

State of the NSW Public Sector Report



Public
Service
Commission

Publication and contact details

State of the NSW Public Sector Report 2019

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The Public Service Commission acknowledges the traditional custodians of the lands on which we work and gather, and their continuing connection to land and waters. We pay respects to Elders past, present and emerging. We pay tribute to the diversity of Aboriginal and Torres Strait Islander peoples, to their ongoing culture and to our Aboriginal and Torres Strait Islander colleagues.

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Foreword

I am pleased to deliver the 2019 edition of the *State of the NSW Public Sector Report*. This is my second and final report as NSW Public Service Commissioner. On 21 October 2019, I will take up the role of Secretary of the NSW Department of Customer Service. Finalising this report will be one of my last privileges as the Commissioner, so I am pleased that it reflects the progress on the sector's shared commitment to delivering positive outcomes for the people of NSW.

Earlier this year, the Premier set a priority that includes every one of us across the public sector – delivering a world-class public service. To achieve this, we will need to implement best practice to boost productivity and digital capability, and continue to drive public sector diversity to meet the priority's deadline of 2025.

But what does it mean to be 'world class'? I am sure we will refine our shared vision of what it takes to earn this label as we work towards this priority. To my mind, it means that we will have the best individual and organisational capabilities to deliver for NSW. To do this, we will need a diverse and inclusive workforce with the capacity to meet the challenges of the future.

A world-class public service will be agile and adaptive, and will thrive in changing times. Change is a constant in the public sector, as we continually evolve to better deliver for citizens. This year, we saw significant machinery of government changes to help improve service delivery. Despite the uncertainty this created for some in the sector, employee engagement increased to 65.7%, the highest it has been since the People Matter Employee Survey (People Matter survey) commenced in 2012.

Technological change also presents opportunities for the public sector, with customer-centric digital transformation key to improving service delivery. I am pleased that many of the sector's leaders are taking a thoughtful approach to the opportunities presented by technology, and placing our customers and citizens at the heart of decision making. In practice, we are seeing evidence of planning for the work of the future. Some agencies are already linking strategic workforce planning to business planning, and ensuring employees have the skills to work with the best current and emerging technologies.

While technology is important, it is our people who will be our greatest asset in efforts to become a world-class public service. One of the most enjoyable aspects of my role as Public Service Commissioner has been meeting employees across the sector. I am continually impressed by the professionalism of our workforce and their commitment to the people of NSW.

The case studies in this year's report illustrate just a few examples of the innovative, customer-focused drive of our people. These stories come from different parts of the sector but share a common thread of collaboration – both between agencies in the sector and with other sectors. The public sector is only one part of a broader system to effect change. The sector will need to draw on the capabilities of its employees and others to continue delivering positive, enduring outcomes worthy of a world-class public service.

A world-class public service also needs to reflect the community we serve. We will achieve this by building a diverse and inclusive workforce. In 2019, we made further progress towards our diversity targets.

I commend the sector for achieving the Aboriginal representation target set out in the original Aboriginal Employment Strategy 2014–2017, of 1.8% representation in all non-executive grades. The sector is also well on track to double the 2014 baseline of 57 Aboriginal senior leaders by 2025. The new Aboriginal Employment Strategy 2019–2025 sets an ambitious target of 3% representation in all non-executive grades by 2025. Building a culturally aware and competent workforce, along with other initiatives outlined in the strategy, will help the sector reach this important target.

The representation of women in leadership is also headed in the right direction. For the first time since the target of 50% representation by 2025 was announced in 2014, the sector has moved past 40% representation. While this is encouraging, we must continue our focus and accelerate change, or the sector will fall short of 50% representation in 2025. Bold attraction and retention strategies, and a hiring rate of six female senior leader hires for every 10 senior leader hires are needed to achieve the target.

Momentum around flexible work, while not a silver bullet, will help achieve this. According to People Matter survey results, use of flexible working arrangements was up from 60.4% in 2018 to 62.5% in 2019. An agency-level assessment of flexible work implementation shows that the sector is moving from an ad hoc to a more focused approach. However, challenges remain for frontline roles, where the range of flexible work options is typically smaller, and more forethought and planning are needed.

Disability representation remains far too low, at 2.5%, and requires concerted action across the sector. This is the first year since 2012 that disability representation hasn't decreased, but representation is still a long way from the Premier's Priority target of 5.6% representation by 2025. The sector needs to increase attraction and retention rates for people with disability. It must also improve access to reasonable adjustments in the workplace and create an inclusive environment where employees feel safe to disclose their disability status.

Meeting our diversity targets will only get us part of the way to being a world-class public service. The underlying driver must be inclusive and positive workplaces. Most of our people have good employee experiences and report high levels of general wellbeing, with a sector average of 7.8 out of 10 on the relevant People Matter survey question.

However, I am very concerned that bullying remains particularly high. The percentage of survey respondents who said they had experienced bullying has been relatively stable over the past few years, at around 18%. Disappointingly, experiences of bullying are more common for people with a diagnosed mental health condition, people with disability, Aboriginal and Torres Strait

Islander peoples, and people in frontline roles. Changes to policy and processes will not be enough to reduce this. In my view, effective programs and interventions will need to be developed, tested and implemented.

An analysis of People Matter survey data shows that bullying affects not only the victim's wellbeing but also that of bystanders and broader workgroups. This reinforces what we already know: bullying creates corrosive work environments that eat away at wellbeing, productivity and engagement. The Public Service Commission is exploring its data assets and accumulating evidence of best-practice interventions to focus its collaboration with the sector to drive down bullying and promote more positive workplace cultures.

Leaders, managers and human resources teams all have a role to play in shaping positive cultures and employee experiences. We know that learning and development opportunities, flexibility and effective change management are critical components of the employee experience, both in the current context and as we consider the opportunities of the work of the future.

This year's report looks forward as much as it looks back over the last financial year. The public sector is at a critical juncture, poised to meet the challenges of the work of the future and delivering in an increasingly customer-centric world. I am excited to take on the role of Secretary for the Department of Customer Service to help drive those changes directly. I very much look forward to supporting the new Public Service Commissioner once they are appointed, and working alongside them on the Secretaries Board.

Finally, I would like to thank all the agencies of the NSW public sector and the employees that make up these agencies. Thanks for sharing your stories for this report, and striving to make the sector world class - for its employees and for the people of NSW.



Emma Hogan
Public Service Commissioner
20 October 2019

About this report

The *State of the NSW Public Sector Report* is the Public Service Commissioner's independent assessment of the performance of the NSW public sector. It discusses the sector's achievements and priorities, plus the challenges it faces in delivering positive and enduring outcomes for the people of NSW.

