance management and learning and development.

Recruiting sector capability

Chapter 2 examined the influx of talent at the senior executive level, but what has been the recruitment experience at the workforce level? Has there been an increase in sector capability through efficiently selecting the right people?

Most agency human resources and operational leads feel that while they are attracting higher-quality candidates, there are mixed results with the GSE Act processes used. For example, while simplified applications processes have cut the time taken to hire, it remains high overall, restricting agility and often losing recruits to more nimble non-government organisations. Some agencies say they are still developing the skills to apply the capability-based processes efficiently.

Figure 3.3: Average recruitment decision time (days), 2014–2016
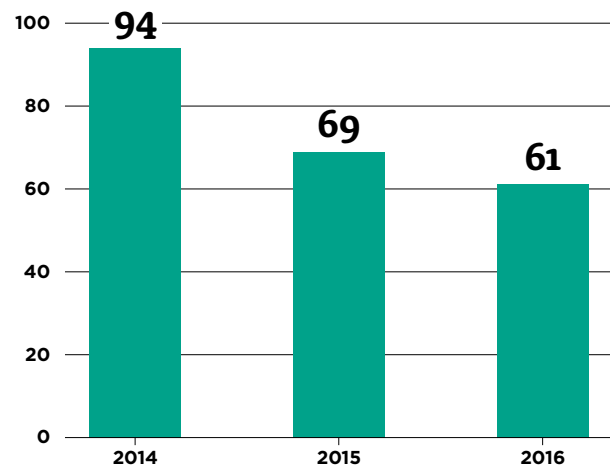
Data displayed relates to single openings only.

Source: I work for NSW recruitment data.

Chapter Three: How capable is the sector?

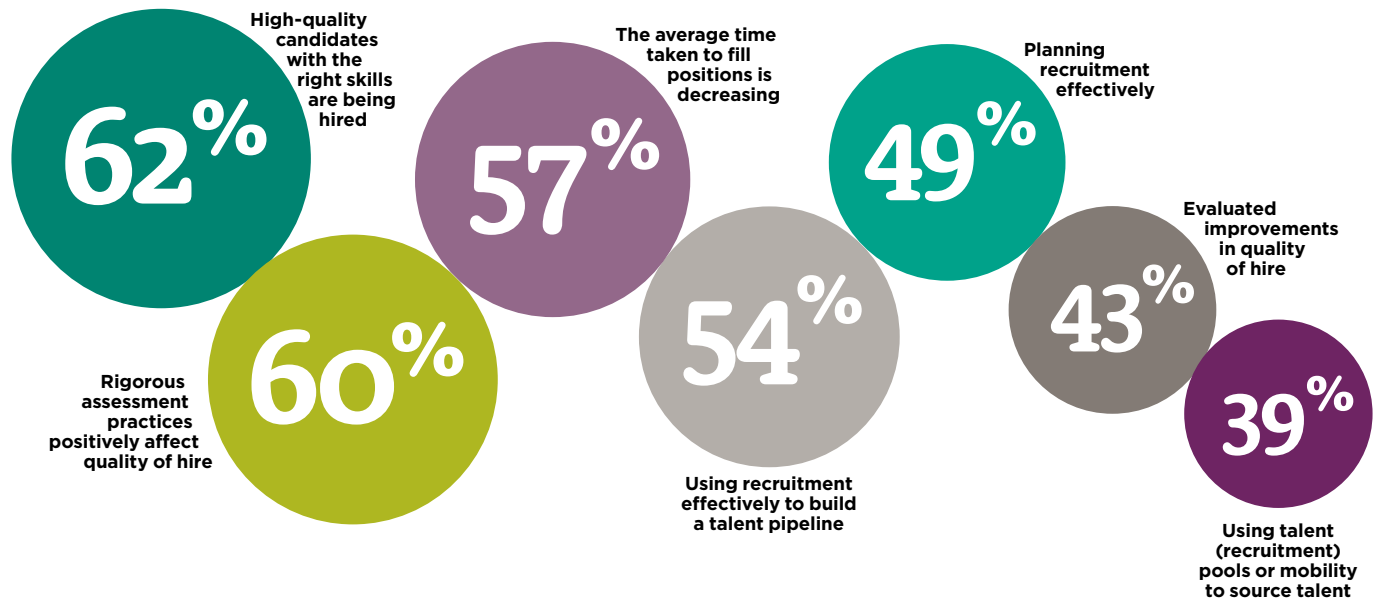**Figure 3.4: Agency self-assessment of quality of recruitment experience, percentage of agency positive responses**

62% High-quality candidates with the right skills are being hired

60% Rigorous assessment practices positively affect quality of hire

57% The average time taken to fill positions is decreasing

54% Using recruitment effectively to build a talent pipeline

49% Planning recruitment effectively

43% Evaluated improvements in quality of hire

39% Using talent (recruitment) pools or mobility to source talent

Source: Agency survey 2016

Recruitment decision time is presently measured by the number of days from when an ultimately successful applicant submits their application until the date they are hired. It has steadily decreased over the last two years, but remains high overall.

Selection processes for ongoing employment in the public service include at least three capability-based assessment methods. Agencies that choose to use psychometric assessment tools as an assessment method report that line managers remain sceptical about their use, despite their predictive validity when used with interviews. Managers are also unsure how to combine the results of the various assessments to make effective selections.

Many agencies use bulk recruitment approaches when a large number of vacancies occurs at the same time, or to form a 'talent pool' when several vacancies are likely to arise in a 12 month period. Talent pools are lists of people (whether or not existing public sector employees) who have undergone a rigorous assessment and satisfied the pre-established standards for a role or type of role.

Agencies note some line manager scepticism about using the talent pools developed outside of their agency or available throughout the sector. Line managers were sometimes unaware how to access pools in other agencies, with few formal systems in place. Many also did not understand the full extent of the talent pre-vetted by this process, or found that pools were sometimes unavailable for the roles needed.

People Matter Employee Survey 2016 results support the need to improve recruitment processes, with **51%** of employees stating their organisation generally selected capable people.

This result is one of the six key influences on employee engagement overall, discussed further in Chapter 5.

41% of employees agree that their organisation's recruitment and promotion decisions are fair. One third agree that their organisation's recruitment processes are efficient. Most disagree.

These results indicate that agencies are yet to realise reliable recruitment practices based on attracting the right talent, choosing the right capability-based assessments for their context, and/or using talent pools when appropriate. The role of leaders in driving efficient, fit-for-purpose assessment processes that consistently produce better outcomes is critical to this.

The NSW Government Graduate Program is an example of leading-practice recruitment that has built capability across the sector. Since the first intake in 2015, an effective marketing approach has nearly doubled applications to **2070** and the number of agencies participating has increased to **13**, with every cluster represented. It now also includes an ICT stream in recognition of the difficulty of building capability in this area of increasing importance. Candidates are selected against a range of core capabilities and motivations. The shortlisting process removes names and personal information to limit the risk of unconscious bias and assessors are trained to be aware of cognitive bias. Graduates are matched to agencies based on their preferences, and any attributes and qualifications the agencies identified as necessary.

Chapter Three: How capable is the sector?

When agencies advanced in their strategic planning process were asked how they planned to build the capability needed to achieve their strategy, **62%** nominated recruitment as a solution. However, the evidence shows that the impact of the recruitment reforms has been limited due to some resistance or the acknowledged capability gaps on the part of hiring managers. The graduate program is an example of the outcomes that can be achieved when efficient, merit-based processes are embedded in a talent acquisition strategy that includes workforce planning, a clear value proposition for candidates and supportive onboarding.

Building sector capability through effective performance management and development

Another core workforce management tool is regular, targeted performance management and development initiatives to increase individual knowledge and skills.

The sector's approach to workforce performance management has improved. In 2012, about half of employees said they had received regular feedback on their performance (**52%**) and received a formal review (**49%**).

In 2016, most employees have individual performance plans, with **62%** reporting they have a current individual performance plan, and **59%** have received useful feedback that helps them deliver the required results. **71%** of employees feel they can have open, honest conversations with their managers about the quality of work required. Progress among clusters is varied, with implementation adapted to their context.

Agency human resources leaders, however, say that while in previous years agencies were only just developing plans to discussing employee performance, they are now also using them to build capability for the individual and organisation. There is a long way to go, however. **89%** of agencies reported that managers had varying levels of capability in performance management, and **52%** reported challenges in managing unsatisfactory performance effectively.

44% of employees feel their managers deal well with poorly performing colleagues.

In response, agencies are putting significant effort into providing their people managers with the knowledge and skills to hold effective, regular conversations that emphasise lifting performance. For example, **83%** of agencies are building managerial capability in aligning work goals with organisational needs, **80%** are building capability in providing quality feedback, and **71%** are building capability in managing unsatisfactory performance.

Agencies rate effective performance management as their most significant organisational capability gap (**38%** of agencies), and their third-highest improvement priority overall (also **38%**).

Sector capability can also be built through education, experience and exposure. Employees are open and positive about opportunities, with a strong desire to progress their careers (**69%**), and most reporting they had the development opportunities to do their job well (**63%**) and could access learning and development in their organisation (**61%**).

While most employees believe that their organisations are committed to their development (**53%**) — a topic that is also highly correlated to overall engagement scores — less than half are satisfied with the career development opportunities available (**45%**).

As discussed in Chapter 1, agencies report that providing adequate internal development opportunities is a key challenge. This reinforces the case for more mature mobility practices across the sector to build capability.

Notes

1. *Agency survey* 2016
2. Customer Service Commissioner, 2016 *Customer Satisfaction Measurement Survey,* October 2016
3. That is, a shift from delivery and operations to strategy, architecture, design, analytics and management (vendor, people and general management)
4. Public Service Commission, *The ICT Workforce in the NSW Public Sector,* October 2016
5. The PSC engaged Deloitte to help develop a high-level report on trends influencing ICT and explore their workforce impacts in the NSW public sector.
6. Note limitations in the quality and accuracy of data regarding contingent labour not sourced from the vendor management system mean caution in interpretation is required
7. Public Service Commission, *The ICT Workforce in the NSW Public Sector,* October 2016
8. Drawn from the Skills Framework for the Information Age (SFIA), the NSW government sector's ICT-occupation specific capability set
9. Further information can be found in the NSW Government ICT Strategy: https://www.finance.nsw.gov.au/ict/

Chapter Three: How capable is the sector?

Spotlight: The ICT experience

Figure 3.5: Growth and disruption in ICT roles, 2016–2021 forecast

Technology services	Technology/ app.building	Enterprise implementation (incl. service management)		Enterprise governance	
Delivery & operation	Development & implementation	Relationships & engagement	Change & transformation	Skills & quality	Strategy & architecture

Increasing size and depth of colour indicates higher demand for roles of more complexity.

Source: The ICT Workforce in the NSW Public Sector 2016.

Agencies have reported in focus groups that there is a shift to a hybrid or blended skill set in the way the sector delivers ICT with the required skills becoming more complex, in line with service delivery innovation.[3]

Ten agencies recently submitted workforce management plans as part of a sector-wide ICT workforce planning activity. Part of this planning exercise was a functional capability assessment based on the ICT Capability Framework. Agencies reported that the required ICT skills are becoming more complex and strategic, and this is reflected in the volume of higher graded roles and diverse skill sets in demand.[4]

The types of roles performed in ICT have changed, and will continue to evolve in response to broader trends.[5] This means that while certain roles may be disrupted or changed in technology services and technology/ application building domains, other roles in project management, cyber security, data analysis and service architecture will grow, either in volume or in the capability complexity required.[6]

According to agency workforce plans, between **4–20%** of roles are being filled by contingent labour, with nearly half of these roles related to short-term requirements (such as the enterprise planning system rollouts), and **37%** for a long-term need not currently being met. The latter reflects in part the difficulty some agencies have reported in filling gaps in high-demand ICT roles under current remuneration structures.

Further data collected from NSW Procurement, including the vendor management system provides insight into which types of roles are being recruited as contingent labour. It shows that the most significant expenditure across the sector is on ICT roles and in specialist skills, which are typically project-related.[6]

The capabilities identified as strategic priorities by agencies include strategic architecture, managing reform and change, using technology and effective communication. In business as usual roles, agencies are seeking skills in planning and prioritising work, delivering results and service management.[7]

Of the 19 core capabilities agencies think they will need in the future (out of a possible 20 capabilities), agencies will need to build significant capability in eight, including in managing and developing people, inspiring direction and purpose, and managing reform and change. Procurement and contract management is also required. In ICT-specific skills, strategic skills[8] in business change are required, including change and relationship management and change implementation. This aligns with the leadership data discussed in Chapter 2, and agency reports on current capability gaps more generally.

With ICT skills in demand across the economy, many agencies report constraints in recruitment times and attracting and retaining talent when other organisations can offer generous salaries. As a result, a range of approaches are being employed by agencies to address capability building within their organisations.

Offering existing employees learning and development opportunities was identified as the most common way to build internal capability (**41%**) – more popular than recruitment (**17%**) and structural or organisational change (**28%**).

While the sector is currently using contingent labour to fill many of the capability gaps identified in ICT, it is too early to tell if this will be sustainable. Longer-term, the sector has developed a number of pragmatic initiatives, which include an ICT Community of Practice to help increase the capability of the sector's ICT workforce. Agencies have also joined with the Department of Finance, Services and Innovation and the PSC to develop strategies and tools to manage, structure, recruit and develop a skilled and capable ICT workforce.[9] One recent project is the ICT Career Pathway Framework, which is a capability-based career planning tool that aims to improve talent mobility by identifying indicative horizontal, diagonal and vertical pathways between common ICT roles, as well as to support strategic workforce planning.

Chapter Four
How diverse and inclusive is the sector?

A diverse and inclusive sector is critical to serving the community

"A key strategy to enhance employee engagement and improve agency performance is having a public sector that better reflects the community it serves ... diverse workforces are more innovative, productive and better able to deliver high-quality services."

Premier Mike Baird, speech to sector leadership, July 2016

Employees overwhelmingly agree that a diverse and inclusive workplace can lead to better business outcomes (**85%**).

Figure 4.1: How diverse is the NSW public sector in 2016?

63.6% Women

3.8% People who identify as lesbian, gay, bisexual, transgender, intersex or gender diverse*

People whose language first spoken as a child was not English **18.0%**

Aboriginal and Torres Strait Islanders **3.1%**

2.8% People with disability
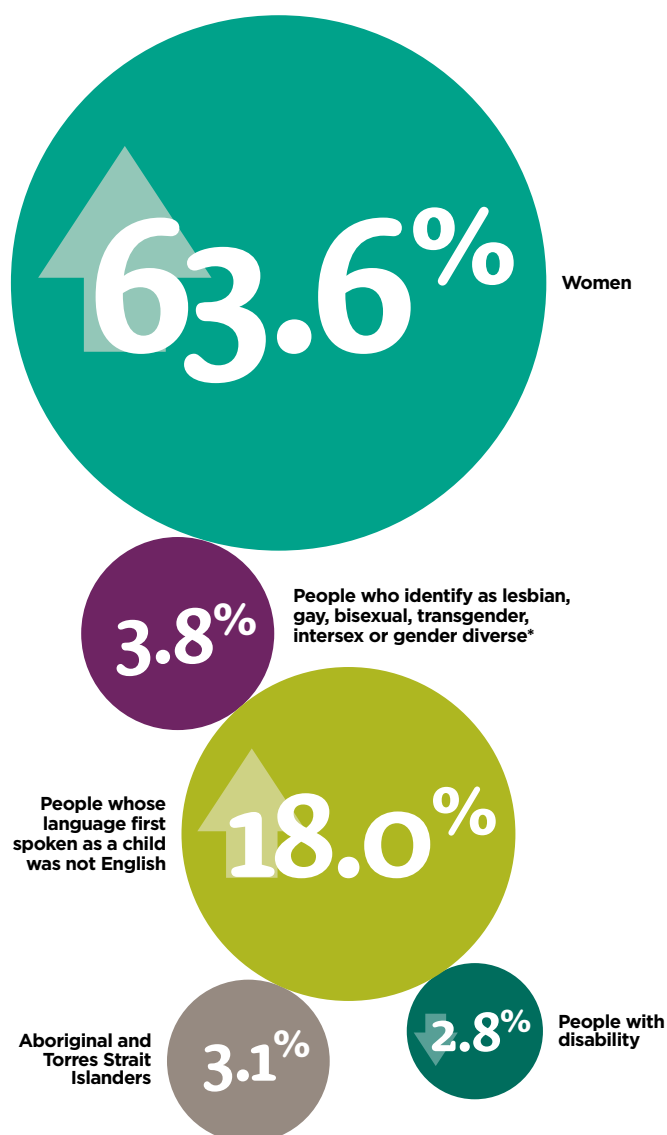
*Source: NSW Workforce Profile 2016, *People Matter Employee Survey 2016*

Chapter Four: How diverse and inclusive is the sector?

A diverse and inclusive sector is critical to serving the community

Agency commitment is underpinned by different priorities

Employees are strong advocates for diversity

Where representation is a challenge

As well as the Premier's Priorities for diverse leadership (see Chapter 2), many agencies are also working towards other diversity and inclusion goals. This chapter will address the drivers of these goals and the challenges to achieving them.

Figure 4.2: Percentage of agencies setting diversity and inclusion goals for groups listed

Diversity and inclusion goals	% Agencies using goals for these groups
Aboriginal and Torres Strait Islander representation	**79**%
Gender	**51**%
People with disability	**46**%
People from culturally and linguistically diverse backgrounds	**38**%
Other dimensions such as talent, work experience and education	**22**%
Younger workers	**21**%
Older workers	**10**%
Lesbian, gay, bisexual, transgender and intersex (LGBTI)	**5**%
No diversity and inclusion goals have been set	**10**%

Source: Agency survey 2016

Agency commitment is underpinned by different priorities

Discussions with human resource and operational leads across the sector reported four key drivers for building a diverse workforce.

Leadership support and accountability

Agencies reported strong leadership support for diversity initiatives, underpinned by executive sponsorship of key goals, and effective accountability mechanisms.

Diversity Council Australia (DCA) benchmark research found that **61%** of Australian firms measured and reported their progress to their executive. In the NSW public sector, the same percentage of agencies did likewise. However, while only **20%** of the firms in the DCA survey had included progress measures in managerial performance plans, agencies in the NSW public sector reported more than double the rate of accountability in senior leadership performance plans, at **43%**[1].

The leaders driving diversity strongly support it. Senior executives are consistently more positive than other employees in their organisations in endorsing questions relating to diversity and inclusion in the *People Matter survey*.

Chapter Four: How diverse and inclusive is the sector?

Reflecting the community

60% of agencies reported that their top driver of diversity and inclusion is improving service delivery, while **49%** say diverse perspectives improve decision-making.

Agencies say a workforce that reflects 'who we are and what we do' helps increase the take-up of services by key groups such as women and Aboriginal and Torres Strait Islander people in regional communities.
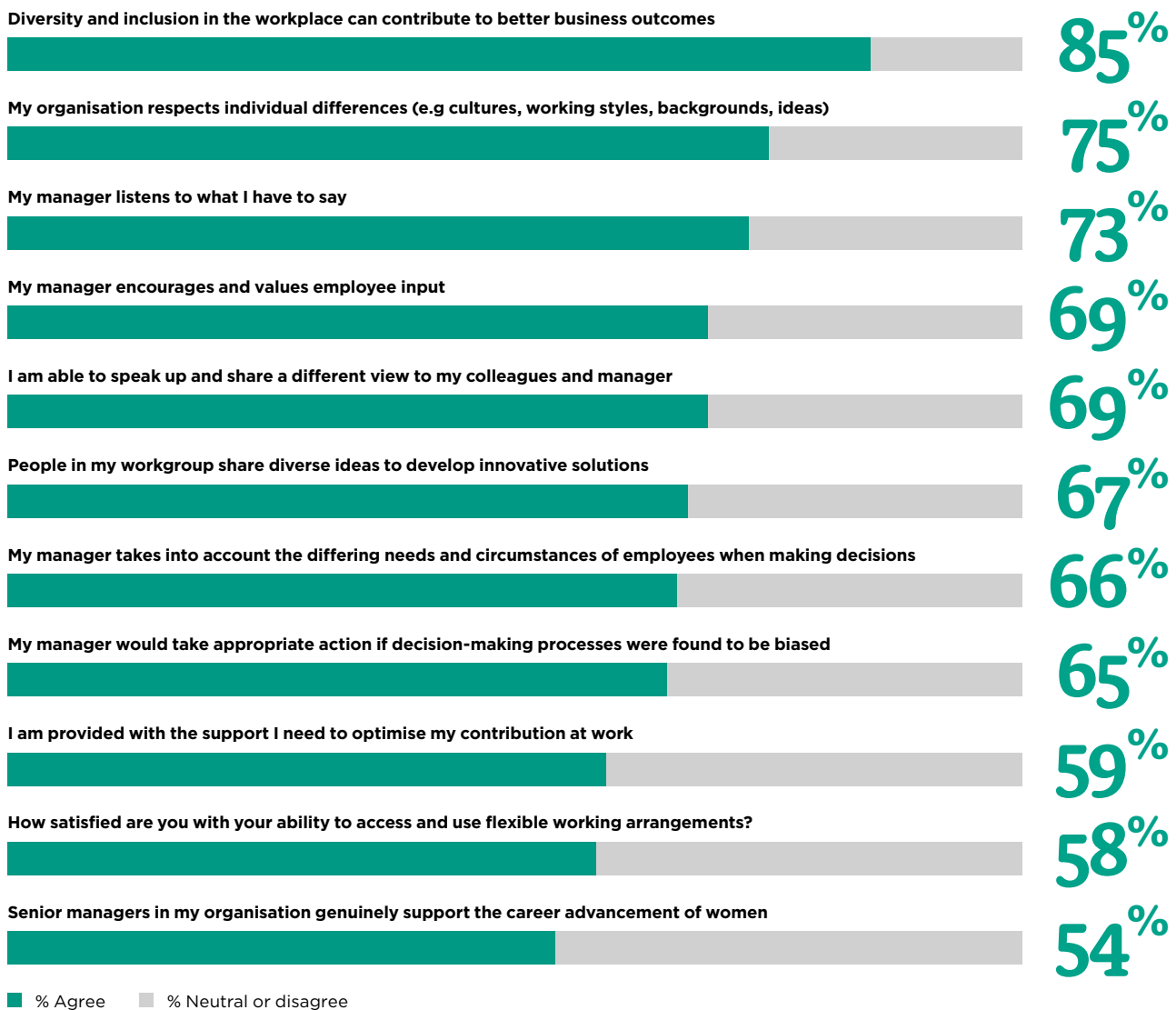
Competing for talent

Agencies also view diversity through a workforce capability lens, with half reporting their strategies are also driven by a desire to recruit and retain top talent. However, while **57%** of agencies say they monitor recruitment results for diversity outcomes, only **37%** monitor their ability to attract diverse applicants – the other side of the 'war for talent' coin.