How to read the data discussed in this report

This report draws on evidence from a range of sources, including the *People Matter Employee Survey*, the *Customer Satisfaction Measurement Survey* and the *Workforce Profile*. It also uses data from reviews and projects that have assessed the capability and performance of the sector.

Data for the 2018/2019 financial year (referred to as 2019 in this report) are mostly presented in a way that reflects the new eight-cluster structure of the NSW public sector, even though the machinery of government changes did not come into full effect until 1 July 2019. This allows more relevant discussion, and will enable this report to serve as a benchmark for subsequent years.

The People Matter Employee Survey



The *People Matter Employee Survey* (People Matter survey) asks NSW public sector employees about their experiences at work, with their teams, managers and leaders, and in their organisations more broadly. The survey is open for four weeks – in 2019, it was accessible from 30 May to 28 June – and provides an important opportunity for employees to have their say. Most of the survey results are presented as 'per cent positive' or 'per cent agreement', which combines the number of 'agree' and 'strongly agree' responses to a question or set of questions.

The Customer Satisfaction Measurement Survey

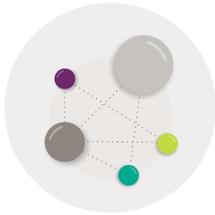


The *Customer Satisfaction Measurement Survey* (CSMS), conducted by the NSW Customer Service Commission, provides a rigorous measure by which to assess progress against the Premier's Priority of improving customer satisfaction with government services. The CSMS provides a holistic view of customer experience, comparing satisfaction with NSW Government services to that in other jurisdictions (for example, Victoria and New Zealand) and in other industries (for example, airlines and banks). The CSMS captures data at a whole-of-sector level and across 23 specific NSW public sector services. It helps to identify the areas requiring most effort to improve customer satisfaction.

The Workforce Profile



The *Workforce Profile* is a comprehensive annual collection of data relating to the demographic characteristics and employment arrangements of all public sector employees. The collection is completed jointly by the Public Service Commission (PSC) and all public sector agencies, and the resulting data appear throughout this report. The census date is the last payday of the financial year, and the census period is the two weeks leading up to and including the census date. The data in this report are for the census date unless otherwise specified. In 2019, the census date was 27 June.



The areas of government this report covers

This report discusses the performance of the Public Service, government sector and public sector, which are defined below:

- The Public Service includes those employed under Part 4 of the *Government Sector Employment Act 2013* (NSW) (GSE Act) in the service of the Crown.
- The government sector, as defined by the GSE Act, includes the Public Service, the Teaching Service, the NSW Health Service, the Transport Service of New South Wales, the NSW Police Force and other Crown services such as the TAFE Commission.
- The public sector incorporates the government sector and other government agencies, including the Independent Commission Against Corruption, the Audit Office of New South Wales, the Parliament of NSW, the Judicial Commission, and State owned corporations such as water and energy companies.

The data in this report relate to the public sector unless otherwise specified.



Acknowledgements

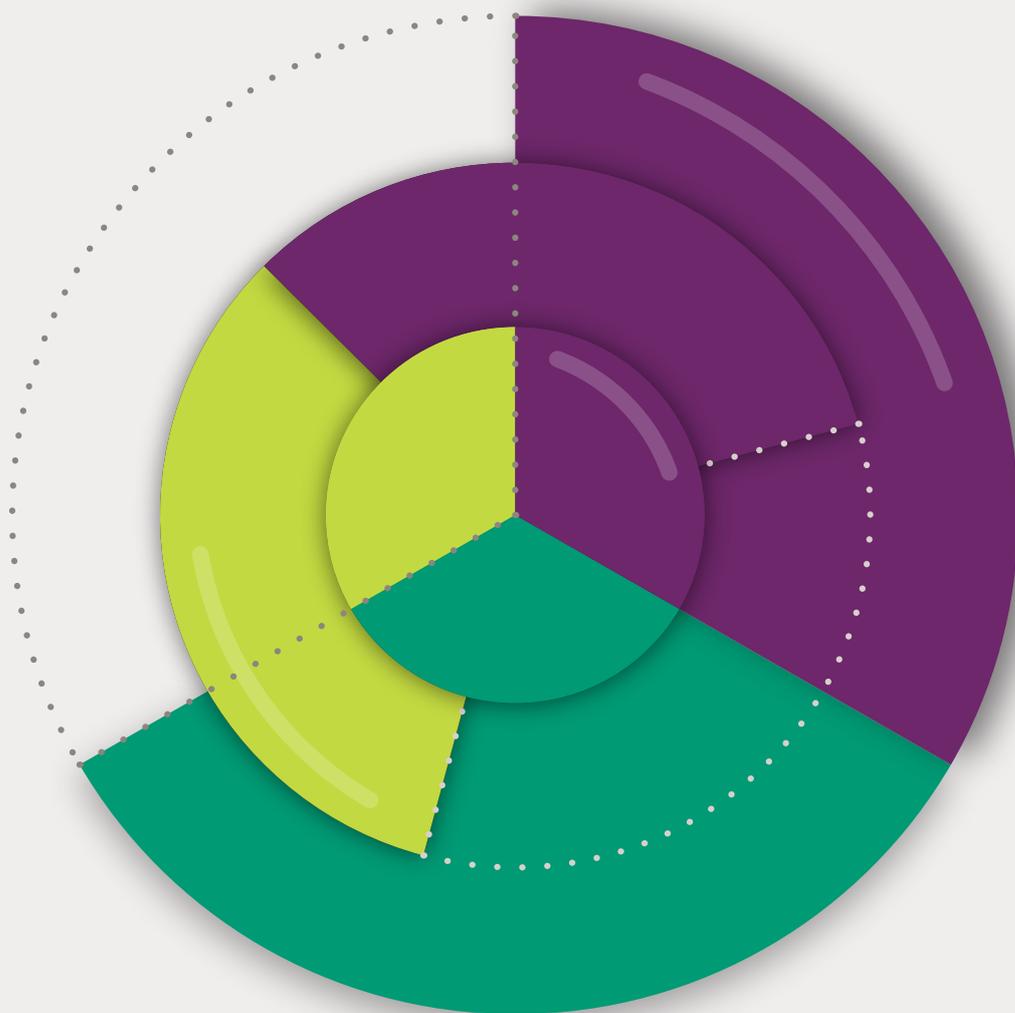
The Commissioner would like to acknowledge the assistance of:

- PSC staff members who developed this report, led by Scott Johnston, Emilie Priday, Adam Bove, Andrew Novak, Shirley-Ann Ujhazy, Annaliese Hickie, Angela Stuart, Samuel Baburin and Aimee Cassels
- the PSC Advisory Board – Professor Peter Shergold AC (Chair), Sandra McPhee AM, Vince Graham, Susan Lloyd-Hurwitz, Jordan O'Reilly, Tim Reardon and Michael Pratt AM
- ORC International for its work on the People Matter survey, and the NSW Customer Service Commission for its work on the CSMS
- NSW public sector agencies for supporting the People Matter survey and Workforce Profile collection, and for sharing their stories
- Folk, King Creatives and Editor Group for their expertise in designing and editing this report.