Shift to inclusion

Although the GSE Act allows agencies to look beyond equal employment opportunity (EEO) plans to focus on outcomes, **52%** say their diversity initiatives can also be driven by a longstanding commitment to diversity group-focused EEO. In discussions, agencies believed they needed to move to a more inclusion-focused approach that recognised the value of diversity of thought.

Figure 4.3: Employee perceptions of diversity in their organisation

Diversity and inclusion in the workplace can contribute to better business outcomes
85%

My organisation respects individual differences (e.g cultures, working styles, backgrounds, ideas)
75%

My manager listens to what I have to say
73%

My manager encourages and values employee input
69%

I am able to speak up and share a different view to my colleagues and manager
69%

People in my workgroup share diverse ideas to develop innovative solutions
67%

My manager takes into account the differing needs and circumstances of employees when making decisions
66%

My manager would take appropriate action if decision-making processes were found to be biased
65%

I am provided with the support I need to optimise my contribution at work
59%

How satisfied are you with your ability to access and use flexible working arrangements?
58%

Senior managers in my organisation genuinely support the career advancement of women
54%

■ % Agree   ■ % Neutral or disagree

Source: People Matter Employee Survey 2016

Chapter Four: How diverse and inclusive is the sector?

Employees are strong advocates for diversity

Employee support for diversity is high, and most feel their managers and organisations take the right steps to encourage an inclusive environment. **75%** of employees agree their organisation respects individual differences, **73%** feel their manager listens to what they say and **65%** say their managers would act against biased decision-making.

Three-quarters of employees believe that cultural background, sexual orientation and gender are not barriers to workplace opportunities (**77%**, **76%** and **74%** respectively). Age and disability not being barriers to success were lower, at **71%** and **67%** respectively.

There are disparities in the scores relating to these barriers when analysed by selected demographics. For example, responses from Aboriginal and Torres Strait Islander people that cultural background was not a barrier to success were **8%** points lower than the sector average, despite other responses from this group being broadly in line with scores in other areas.

While **80%** of those in the 20–24 age bracket felt that age was not a barrier to success, this rate steadily declined to **64%** for those aged 55–64, yet increased to **72%** for those 65 and over. While **67%** of employees reported that disability was not a barrier to success, just **54%** of employees with a disability agreed.

Figure 4.4: Employee perceptions of barriers to success (% agreement)

Question	Sector %	Key group	%
Cultural background is not a barrier to success in my organisation	77%	Aboriginal & Torres Strait Islander	69%
		Language other than English	74%
Sexual orientation is not a barrier to success in my organisation	76%	LGBTI	72%
Age is not a barrier to success in my organisation	71%	20–24	80%
		50–54	66%
		55–64	64%
		65+	72%
Disability is not a barrier to success in my organisation	67%	Employees with disability	54%
Gender is not a barrier to success in my organisation	74%	Men	73%
		Women	74%

Source: People Matter Employee Survey 2016

Chapter Four: How diverse and inclusive is the sector?

⛰

Where representation is a challenge

This section focuses on initiatives for building representation for Aboriginal and Torres Strait Islander people and employees with disability across the sector, given the issues highlighted in the previous section.

Aboriginal and Torres Strait Islander representation

The Council of Australian Governments set a target for Aboriginal and Torres Strait Islander workforce representation of **2.6%** by 2015. NSW exceeded this target, but found that employment was centred at the lower end of salary levels. It developed a new aspirational goal of **1.8%** representation in each salary level, which would result in a cumulative representation level of **3.3%** of the workforce. The NSW public sector is currently at **3.1%**.

79% of agencies reported they had set goals for Aboriginal and Torres Strait Islander representation, while **68%** had offered training to improve Aboriginal cultural competency.

Discrete strategies with focused support and leadership sponsors are demonstrating progress. When representation is looked at by salary range, progress since 2015 can be seen at either end of the salary range, where representation has either gone up or stayed the same. However, representation levels in the middle salary ranges are a concern, and emphasise the importance of strategies for retention to ensure the pipeline flows through. This could have an impact on the government sector's ability to meet the Premier's Priority goal of **114** Aboriginal and Torres Strait Islander leaders by 2025 (see Chapter 2).

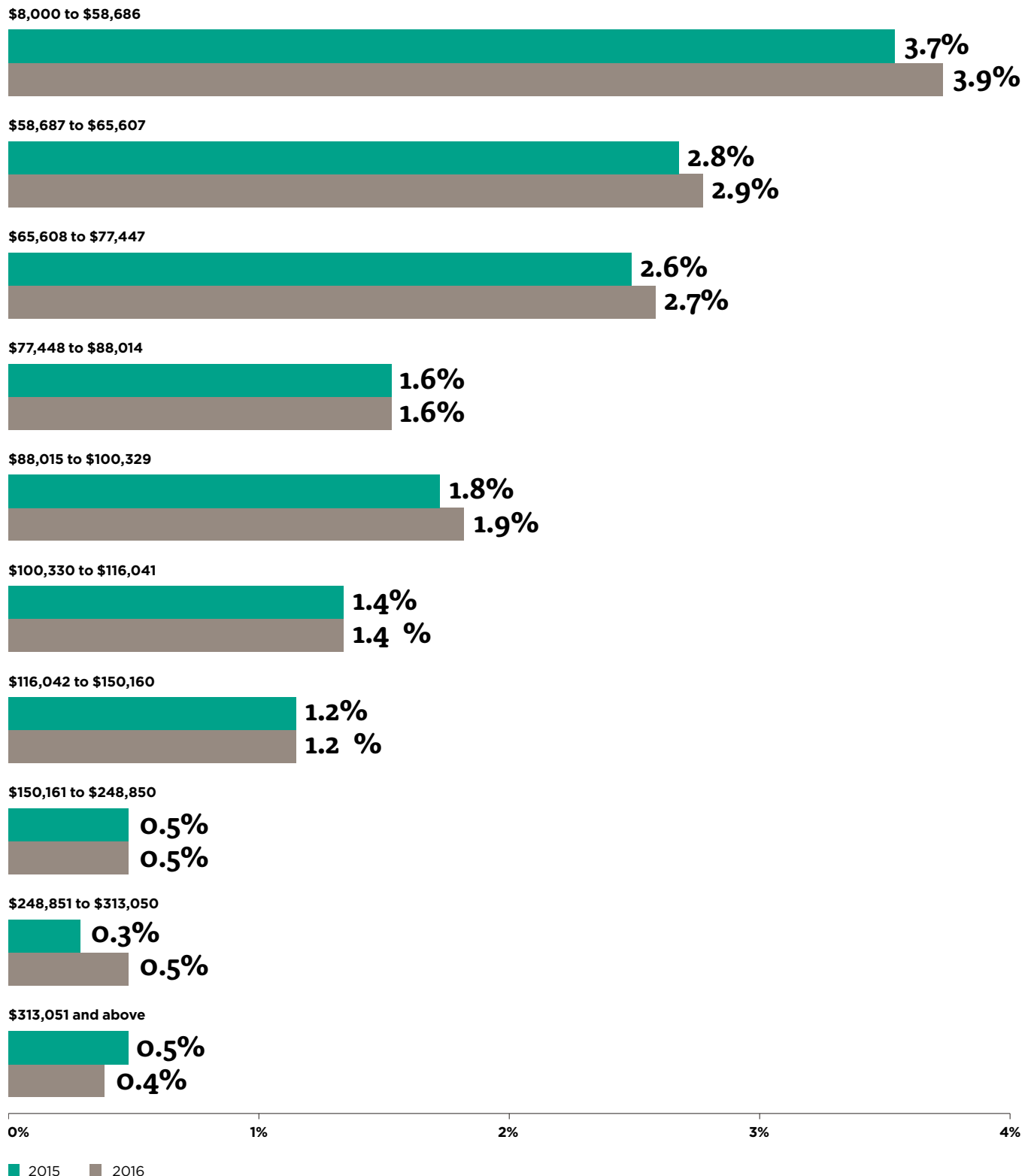**Figure 4.5: Estimated public sector representation of Aboriginal and Torres Strait Islander people, 2006–2016**
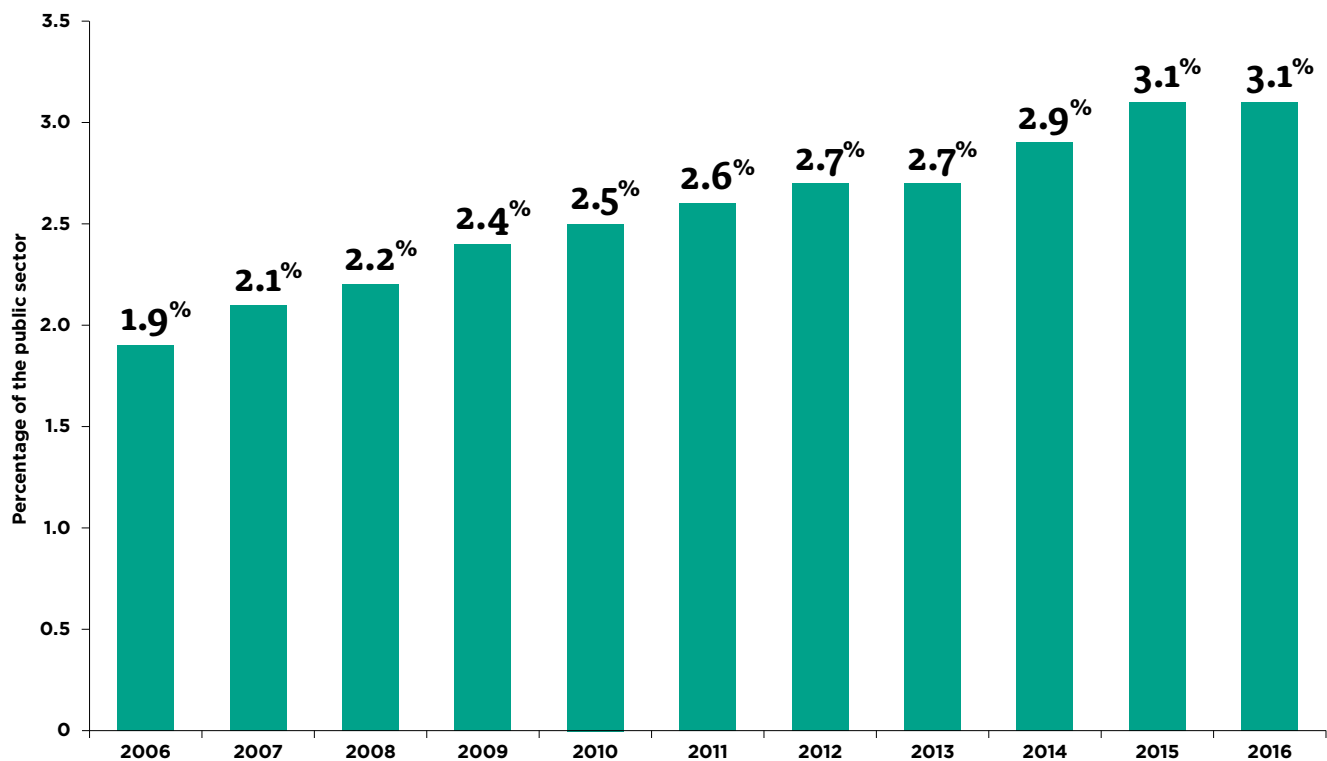
Source: NSW Workforce Profile 2016

Chapter Four: How diverse and inclusive is the sector?

Figure 4.6: Progress in meeting the Aboriginal employment target of 1.8% at all levels

$8,000 to $58,686
- 3.7% (2015)
- 3.9% (2016)

$58,687 to $65,607
- 2.8% (2015)
- 2.9% (2016)

$65,608 to $77,447
- 2.6% (2015)
- 2.7% (2016)

$77,448 to $88,014
- 1.6% (2015)
- 1.6% (2016)

$88,015 to $100,329
- 1.8% (2015)
- 1.9% (2016)

$100,330 to $116,041
- 1.4% (2015)
- 1.4 % (2016)

$116,042 to $150,160
- 1.2% (2015)
- 1.2 % (2016)

$150,161 to $248,850
- 0.5% (2015)
- 0.5% (2016)

$248,851 to $313,050
- 0.3% (2015)
- 0.5% (2016)

$313,051 and above
- 0.5% (2015)
- 0.4% (2016)

0%   1%   2%   3%   4%

■ 2015   ■ 2016

Only 2016 salary ranges displayed, with 2015 salaries 2.4% lower

Source: NSW Workforce Profile 2016.

Chapter Four: How diverse and inclusive is the sector?

Understanding why Aboriginal and Torres Strait Islander employees may feel cultural background is a barrier to success – and the nature of the barrier – is important to understanding the impact on retention.

Data for median tenure and separation rates indicate some retention challenges. Median tenure for Aboriginal and Torres Strait Islander employees is currently two years shorter than the sector average. While the population is generally younger than the general workforce, it is worth a closer analysis of the drivers for this lower median tenure.

Figure 4.7: Median tenure for Aboriginal and Torres Strait Islander employees, 2012−2016

Year	Aboriginal and Torres Strait Islander	Non Aboriginal and Torres Strait Islander	Total sector
2012	6.8	8.6	**8.5**
2013	7.0	8.9	**8.9**
2014	7.1	9.0	**8.9**
2015	7.1	9.1	**9.0**
2016	7.3	9.4	**9.3**

Source: NSW Workforce Profile 2016

Following on from this, separation rates for Aboriginal and Torres Strait Islander employees are higher than for the A sector as a whole.

Agencies are working to build employment pipelines, with several reporting collaborations, such as between Education, Industry and Health to achieve goals of both retention in school and providing employment pathways. The work of the Aboriginal Career and Development Program builds on this to support leadership ambitions, as discussed in Chapter 2.

Representation of employees with disability

For employees with disability, the picture is complex. Workforce profile data indicates that their representation in the NSW public sector has been in steady decline since 2006, and data from the employee survey has also shown a decline in the number of employees disclosing a disability from 2014 to 2016. However, data must be used with caution, as many employees choose not to disclose their disability status. There can be a range of complex reasons for people not sharing this type of information, such as perceived social stigma, fear of discrimination, or their disability's irrelevance to the work they performed.[2]

Chapter Four: How diverse and inclusive is the sector?

Figure 4.8: Estimated public sector representation of employees with disability, 2006—2016
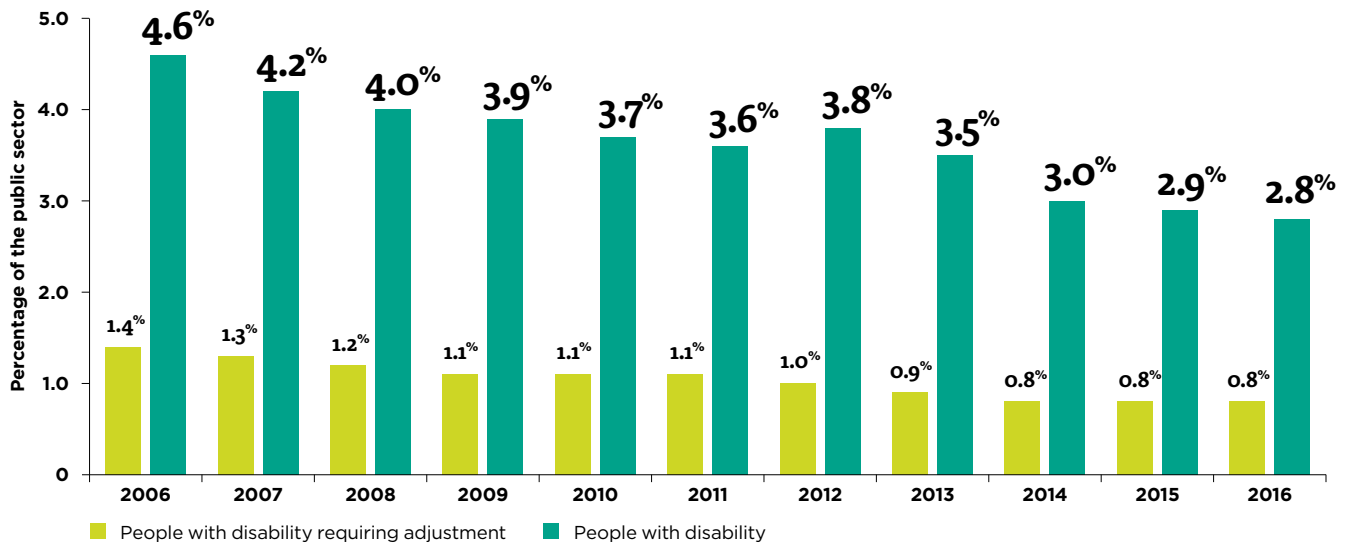
Source: NSW Workforce Profile 2016

Figure 4.9: Median tenure of employees with disability, 2012—2016

Year Code	With disability (years)	Without disability (years)	Total sector (years)
2012	15.5	8.4	**8.5**
2013	15.4	8.8	**8.9**
2014	14.2	8.8	**8.9**
2015	14.1	8.9	**9.0**
2016	14.4	9.3	**9.3**

Source: NSW Workforce Profile 2016

Employees with disability report lower scores in most key measures in the employee survey, by an average of six percentage points across the board compared to the broader workforce. They also report higher rates of bullying than the sector average, with **34%** indicating they have been bullied compared with **20%** of the broader workforce.

Analysis of data for tenure, separation and commencement rates can provide insight into overall representation rates for employees with disability in the NSW public sector. For example, average tenure for employees with disability, while higher than the sector average and improving slightly in 2016, has generally been falling in recent years, moving in the opposite direction to the sector's average tenure rates.

Employees with disability have separation from employment rates of **10.7%** in 2016, up from **9.9%** in 2015. This is slightly higher than the sector average of **10.0%**, perhaps reflecting that employees with a disability are generally older with almost double the proportion retiring than the sector average, and double the rate of medical retirement. However, while the commencement rate for employees with disability is the highest in the past six years at **4.9%**, it is still much lower than the sector-wide rate of **7.9%**, contributing to a decline in participation overall.

While **46%** of agencies have goals for the employment of people with disability, their maturity in implementing strategies to meet these goals is mixed. Agencies are most mature in immediate, transactional tasks such as making physical adjustments to workplaces when required, but less mature in longer-term strategies known to improve inclusion and retention.[3]

Chapter Four: How diverse and inclusive is the sector?

Figure 4.10: Percentage of agencies with mature policies and practices to improve disability inclusion

Transactional approaches	% mature
Policy and procedures to make reasonable adjustments/workplace adjustments for people with disability	63%
Track timeliness and efficacy of reasonable adjustments/workplace adjustments	36%

Strategic approaches	% mature
Make the workplace fully accessible (work design, building, technology, systems and policies) rather than waiting for individual requests for adjustments	47%
Include people with disability in workforce plans/ diversity and inclusion plans	29%
Relationships with community disability organisations to promote employment	21%
Actively attract and recruit people with disability	15%
Internships that target people with disability	7%

Source: Agency survey 2016

Each agency's self-assessed maturity of their disability inclusion policy and practices was measured against their headcount of employees with disability. This analysis showed that the more mature an agency's disability inclusion practices, the higher their representation of employees with a disability. This was particularly the case for proactively making the workplace fully accessible and having policies and procedures to enable adjustments.

The data so far indicates that more work is needed to understand what makes a workplace inclusive for Aboriginal and Torres Strait Islanders or employees with disability, and the barriers to their success. More can be done to attract workers from both these groups, and to engage and retain them. This, in time, will flow through to more meaningful and targeted services to these groups in the community.

Notes

1. Macquarie University, the Australian Human Resources Institute (AHRI) and Diversity Council Australia (DCA), *Benchmarking Diversity and Inclusion Practices in Australia: Key Findings*, the University of Sydney Business School Migrants@Work Research Group.

2. Public Service Commission, *Disabling the Barriers: Key Findings*, 2014

3. Cornell University ILR School, *Disability Inclusive Recruitment and Hiring Practices and Policies: Who Has Them and What Difference Does it Really Make?*, 2013

Chapter Four: How diverse and inclusive is the sector?

Spotlight on diversity:
Building jobs, a pipeline and closing the skills gap

For regional health services such as the Central Coast Local Health District (CCLHD), attracting a workforce that better reflects its indigenous community members is critical to effective service delivery. Regional services also confront workforce shortages in skilled areas, and health agencies have noted that information technology skills are a core capability gap.

In response, a partnership was developed to deepen regional relationships between CCLHD, Hunter TAFE (TAFE) and the Department of Education's local schools to provide a pipeline of skilled Aboriginal and Torres Strait Islander people in areas of shortage, and ensure that educational and career development needs are aligned with a strategic regional view of future workforce requirements.

In 2014, CCLHD and TAFE worked in partnership, contacting all of the local high schools to launch a long-term strategy of attracting, training and employing Aboriginal school trainees. The strategy creates new roles that deliver improved healthcare to the community, enabling a single clinician to perform a wide generalist remit of healthcare services to clients (for example, Allied Health Assistants or Aboriginal Health Practitioners). In turn, this improves health outcomes and the length of hospital admissions (avoiding hospital altogether in some cases). The education partnership allows the TAFE and NSW Health training organisations to complement each other's curricula, and work collaboratively to specialise in selected content, removing duplication and wastage. The linkages to schools allow early talent identification and career guidance to align training pathways to jobs of the future, which are in turn aligned to service needs.

The program has since more than doubled its intake numbers. All students who have participated so far have completed their HSC, attained a Certificate III Health Services Assistant qualification and work in permanent ongoing employment with CCLHD. Of the 24 currently employed, two have articulated into adult traineeships.

With the $348 million Gosford Hospital redevelopment underway, a need was also identified to directly develop the skills base within the region for the existing adult workforce. This has seen delivery of partial qualifications for people in information technology, operating theatre assistant studies and interpreters, and qualifications for frontline managers and Aboriginal and/or Torres Strait Islander Primary Health Care (Practice).

Delivery of all programs was aligned to the local health district's workforce planning cycle, adapted to project lines, and planned in conjunction with the major contractor. For example, some programmes have annual planning cycles (school-based traineeships) while others need to align to service requirements (the interpreter course was identified, scoped and able to be delivered within a short window of a few weeks). Work was done with the contractor to identify opportunities to build workforce capacity during construction phases and ensure a future regional workforce is delivered that is sustainable, and creates ongoing economic and employment opportunity for the regional community.

The partnership will continue to operate on a long-term basis and planning is underway to align service provision between the agencies in both the immediate and long term.