The PSC wishes to advise that this document may contain names and images of Aboriginal and/or Torres Strait Islander peoples who have passed away. It also contains links to sites that may use images of Aboriginal and/or Torres Strait Islander peoples who have passed away.

Chapter 1

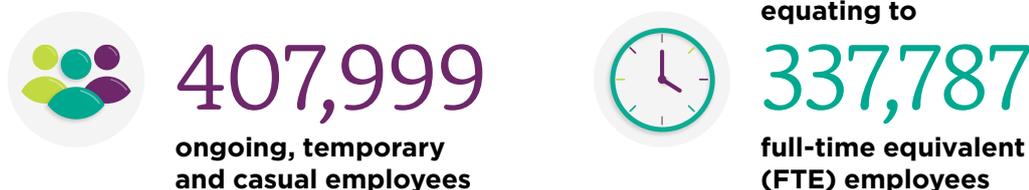
NSW public sector at a glance



Our size and shape

Left:
Source: Workforce Profile (2019)

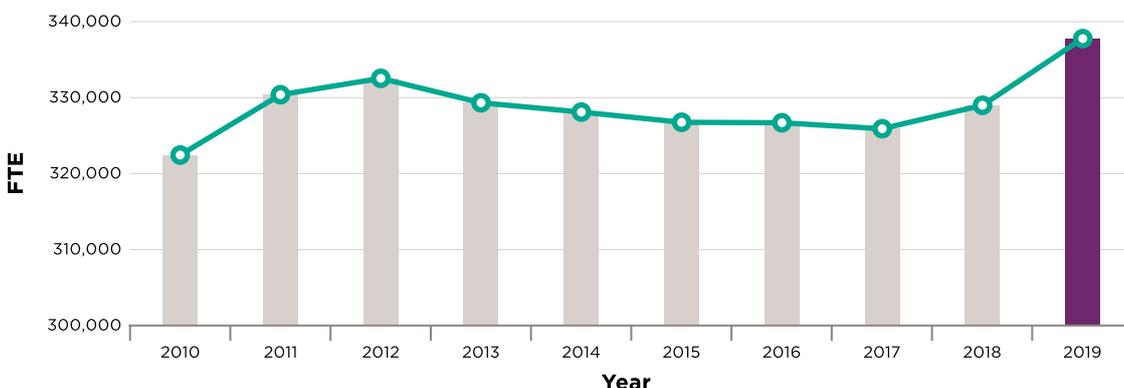
Right:
Source: Workforce Profile (2019), census period



Source: Workforce Profile (2010–19), census period

FTE over time, 2010–19

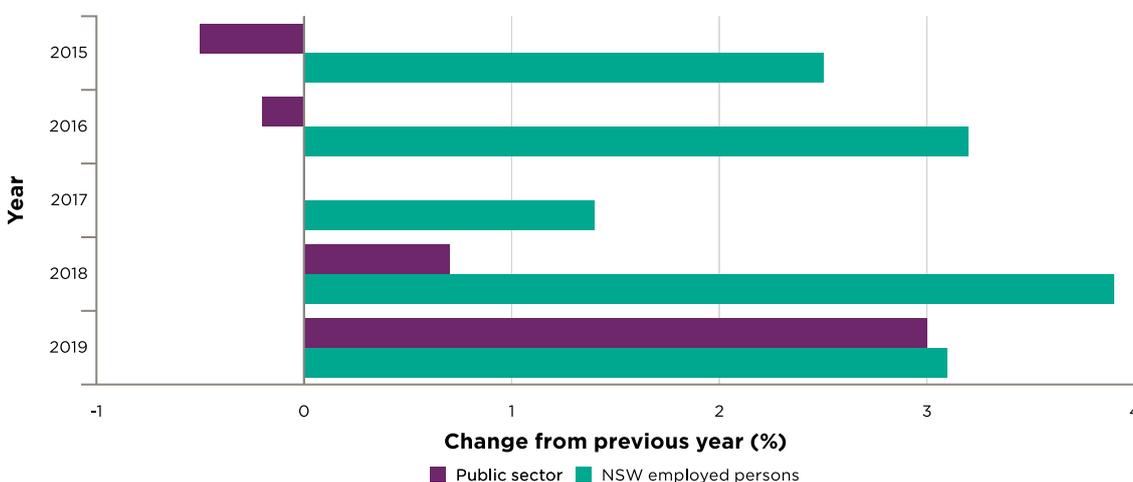
The size of the sector increased by 8,782 FTE (or 2.7%) from 2018 to 2019 to support service delivery. The largest contributors to this increase were clerical and administrative workers (+1,989 FTE), school support staff (+1,241 FTE), and the key frontline roles of police officers, nurses and teachers (+1,548 FTE).



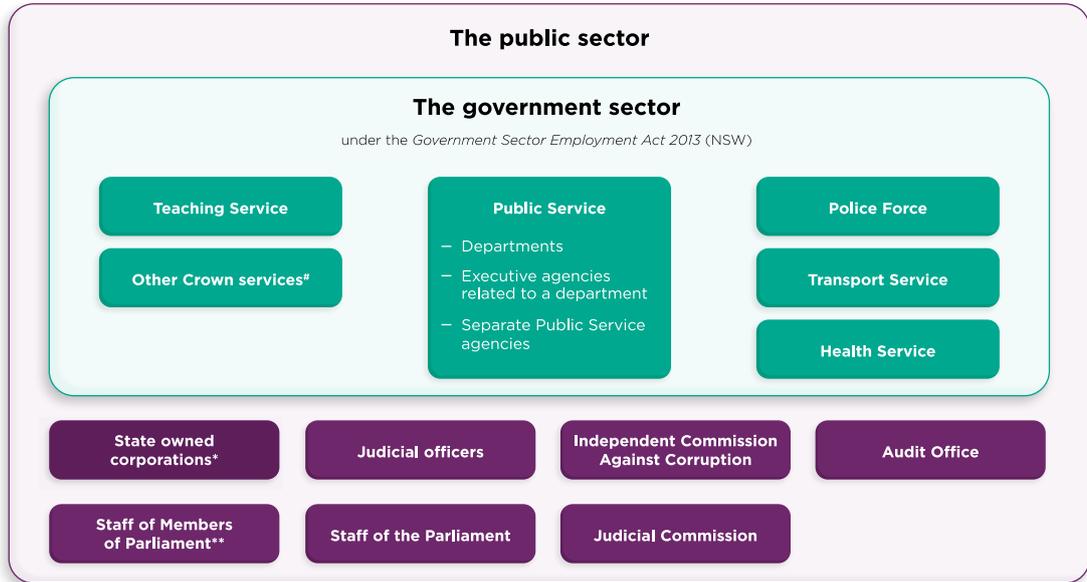
Sources: Workforce Profile (2014–19); ABS (2019a)

Changes in public sector headcount and total NSW employed persons, 2015–19

While the sector grew in size from 2017 to 2018, and then again from 2018 to 2019, this growth occurred at a slower rate than the growth in the number of NSW employed persons.