Chapter Five

How engaged is the sector?

Engagement across the sector remains steady

High levels of employee engagement correspond to improved productivity, innovation, better customer service and lower absenteeism[1]. NSW public sector engagement has been measured since 2012 through the *People Matter Employee Survey*, run biennially since 2012[2].

The Engagement Index has improved slightly to **65.0%** from **64.8%** in 2014, with 50,000 more people responding in 2016 compared to 2014[3].

The sector-wide score, however, does not show the range. **14%** of the 100 agencies participating had scores below **60%**, and **33%** of agencies had scores over **70%**.

Figure 5.1: 2016 Employee engagement index questions

I am proud to tell others I work for my organisation

68% 2016 score   **70**% 2014 score

I feel a strong personal attachment to my organisation

64% 2016 score   **66**% 2014 score

I would recommend my organisation as a great place to work

60% 2016 score   **57**% 2014 score

My organisation motivates me to help it achieve its objectives

55% 2016 score   **52**% 2014 score

My organisation inspires me to do the best in my job

55% 2016 score   **53**% 2014 score

■ % Agree   ■ % Neutral or disagree

The index score of 65% is an average score, not an agreement percentage.
All other scores indicate the percentage of respondents who agree with a statement.

Source: People Matter Employee Survey 2016.

65%

**Engagement Index
(weighted calculation)**

Chapter Five: How engaged is the sector?

Engagement across the sector remains steady

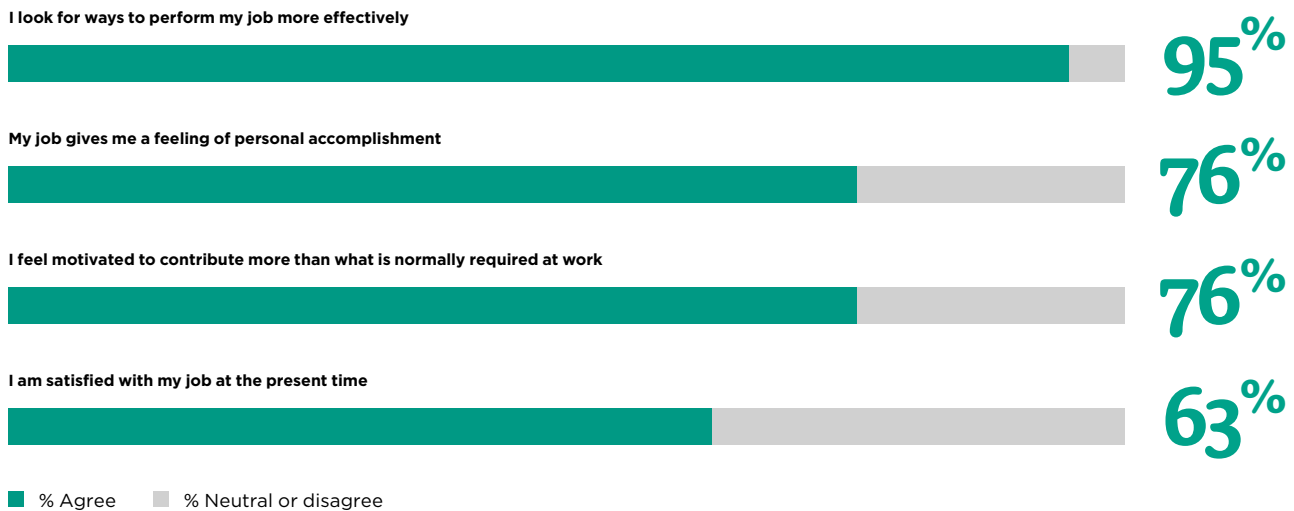**Engagement is driven by a number of factors**

Agencies are taking action to improve engagement

Employees are generally more positive about their immediate working environments, teams and line managers, and generally less positive about senior managers.

The *People Matter Employee Survey* 2016 also asked questions about engagement with work, and responses revealed a high level of commitment from people in the sector to their work and to customers.

95% of employees agree that they look for ways to do their jobs more effectively. **76%** agree they are motivated to contribute more than required and that their work gives them a feeling of accomplishment. **63%** agree that they are satisfied at work, with only **20%** saying they are not satisfied with their jobs.

Figure 5.2: 2016 Employee engagement with work

I look for ways to perform my job more effectively

95%

My job gives me a feeling of personal accomplishment

76%

I feel motivated to contribute more than what is normally required at work

76%

I am satisfied with my job at the present time

63%

■ % Agree　　■ % Neutral or disagree

Source: People Matter Employee Survey 2016

Chapter Five: How engaged is the sector?

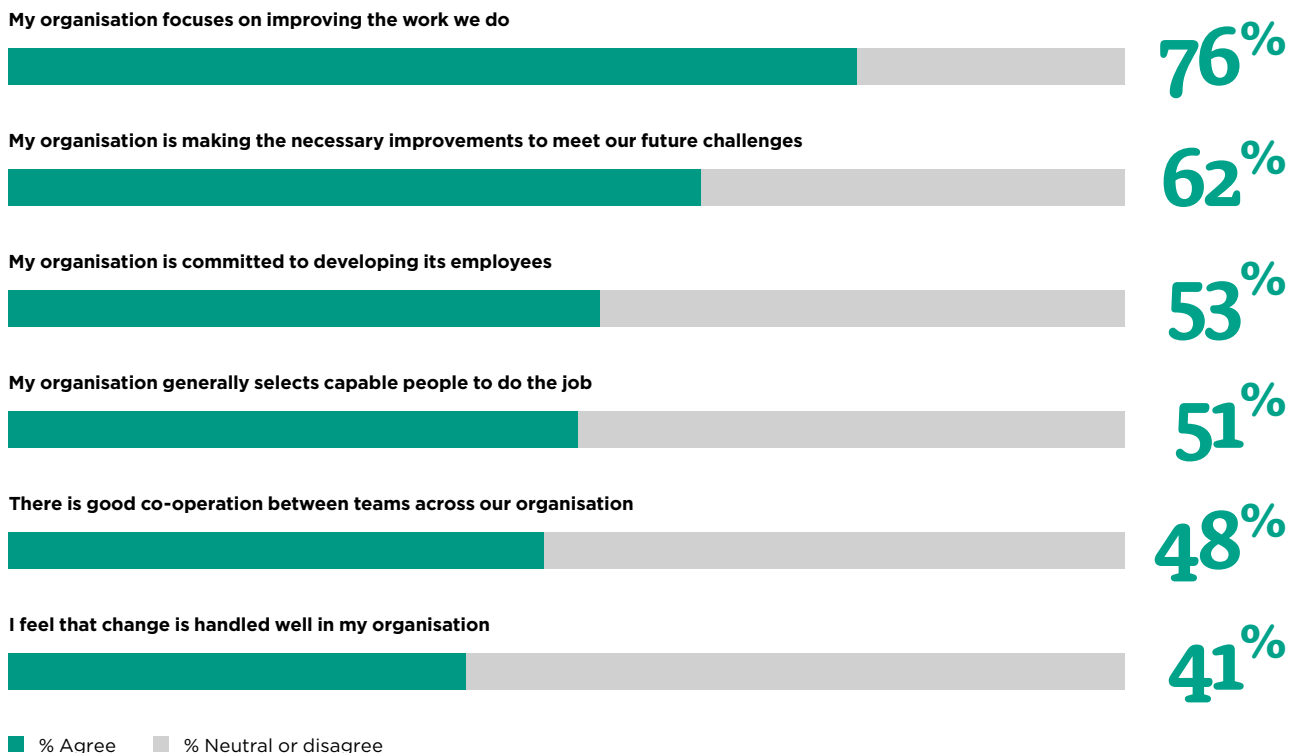## Engagement is driven by a number of factors

Statistical analysis was undertaken to identify the key drivers of engagement, based on links between questions in the survey and the Engagement Index questions. These drivers are important. If agencies focus on improving lower results or leveraging strong results in select drivers they are likely to address engagement at a broader level.

The key drivers at a sector level are:

• **co-operation and collaboration**

• **confidence in the capability of others**

• **innovation and improvement**

• **change management**

• **performance development.**

There were differences in key drivers at the cluster level. Education and Health – which comprise **62%** of the workforce – share the same drivers of engagement as the overall sector. Career development has a stronger relationship with engagement in clusters such as Finance, Industry and Justice. Other clusters have specific concerns. Having confidence in the way grievances are handled, knowing the organisation provides high-quality services, and having enough information to do the job well are unique to individual clusters.

Figure 5.3: Questions strongly associated with engagement in the sector
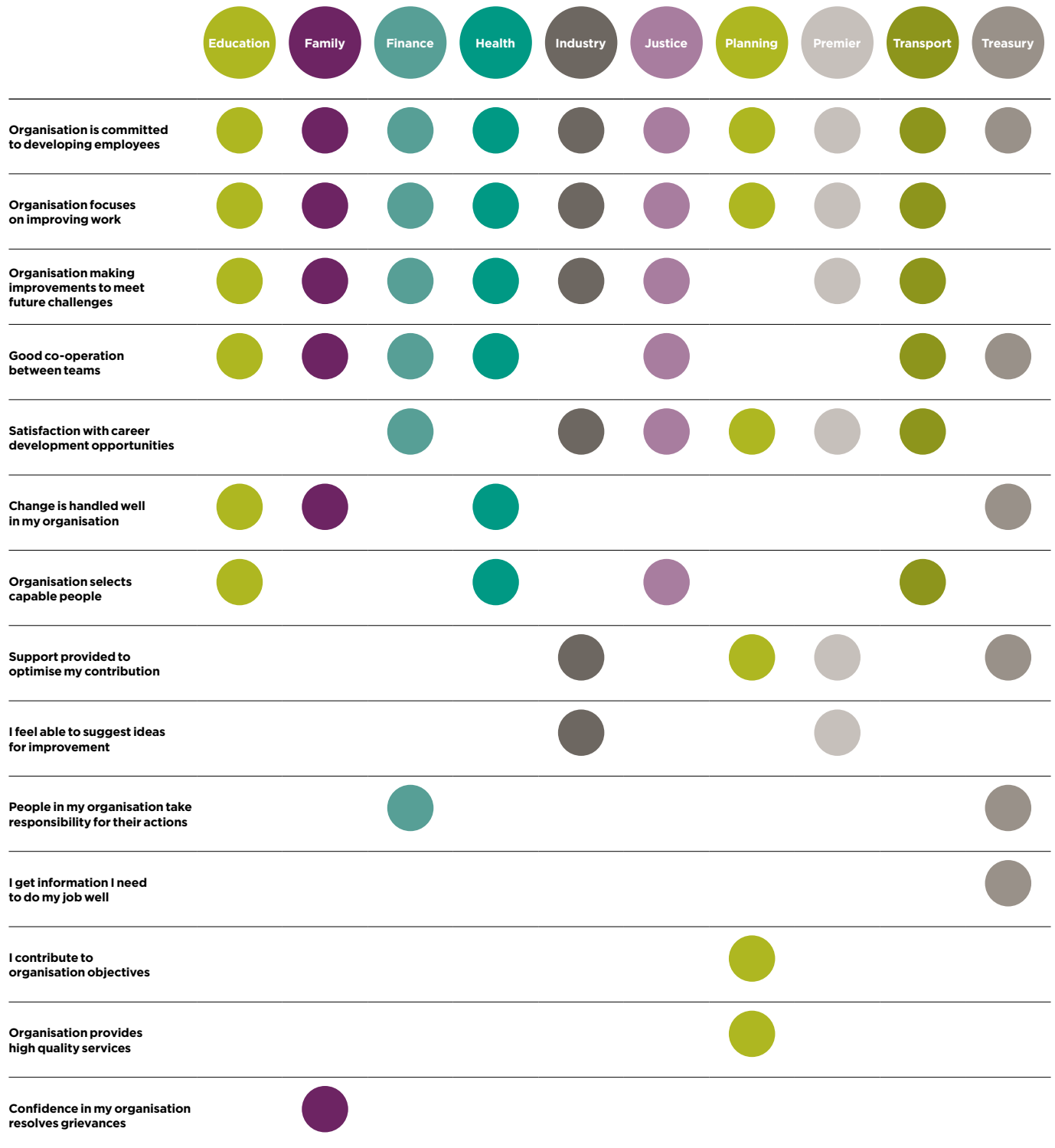
My organisation focuses on improving the work we do

76%

My organisation is making the necessary improvements to meet our future challenges

62%

My organisation is committed to developing its employees

53%

My organisation generally selects capable people to do the job

51%

There is good co-operation between teams across our organisation

48%

I feel that change is handled well in my organisation

41%

■ % Agree　　■ % Neutral or disagree

Source: People Matter Employee Survey 2016

Chapter Five: How engaged is the sector?

Figure 5.4: Key drivers of engagement across clusters

	Education	Family	Finance	Health	Industry	Justice	Planning	Premier	Transport	Treasury
Organisation is committed to developing employees	●	●	●	●	●	●	●	●	●	●
Organisation focuses on improving work	●	●	●	●	●	●	●	●	●	
Organisation making improvements to meet future challenges	●	●	●	●	●	●		●	●	
Good co-operation between teams	●	●	●	●		●			●	●
Satisfaction with career development opportunities			●		●	●	●	●	●	
Change is handled well in my organisation	●	●		●						●
Organisation selects capable people	●			●		●			●	
Support provided to optimise my contribution					●		●	●		●
I feel able to suggest ideas for improvement					●			●		
People in my organisation take responsibility for their actions			●							●
I get information I need to do my job well										●
I contribute to organisation objectives							●			
Organisation provides high quality services							●			
Confidence in my organisation resolves grievances		●								

Source: People Matter Employee Survey 2016

Chapter Five: How engaged is the sector?

Demographic variations in engagement

Younger employees, new employees and executives have higher engagement scores than the sector average. Those aged over 30 and managers were all broadly in line with overall scores. Scores were notably higher for those satisfied with their flexible work arrangements (**72%**), but dipped to **47%** if dissatisfied with their arrangements.

Scores were lower than average for employees with disability, a reported mental health condition, or longer employment tenure, with employees of 10-plus years among the least engaged. Typically engagement surveys across the private and public sectors globally show levels of engagement begin high, fall to their lowest point after 2–5 years of service and then recover after 10 years to higher than average levels. However, this pattern is not as noticeable in the NSW public sector.

Figure 5.5: Engagement index by demographic

65%
Sector

63%
Male

67%
Female

68%
Languages other than English

66%
Aboriginal or Torres Strait Islander

60%
Disability

58%
Mental health condition

64%
Lesbian, gay, bisexual, transgender or intersex

75%
Age 20–24

64%
Age 50–54

68%
Age 65+

64%
Non manager

66%
Manager

71%
Manager of managers

74%
Senior executive

65%
Full time

66%
Part time

47%
Unsatisfied with flexible working arrangement

72%
Satisfied with flexible working arrangement

73%
Length of service less than 1 year

63%
Length of service 5–10 years

62%
Length of service 10–20 years

64%
Length of service more than 20 years

Source: People Matter Employee Survey 2016

Chapter Five: How engaged is the sector?

Agencies are taking action to improve engagement

Only **32%** of employees believe that action will be taken as a result of the Employee survey, with a broad range across 100 agencies of **13%** to **88%** of the 100 agencies participating. This is a significant challenge for leaders over the next 12 months.

While fewer agencies say they have implemented initiatives specifically to improve employee engagement than in 2015 (**71%** compared with **74%**), agencies that say nothing has been done also dropped (**8%** compared with **12%** last year). In focus groups, many agencies report they have undertaken road shows with executives to provide opportunities for communication with employees, and to recognise good work. Any issues raised during the road shows were assigned to an executive to resolve, with the expectation they would report back on the action taken. The sector also reported engagement as one of the top five development priorities for agencies in the coming year.

Many agencies with higher engagement scores report that their approach has evolved to understanding the unique drivers in selected workforce demographics and targeting these. For example, one agency with a particularly young workforce focuses on innovation and technology after identifying this was a driver of engagement for this demographic. Other agencies with longer-tenure employees find that focusing on initiatives to collaboratively solve problems has proven effective.

Notes

1. Rayton, B., Dodge, T. & D'Analeze, G. (2012). *The evidence: Employee engagement taskforce*. Nailing the evidence workgroup. University of Bath(2012). University of Bath

2. The Engagement Index draws on five questions from a pool of 100, and shows the level of agreement with feelings of pride, attachment, motivation, inspiration and willingness to recommend the organisation as a great place to work.

3. The 2016 response rate was 36% of the total workforce, and 2014 was 19%.

Chapter Six

How is the sector's culture changing?

Mindset shifts matter as much as capability

Leadership has been critical to the emerging focus on customers, digital delivery, innovation and collaboration. Agencies report that leadership has also driven a focus on people management as a way to improve service quality.

This has led to some major changes in how services are designed, delivered and evaluated, starting from the way work is done from the bottom up. Putting customers at the heart of service, thinking innovatively about the way services are delivered, and working collaboratively across and outside the sector rather than building their own capability from scratch are just some of the changes.

The NSW Government Sector Core Values of integrity, trust, service and accountability are enshrined in the GSE Act. These set the high standards of personal and organisational conduct and decision-making required to serve the community and the government.

The 2016 *Positive and Productive Workplace Guide* has moved the focus of bullying, a related indicator of healthy workplace culture, from reporting it to include its prevention. Data provides a baseline of progress in adopting its recommendations, which this chapter will also examine.

This chapter explores how the sector works, its changing behaviour, how bullying is being addressed and other factors.

There are shifts in mindset across the sector

What mindset shifts have been evidenced to drive a high-performing culture, based on the employee, agency and customer data available?

Customer mindset

Chapter 2 examined the work of agency leaders in engineering a customer-first approach to service design and delivery. Chapter 3 analysed employee and agency perceptions of how effective this approach has been from a process and capability perspective. But what has been done to embed customer service into workplace culture?

Customers rate the efficiency and effectiveness of employees highly, particularly in honesty and trust, but there are lower ratings for ease of access and seeing things from the customer's perspective. The latter is a stronger driver of customer satisfaction than in 2015, indicating a shift in customer expectations.

Early evidence is that while employees support this cultural shift, it is still finding its way into business and process design. Agencies report that they are working with business customers to design services to meet their needs – one step beyond using data to design processes. This may explain why business customer satisfaction scores are generally higher on service feeling seamless and reduced wait times than for individual consumers.

Other agencies note that their leaders provide visible support and reinforcement in weekly communications, and use formal internal networks (such as young professionals groups) to support a sense of ownership. Many have also built customer awareness into their induction programs, emphasising the alignment of customer service, business purpose and values.

Another approach reported has been to replace government with customer service at the top of an agency's strategy pyramid. This simple visualisation represents a significant cultural change, as the focus has shifted from examining inputs to the quality of outputs. The focus is on creating a high-performance culture.

Chapter Six: How is the sector's culture changing?

Mindset shifts matter as much as capability

There are shifts in mindset across the sector

Values are a common cultural thread across the sector

Bullying rates continue to decline

Spotlight on customers: Service NSW

Service NSW places a strong emphasis on workplace culture and on customer co-design to embed a customer-centred approach to service delivery. Service NSW has worked to ensure that its workforce management and its design of customer transaction delivery complement its culture of customer service.

From its outset in 2013, Service NSW recruited with an emphasis on behavioural traits, with the objective of building a strong workplace culture with the customer at the centre. Recruitment of Roads and Maritime Services (RMS) employees provided experience and expertise in delivering RMS transactions. Employee induction programs are followed by rigorous internal processes to cultivate a whole-of-organisation commitment.

The human and technology aspects of customer service delivery use a 'customer inside' model, which prioritises co-design with customers, continual capability development to address evolving customer needs and expectations, and a strong focus on customer feedback and transparency.

A continuous improvement culture ensures that a high level of experience and expertise is always maintained, while building a robust culture around providing excellence in customer service. This is achieved via digital innovation in business technology teams, combined with employees sharing internal best practice and providing employees with a stake in frontline-led improvements. Success is measured by maintaining high customer satisfaction scores at **97%**, during a time of exponential organisational growth.

Having embedded a customer-centred approach in design and delivery, Service NSW's leadership strongly emphasises maintaining employee engagement, which is seen to flow through to customer experience and satisfaction outcomes. For example, regular team 'pulse checks' on employee engagement have been undertaken since inception. If the results indicate an issue emerging in a particular location, leaders will conduct constructive 'deep dive' sessions to explore the concerns. Action plans with accountabilities and interventions, such as coaching or training are then developed. At the same time, recognition and reward initiatives also celebrate successes and service achievements, to reinforce positive examples. The constructive element of these interventions is evidenced by the fact that while quick intervention enables Service NSW to maintain its high customer satisfaction rate, employees also remain highly engaged, with an Engagement Index score at organisational level of **76.3%**, compared to a **65%** sector average.

High employee engagement delivers benefits across the network. It is manifested in smaller regional areas, where employees at the service centre are often highly visible members of their community.

The high-performing culture is consistently reinforced throughout the agency, with employee successes and shared milestones communicated through internal social media platforms to reinforce shared values, develop and support camaraderie, and to share examples of best-practice. The platform, in combination with other internal communications tools, provides a forum to identify potential leaders within the business, allows for communal problem solving and celebrates excellence.

Chapter Six: How is the sector's culture changing?

Collaboration to achieve outcomes

While customer focus has driven a number of collaborations, agencies are more generally making cross-sector collaboration a key part of their workplace culture.

As discussed in Chapter 2, the Premier's Priorities have encouraged increased cross-sector collaboration. To achieve such ambitious objectives has required working across:

- **all clusters (for example, 'Improving government services' and 'Driving public sector diversity' priorities)**

- **multiple clusters (for example, 'Reducing domestic violence' and 'Tackling childhood obesity' priorities)**

- **many disciplines and agencies within a cluster ('Improving service levels in hospitals' and 'Improving education results' priorities).**

The approach requires collaborative leadership that can design and deliver improvements using the capabilities across the sector, find partners in other sectors, and evaluate and correct the course where necessary.

Employee perceptions of inter-team and inter-organisation collaboration were discussed in Chapter 2, and its role as a driver of engagement was discussed in Chapter 5.

In focus group discussions, one agency said the days where funding for an area could not pass the agency gate were ending and a broader approach to considering all players in the ecosystem was emerging. Clear evidence of this can be found in place-based schemes such as in Bourke where all agencies (even across jurisdictions) work together to serve the vulnerable in regional communities.

Nominations for the NSW Premier's Awards provide an indicator of increased collaborative skill, although they do not prove a trend across the sector. However, outstanding achievements in delivering government services, and the success of nominees' achievements were often underpinned by their working collaboratively to meet the needs of a specific community.