Structure of the NSW public sector



Examples of other Crown services include the TAFE Commission, School Administrative and Support Staff, and Sydney Trains.

** The Public Service Commission does not collect data on these employees.

* Under the GSE Act, State owned corporations are included in the government sector for certain, specified purposes. In this report, they are treated as part of the public sector but not the government sector.

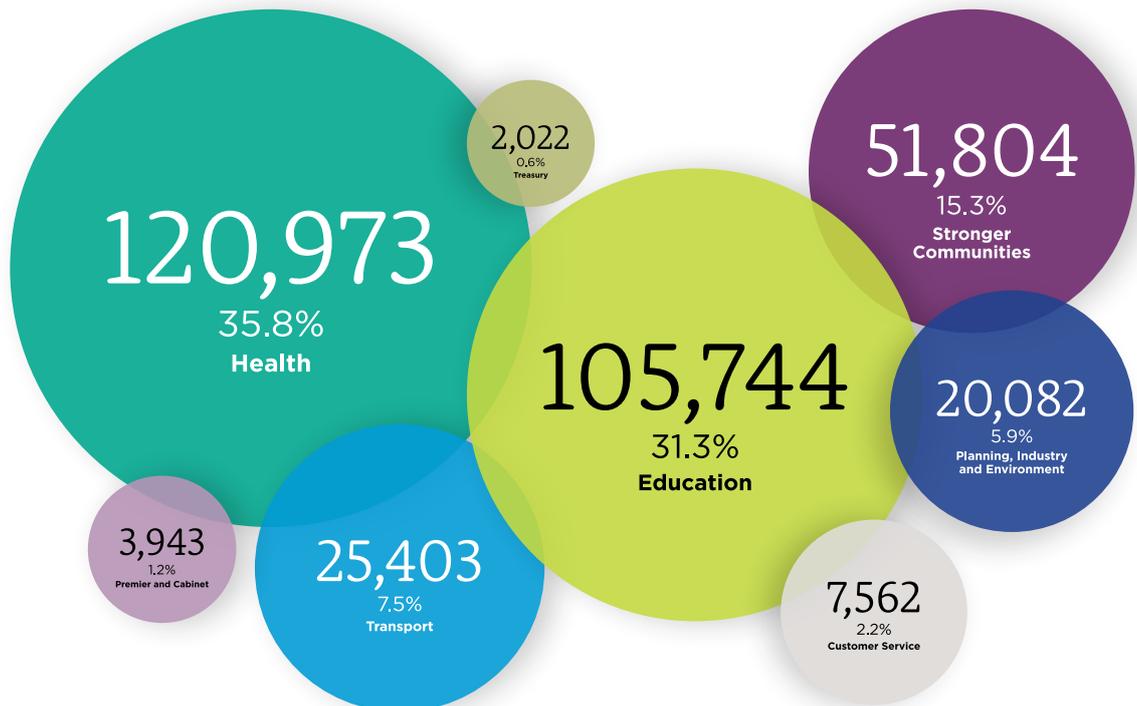
Under the GSE Act, NSW universities are part of the government sector for certain, specified purposes. The Public Service Commission does not collect data on the employees of NSW universities. They are not considered part of the public sector or government sector in this report.

Source: Workforce Profile (2019), census period

FTE by cluster

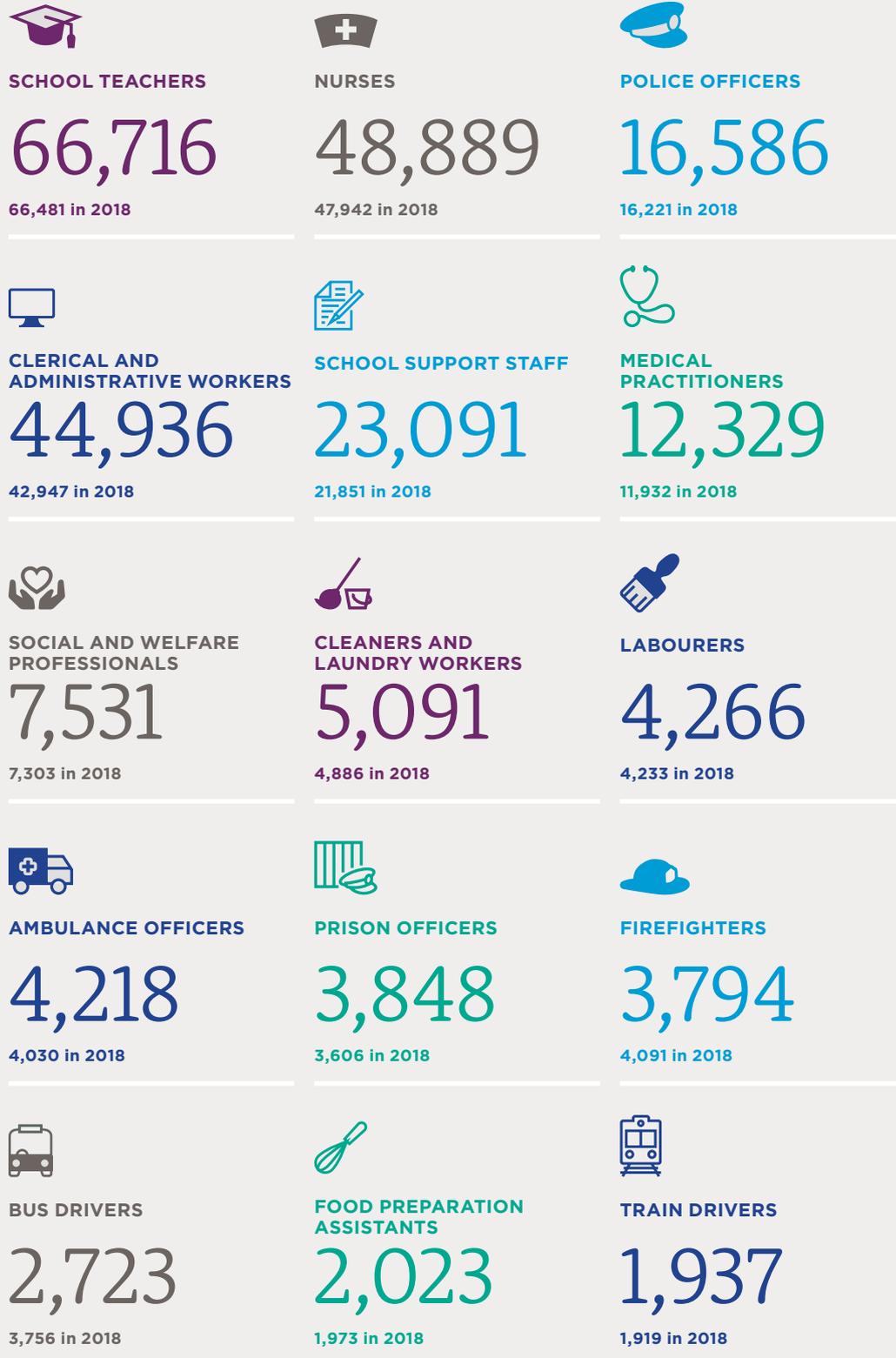
Note: Percentages indicate the contribution of the cluster FTE to total public sector FTE.

The public sector is structured into eight clusters to coordinate related services. The sector transitioned from 10 clusters to eight clusters during 2019. The new structure came into full effect on 1 July 2019.



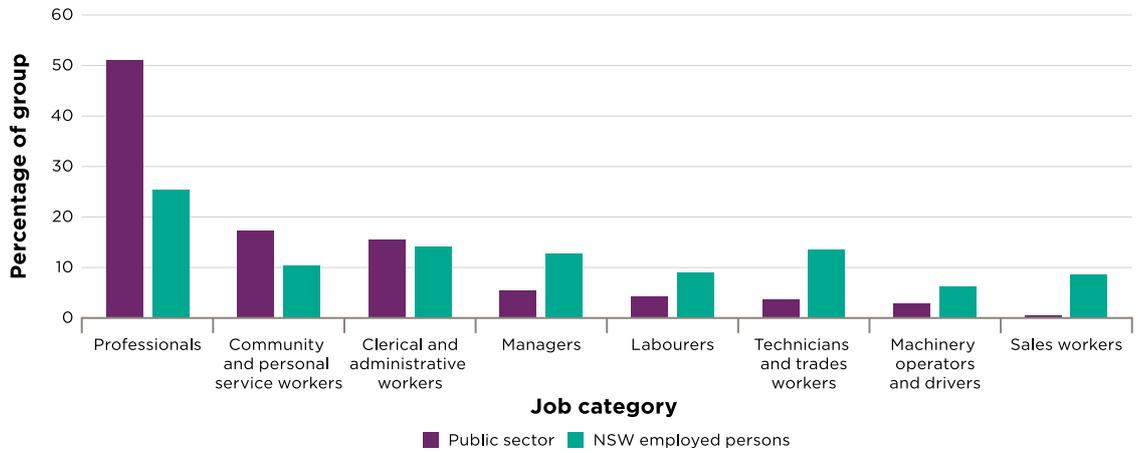
Source: Workforce Profile (2018, 2019), census period

FTE for key occupations, 2019 vs 2018



Sources: Workforce Profile (2019); ABS (2019b)

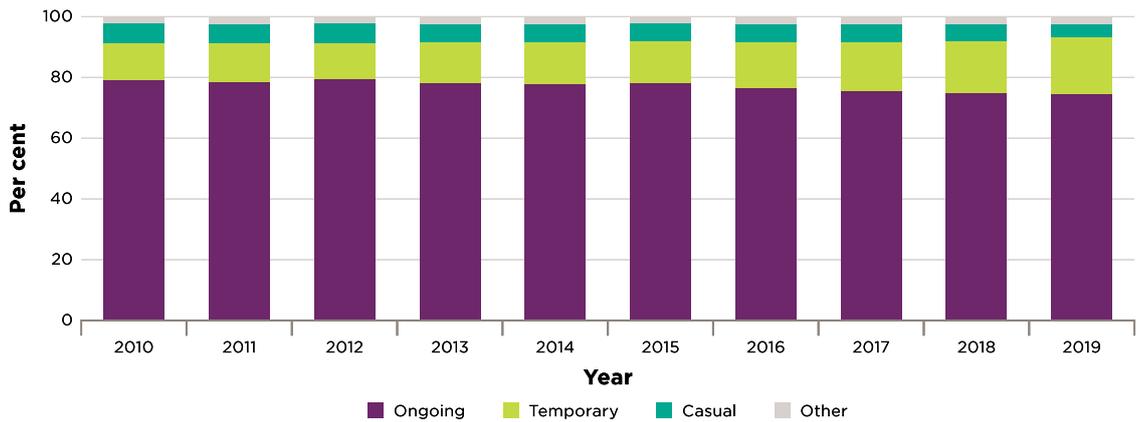
Public sector employees and NSW employed persons by job category



Source: Workforce Profile (2010-19), census period

Note: The 'Other' category includes employees whose employment category is Contract Executive, Contract Non-Executive, Statutory Appointee, Transport Senior Manager or Other.

FTE by employment type, 2010-19



Source: Workforce Profile (2010, 2015, 2019), census period, non-casual only

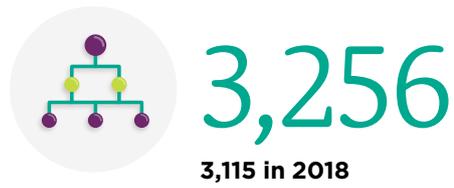
Note: To provide a whole-of-sector perspective, remuneration has been aligned with the non-executive grades defined in the Crown Employees (Administrative and Clerical Officers - Salaries) Award 2007. The GSE Act provides for the Premier to determine the bands in which senior executives are employed. There are currently four bands.