For example, Sydney Children's Hospital (SCH) Randwick developed a new model of integrated care between Child and Family Health Nursing, Community Child Health, speech pathology at SCH, the Benevolent Society and three further key child and family community agencies in the non-government (NGO) sector in the Botany area of Sydney. The model was designed to increase the number of pre-school-aged children from culturally and linguistically different backgrounds accessing SCH developmental clinics and early-intervention services. This demographic was historically under-represented in these services with few referrals from the NGOs and, as a result, many children did not receive the early interventions that would help them have the best start at school. The hospital worked with the NGOs to build skills in the early detection of possible developmental delays and making referrals, and the collaboration resulted in significantly more children accessing the services needed. The initiative is now being adapted to pilot in the St George area.

Agencies also note the importance of leadership. For example, one agency's leaders provide a template for operational collaboration, and are empowering districts to collaborate at the local level. The leadership team created a model of shared decision-making, consistency and accountability across all areas of responsibility and districts were then funded and given a mandate to collaborate locally and work autonomously.

Chapter Six: How is the sector's culture changing?

Innovation mindset

Innovation is an emerging strength for many leaders, but while **66%** of agencies report mature practices for leaders to actively encourage a culture of innovation, most still don't have the organisational resources and processes in place to support it.
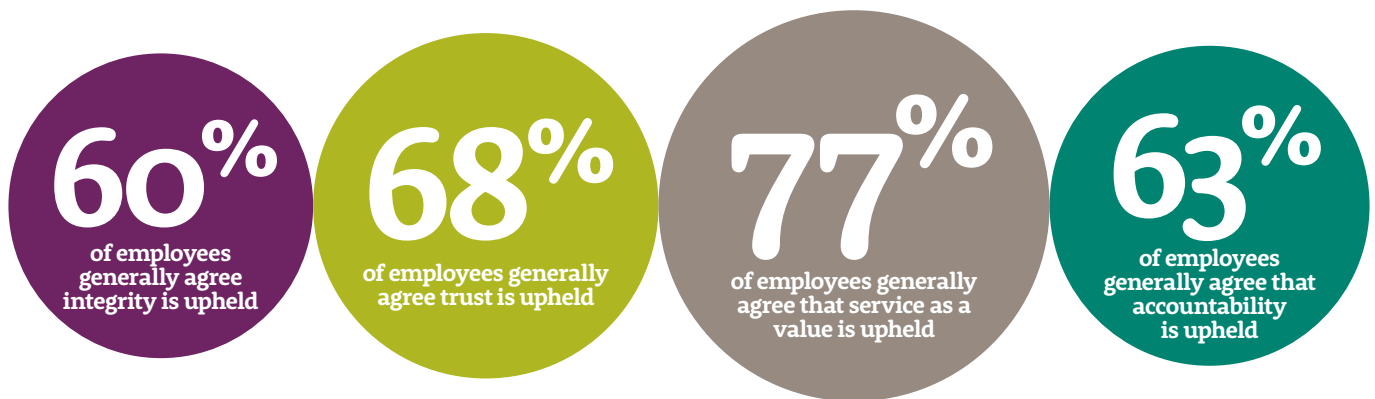
Looking again at nominations for the Premier's Awards, however, shows there have been some outstanding examples of innovation across the sector that provide early evidence of a shift in mindset towards its use. A number of nominations highlighted low-cost initiatives that provided highly effective outcomes, demonstrating the ability to drive innovation without significant investment.

One large cluster reported emerging strengths in marrying end-to-end customer, operational and employee data to build a dynamic picture of service effectiveness. This data is used to monitor daily operations and is fed into service design, which is complemented by behavioural data from customers. This has been driven by the leadership team, as the insights from the data help create a better understanding of current and potential customer needs and the strategies necessary to attract more of either type.

Transport for NSW launched an Open Data platform in April 2016. This platform enables the community to innovate in improving transport information and service delivery, with open access to a number of transport data sets, many real-time, attracting over **1,850** registered users. In just three months, the platform has been used 7.2 million times for advanced analytics, research and other applications, with transit application developers using the data to provide NSW citizens with real-time information about transport services.

Open data also drives both transparency and innovation. Data.NSW is a whole-of-government portal for agencies to share information with the public. The average number of site visits was **2,938** per month in 2014−15, the most recent figures available. This was an increase of **115%** on the previous period (**1,364**). Data quality has improved as well, with the ICT survey finding a **183%** increase in high-rating data from 2013−14 to 2014−15, again the most recent figures available. The results demonstrate agencies' commitment to open data.[1]

Figure 6.1: People Matter Employee Survey 2016 results for Government Sector Core Values

60% of employees generally agree integrity is upheld

68% of employees generally agree trust is upheld

77% of employees generally agree that service as a value is upheld

63% of employees generally agree that accountability is upheld

Source: People Matter Employee Survey 2016

Chapter Six: How is the sector's culture changing?

Values are a common cultural thread across the sector

The public sector is large and diverse, and so are the drivers of its culture. However, exploring the government sector values from employee, agency and customer perspectives provides insight into the way a high-performing culture works. While this year's employee and customer surveys found strong support for the values overall, there are some areas for improvement.

Employees across the sector value practices that demonstrate service and trust.

Chapter 3 provided evidence that employees, agencies and customers rate service capability highly.

Most employees believe their teams and workgroups strive to achieve customer satisfaction (**85%**), and also rate their organisation highly for providing high-quality services and striving to match customer needs (**80%**).

Agencies have increasingly mature processes for asking their customers and employees if their services align with their values. The percentage of agencies assessing customer perceptions has nearly doubled to **36%** in 2016 from **19%** in 2015, as has the percentage of agencies asking their employees the same thing, to **51%** in 2016 from **26%** in 2015.

Agencies are taking other steps to emphasise a customer service mindset. One agency asked all executives to wear the same uniform and style of name badge as front-line employees. It also empowered employees to leave their desks to engage with customers, providing the equipment and data needed to solve typical issues. While the overall level of customer satisfaction is now at the 'excellent' benchmark the agency had set, further work is being done to improve how this satisfaction is achieved – including the values embodied by agency employees – to drive further improvements.

Most employees believe their immediate workplaces are built on trust and respect, with scores regarding workgroups and managers at **72%** and **76%** respectively. Most (**86%**) believe their workgroup treats customers/clients with respect and **83%** of respondents believe their organisation strives for a high level of public trust.

Customer results for service support this, with increases in perceptions of values-related performance attributes from consumers and businesses.

Most employees (**67%**) say their immediate colleagues are open, honest and transparent in their dealings. A similar proportion also believe their organisation provides an appropriate environment to avoid conflicts of interest (**63%**), and that their immediate manager would take appropriate action on any decision-making found to be biased (**65%**). However, employees' scores on the extent to which senior managers are role models for the public sector values are low at **48%**.

Employees broadly scored their organisation well on accountability, but there are some areas of concern. While **70%** agree that workgroups use their time and resources efficiently, fewer agree when asked whether people take responsibility for their actions (**48%**).

In agencies, **85%** say they have mature processes for senior executives to update their Declaration of Private Interests annually. Two-thirds of agencies (**67%**) instruct their employees at induction on how to use the core values at work, and this is supported by reports in focus groups of values-driven induction programs with senior leaders. However, less than one in two agencies have mature processes to train employees on public interest disclosures, conflicts of interest or refresher training in ethical conduct. While two-thirds of agencies say individual performance reviews generally include an assessment of whether conduct is consistent with the core values, the training results indicate that fewer agencies provide consistent ongoing messages.

Customers rate the values of integrity and trust and honesty highly across the sector. There were increases from the 2015 results for the attributes of accountability for services and providing good value, although the ratings were slightly lower than the other values for processes and employees.

Chapter Six: How is the sector's culture changing?

Bullying rates continue to decline

Bullying is defined as "repeated and unreasonable behaviour directed towards a worker or a group of workers that creates a risk to health and safety. Bullying behaviours include actions such as shouting and non-action such as not passing on information necessary to doing a job. Bullying should not be confused with legitimate feedback (including negative comments) given to staff on their work performance or work-related behaviour; or other legitimate management decisions and actions undertaken in a reasonable and respectful way."[2]

Based on this definition, **20%** of employees responding to the survey say they have experienced at least one instance of bullying in the past 12 months, down from **23%** in 2014 and **29%** in 2012.

Figure 6.2: Employees experiencing at least one instance of bullying, 2012–2016

29%

2012

23%

2014

20%
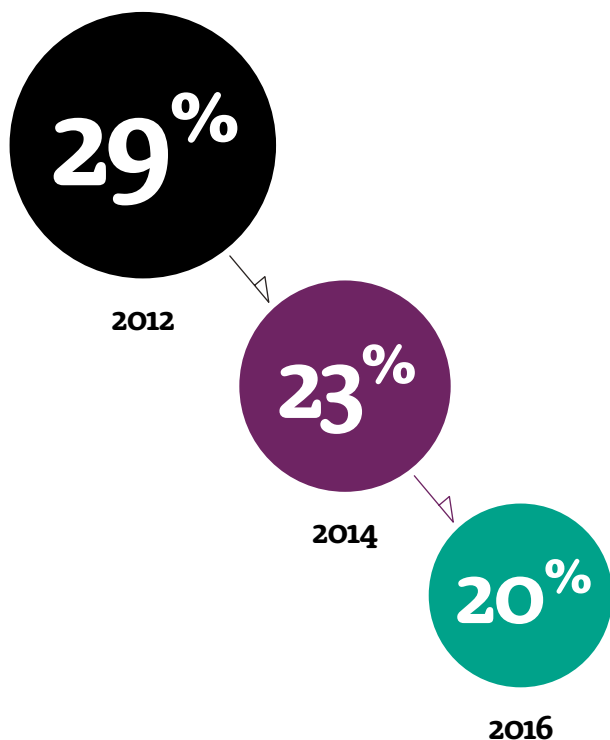
2016

Note: The 2012 question text was slightly different than 2014/16.

Source: People Matter Employee Survey 2016.

Employees with disability or a mental health condition experienced bullying at higher rates than the rest of the sector, at **34%** and **37%** respectively. While bullying rates for employees with disability also decreased from 2014, the decrease (two percentage points) was smaller than the sector average. 2016 is the first year that statistics for employees reporting a mental health condition have been collected.

Consistent with 2014 results, immediate managers/supervisors are the most frequently cited source of bullying (**26%**), followed by fellow workers at the same level (**25%**), then senior managers (**23%**).

36% of respondents say they witnessed bullying, a decline of five percentage points from the previous survey. However, while **63%** say they have reported misconduct, **22%** of respondents had concerns about a lack of protection after reporting it.

Agencies are acting, but can use data better

Following the publication of the *Positive and Productive Workplaces* guide in April 2016, agencies were asked to rate their practices against some of the key preventative initiatives in the guide.

78% of agencies say they are mature in setting expectations that leaders and managers must respond promptly to poor behaviour that could lead to bullying, and **67%** report they are mature in training employees clearly on expected behaviour. **63%** are mature in developing people leaders with the ability to handle unreasonable behaviour.

However, reflecting a generally low uptake of predictive data across the sector, **33%** of agencies report maturity in using data to identify key drivers of bullying, such as the Understand Bullying app in the Workforce Dashboard.

Notes

1. NSW Government, *Report on NSW Government ICT Metrics Program, including ICT Survey 2014–2015*.
2. *People Matter Employment Survey*, Public Service Commission, 2016

Chapter Seven
What results have been delivered?