FTE by grade, 2019 vs 2015 and 2010



Source: Workforce Profile (2018, 2019)

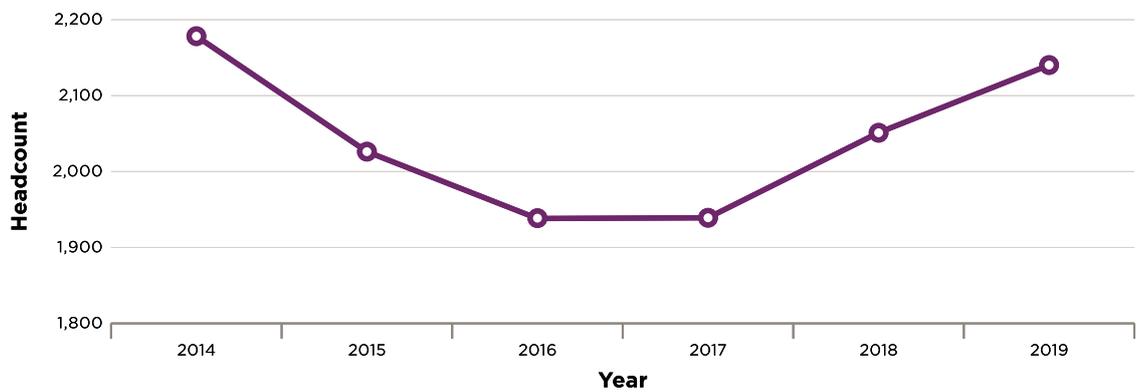
Government sector senior executives, 2019 vs 2018



Source: Workforce Profile (2014-19)

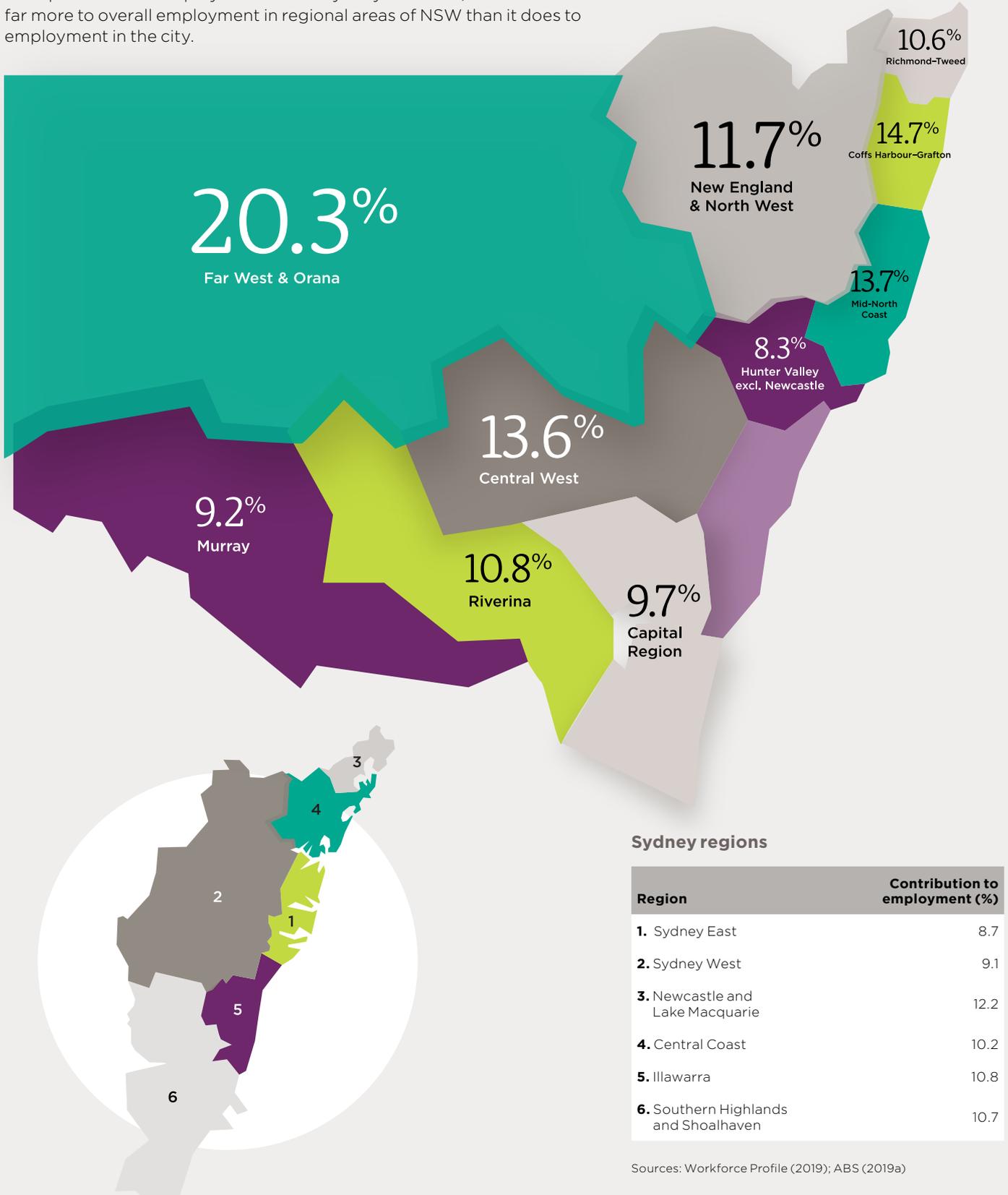
Public Service senior executives, 2014-19

The number of Public Service senior executives increased by 4.3% between 2018 and 2019. However, the number remained lower than what it was in 2014, the year the GSE Act reforms began to impact the executive cohort. Further, the 2019 figure does not account for exits that occurred after the Workforce Profile census date (27 June 2019) as a result of the recent machinery of government changes. As such, the PSC estimates the current number is closer to what it was in 2018.



Contribution to overall employment by NSW region

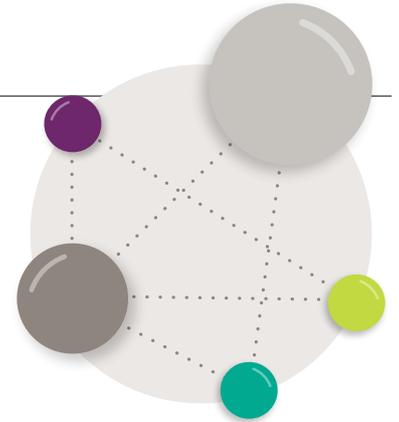
Most public sector employees reside in Sydney. However, the sector contributes far more to overall employment in regional areas of NSW than it does to employment in the city.