The *State of the NSW Public Sector Report* 2016 has focused on the role of leadership in the sector. Leaders play a key role in linking future strategic workforce needs with current planning and action.

This report has found that in 2016, employees have expressed the importance of leaders in their organisation for driving major cultural shifts in customer and collaboration, and supporting employee engagement. However, employees feel that leaders need to improve their two-way communication, management of change and their ability to inspire a vision and a purpose.

Focus groups with human resource leads and directors/ deputy secretaries in operational and service delivery roles have tested these employee perceptions and looked for causes, reasons and sought other evidence for the changes and improvements required.

Customer satisfaction data has been analysed, to establish whether the changes to processes and the way people work across the sector have contributed to better outcomes. While there have been significant improvements in customer satisfaction for both businesses and consumers, customer expectations have also increased.

This Chapter assesses the progress and achievements of the sector since government sector reform was introduced. It examines the link between the agency's awareness of its organisational capability and its maturity in key workforce and operational practices, all of which are drivers of employee engagement. It also considers what change and other lessons can be used to shape the next wave of work to enable leaders and their workforces to achieve better outcomes.
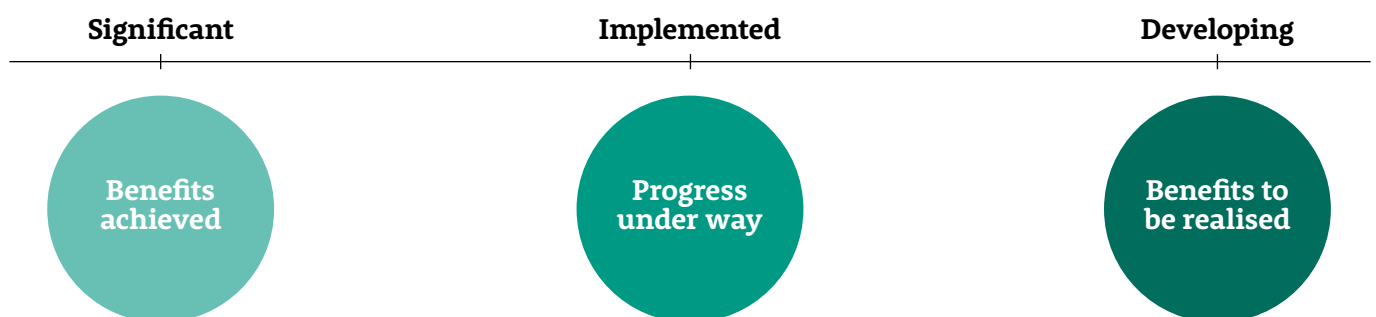
The reforms are starting to have an effect

Where an area has been a significant focus for the sector, an agency's workforce and operational practices are concomitantly more mature and outcomes are stronger. For other areas, however, where progress is still in the early stages or is still developing, agency practices are less mature.

It remains important, however, to recognise the milestones achieved so far, and also identify where early success could realise significant benefit and value with focused attention. Leaders will continue to play a critical role in driving the form this attention takes.

Figure 7.1: Reform focus continuum

Significant — Benefits achieved

Implemented — Progress under way

Developing — Benefits to be realised

Chapter Seven: What results have been delivered?

**The reforms are
starting to have
an effect**

**Where further
focus could
drive progress**

Benefits achieved

A significant focus on the areas of customer,
collaboration, engagement and values can be
seen in the outcomes achieved.

Customer/service delivery focus	• **67%** of agencies on or above customer satisfaction targets. • **81%** of agencies meeting or exceeding service delivery key performance indicators. • Consumer customer satisfaction: **7.5** out of **10** (up from **7.3**). • Business customer satisfaction: **7.5** out of **10** (up from **7.2**). • Employees believe their agencies can match services with customer needs and provide high-quality services. • Service delivery reported as a top-five strength for agencies.
Collaboration focus	• Many examples across the sector that show a greater openness to partnering with the private and not-for-profit sector to deliver services. Significant changes in the human services space, showing the impact of senior leadership. • **77%** of agencies report mature practices for identifying and acting on opportunities for collaboration. • Sector-wide collaboration to build graduate recruitment, with every cluster participating, number of applications doubled and number of places quadrupled. • Collaboration reported as a top-five strength for agencies.
Values and engagement	• Employee Engagement Index increased to **65%** through period of reform and change. • Employee engagement with work is high, with **76%** of employees motivated to contribute more than what is normally required at work. • Government Sector Core Values framework aligned across the sector. • Customers rate honesty and integrity of employees as strengths. • Improvements in customer ratings for accountability and openness and transparency in government services, but relative results for these indicate an opportunity for improvement. • Ethical conduct reported as a top-five strength for agencies.

Chapter Seven: What results have been delivered?

Progress made

Practices still at an early stage of development are showing signs of progress, but agencies have identified capability gaps that must be addressed before outcomes can be achieved.

Leadership capability	• Injection of new leaders that anecdotally places at **30–40%** of new executives. • Reduction in public service senior executive numbers by **11%.** • Next stage of reform to align career development and other workforce management practices due to commence with Health, Transport and Police services. • Leadership Academy for high-potential leaders commenced. • Working towards a diverse and inclusive leadership, and broader workforce. • Employee perceptions of two-way communication, change management and ability to inspire vision and purpose indicate progress still emerging. • Agencies have reported leadership capability as a top five strength, but also a focus priority.
Innovation focus	• Online satisfaction: **7.7** for consumers and business (up from **7.5/7.4** respectively) — higher than face-to-face channels. • Stronger community interaction and public participation in social media up **61%** in 2014–15. • **68%** of agencies self-reporting maturity in use of customer insights to evolve offering and ensure effective service delivery. • **74%** of agencies self-reporting maturity in using customer insights to design service processes. • Progress in digital transformation and technology to provide seamless, efficient services, but emerging capability gap.

Performance management	• **80%** of agencies reporting managerial capability now developing to improve quality of conversations.
	• Employees:
	  - **62%** have a current plan
	  - **71%** feel they can talk openly with a manager about the quality of work required
	  - **59%** have received useful feedback on work
	  - **44%** feel their manager deals appropriately with poorly performing employees.
	• Agencies have reported that embedding performance management practices is a top-five focus priority.

Chapter Seven: What results have been delivered?

Benefits to be realised

Where the sector has reported its focus is still developing or yet to realise full implementation, enough progress has not yet been made to gauge the full effect of the reform.

Capability-based recruitment and frameworks	• Recruitment decision time is down from **94** days to **61**, but still high. • Line manager scepticism regarding understanding and application of elements of capability assessment. • Capability Framework has supported recruitment since 2013. Potential remains to use it to increase data available to apply in other areas such as workforce planning, mobility and succession planning.

Mobility	• **49%** of agencies are mature in using assignment to role provisions to move senior executives to different roles, and **54%** use temporary assignments for development/organisational needs for senior executives.
	• Little demonstrated evidence of sector-wide mobility, but sector has identified as an area for improvement.
	• Employee perceptions:
	  - **60%** of employees feel their manager would support their move to another role
	  - **53%** of employees feel their manager would support their move to another organisation.
	  - **41%** of employees wish to work in another NSW public sector agency.
	• Talent pools set up but sometimes poorly accessed/understood.

Talent management	• **34%** of agencies have a mature talent management strategy, although still a build priority. • **57%** of agencies have defined processes for identifying high-performer/high-potential executives, **44%** of agencies have processes for next layer down of senior employees. • **42%** of agencies identify adequate development opportunities within their agency as a key talent management challenge.

Where further focus could drive progress

When analysed further, the data discussed in this report shows a strong link between some agencies' understanding of their future organisational needs and/or undertaking long-term workforce planning, and their maturity in operational practices such as innovation, cross-entity collaboration, customer service and change management.

Leadership quality is particularly influential in the analysis. Mature agencies excel in twice as many leadership-specific practices compared with those still developing. These practices emphasise the importance of having skilled people management that is both recognised and rewarded. The impact of leaders can also be seen on the maturity of workforce practices to manage high-potential and high-performing employees, applying performance management data to other workforce management areas, and action on Aboriginal employment diversity practices.

Agencies with a developed organisational capability awareness also demonstrated higher levels of maturity in a range of other workforce management practices, such as employee development and recruitment.

Agencies will need to consider further improvement in the areas that drive engagement. Sector-wide, these are innovation, cross-entity collaboration, customer service optimisation, change management and recruitment, although some clusters had other unique drivers. While customer service and collaboration rated strongly for the employees and agencies surveyed this year, the other areas are all identified as opportunities for growth.

Based on the data discussed so far, and framed around the key reform areas enacted though the GSE legislation, further focus in some areas could lead to stronger outcomes across the sector. These considerations for change are outlined on the next page.

Chapter Seven: What results have been delivered?

Reform factor	Considerations for change
Leadership	• A stronger succession pipeline of home-grown talent would result if the sector were to improve the skills and capability of its middle managers. This could be achieved via further maturity in talent management/review practices to identify capability in next layer down, combined with an understanding of critical roles. • The sector could grow middle-manager and leader capability effectively more generally, regardless of agency size, if it were to focus on developing strategies that included exposure and experience opportunities, and improved mobility practices as part of that mix. • Better service delivery outcomes and end-to-end customer satisfaction in seeing things from customers' perspectives could result if the sector can mature from feeding data insights into process design to co-designing those processes with key stakeholders. • The sector may gain more traction and engagement with stakeholders (particularly employees) in an important transformational process if change management leadership capability were enhanced. • Higher employee engagement and better outcomes in service delivery could result if the sector were to examine the extent to which organisational structures support innovation.
Capability development	• The sector could be more effectively structured to meet strategic goals if the sector understood its business-critical roles, incorporated technical know-how and selected the most appropriate capabilities from the Capability Framework. • A mindset shift towards the use of collaboration as a go-to operational process model that facilitates better service outcomes could result if the sector were to focus on building, rewarding and recognising collaboration capability further. • More effective leveraging of workforce skill to drive better organisational performance outcomes can result if the sector can better align workforce planning and capability development cycles with strategy development and corporate/business planning. • The sector will gain the full benefit of data-driven succession planning, mobility and workforce planning if it can extend Capability Framework implementation to more strategic workforce areas. • Development opportunities could be supported more efficiently if the sector were to focus on capability building through targeted experience and exposure for the broader workforce.
Recruitment	• The impact of using recruitment as a workforce capability building tool can be maximised if there is a focus on embedding efficient and consistent recruitment practices. • Effective and efficient access to talent across the sector can be achieved if the use of recruitment/talent pools is extensively supported.
Performance management	• An improvement in managerial capability in performance management across the sector could enhance employee understanding of the value they receive from their participation. • The impact of performance management as a capability building tool could be maximised if the sector used it further as an enabler of organisational performance. • Successful capability development, succession planning and workforce planning can result from a sector focus on using performance management results to drive action in other key workforce areas.
Values	• Greater visibility of leaders and mindfulness about actions will demonstrate how they live the values. • Greater support is required for leaders to demonstrate and build cultures of accountability across the sector.

This report has found that leaders have taken a significant step forward, with fewer, newer leaders leveraging their workforce architecture to support their initiatives and drive good public sector governance. However, while employee responses, a strong indicator of perceptions of culture, support leadership-driven initiatives, some do not indicate that leaders themselves are attracting the support required for these initiatives to succeed. The data from customers and agencies themselves typically supports these perceptions. Leaders must consider which areas they will focus on to effect change, and the important role they will play in driving it.