Our people

Source: Workforce Profile (2018, 2019), non-casual only

Median agency tenure, 2019 vs 2018



Median age



- Public sector 44
- Government sector 44
- NSW population 38
- NSW working population 40

Sources: Workforce Profile (2019), non-casual only; ABS (2016a, 2018a)

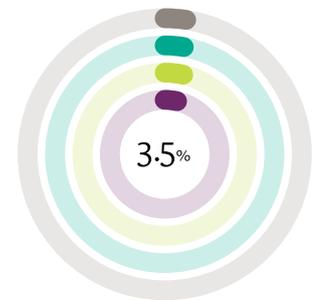
Representation of women



- Public sector 65.4%
- Government sector 66.3%
- NSW population 50.4%
- NSW working population 46.4%

Sources: Workforce Profile (2019), ABS (2018b, 2018c)

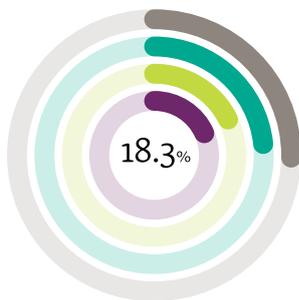
Representation of Aboriginal peoples



- Public sector 3.5%
- Government sector 3.6%
- NSW population 2.9%
- NSW working population 2.6%

Sources: Workforce Profile (2019), non-casual only; ABS (2015a, 2016b)

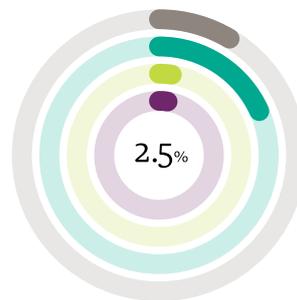
Representation of people with English as a second language



- Public sector 18.3%
- Government sector 17.9%
- NSW population 23.2%
- NSW working population 25.4%

Sources: Workforce Profile (2019), non-casual only; ABS (2016c, 2016d)

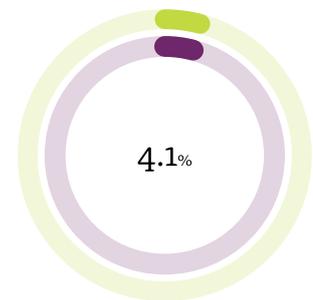
Representation of people with disability



- Public sector 2.5%
- Government sector 2.6%
- NSW population 18.3%
- NSW working population 8.5%

Sources: Workforce Profile (2019), non-casual only; ABS (2015b, 2015c)

Representation of LGBTIQ+ people



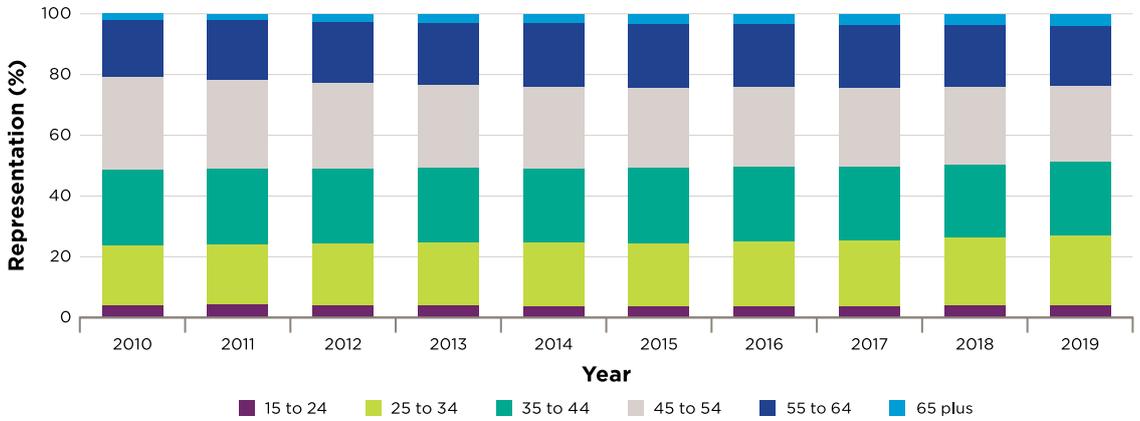
- Public sector 4.1%
- Government sector 4.1%

Source: People Matter Employment Survey (2019)

Notes: All diversity statistics are based on self-disclosed information. Throughout this report, 'Aboriginal peoples' is used to refer to all Aboriginal and Torres Strait Islander peoples. The government sector is a subset of the public sector. LGBTIQ+ representation is based on the People Matter survey, which had a response rate of 52.8% in 2019.

Source: Workforce Profile (2010-19), non-casual only

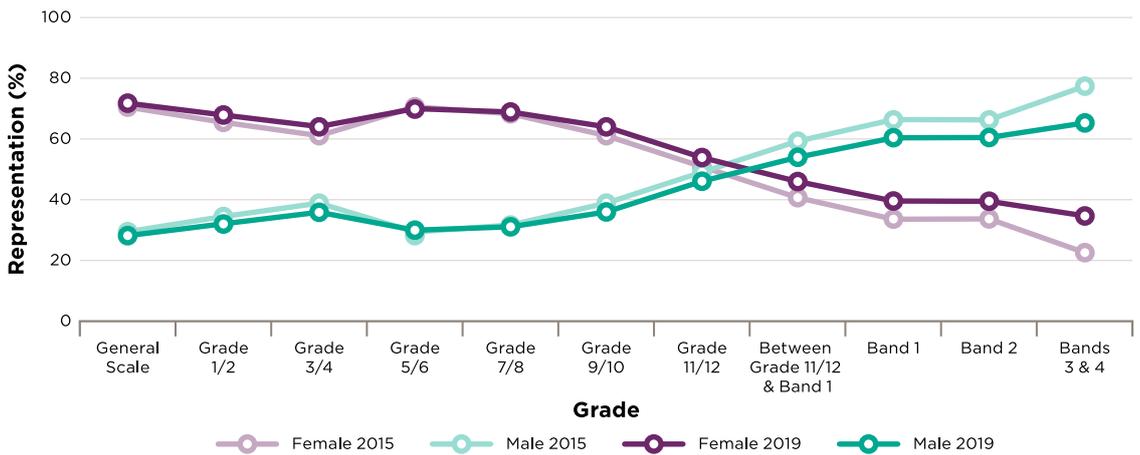
Age band profile, 2010-19



Source: Workforce Profile (2015, 2019), non-casual only

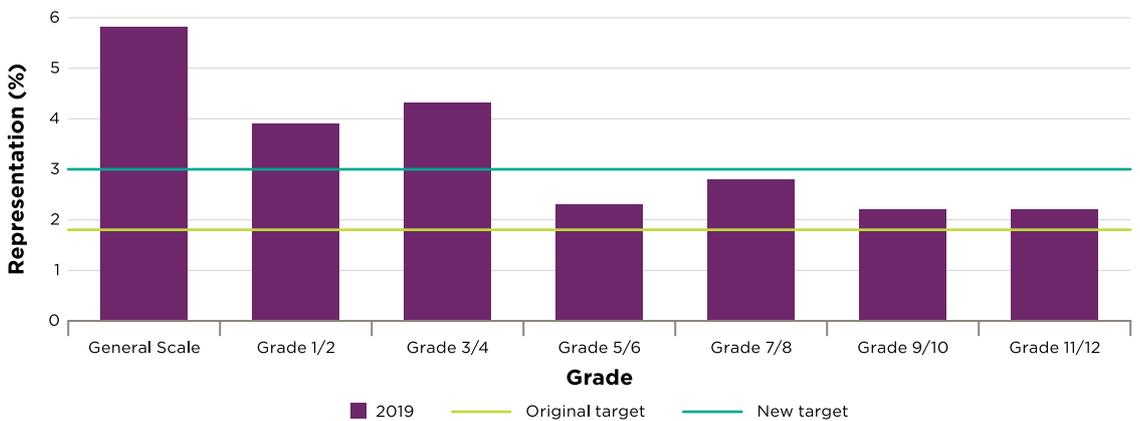
Gender representation by grade in the government sector, 2019 vs 2015

Women are under-represented in higher grades, though this is slowly improving.



Source: Workforce Profile (2019), non-casual only

Aboriginal representation by grade (non-executive) in the government sector

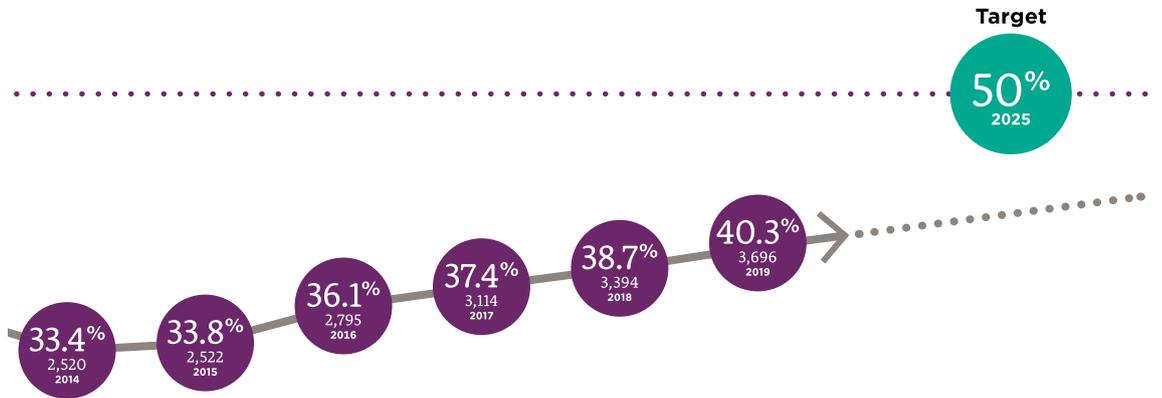


Source: Workforce Profile (2014-19), non-casual only

Note: Senior leaders are non-casual government sector employees with salary equal to or higher than \$161,707 in 2019, excluding Health roles of a specialist or technical nature with no leadership or managerial responsibilities and Justice roles with a statutory or institutional character (such as judges, magistrates and barristers).

Progress on the Premier's Priority to drive diversity in the government sector

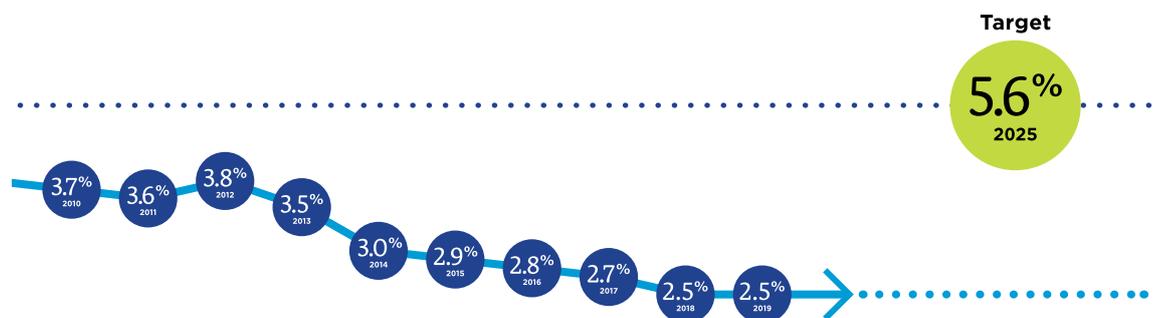
Women in senior leadership



Aboriginal people in senior leadership



People with disability



Our performance

Source: Customer Satisfaction Measurement Survey (2018, 2019)

Customer satisfaction for consumers and businesses, 2019 vs 2018



Source: NSW Treasury Budget Statement 2019-20 (2019)

Government sector employee-related expenses as a percentage of general NSW Government expenditure, 2019 vs 2018

Note: The 2019 figure is an estimate.



Left: Source: NSW Treasury Budget Statement 2019-20 (2019)

Government sector net worth

Note: This figure is an estimate.

\$262bn

Right: Source: Workforce Profile (2018, 2019)

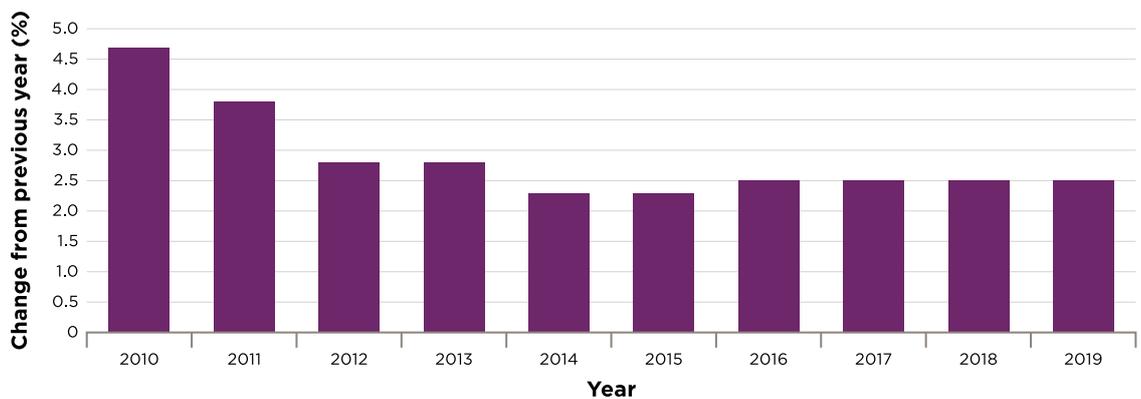
Median salary, 2019 vs 2018

\$87,926

a \$2,144 or 2.5% increase from 2018

Source: Workforce Profile (2009-19)

Changes in median salary, 2010-19



Left:
Source: Workforce Profile (2019)

Median salary by gender

Right:
Source: Workforce Profile (2018, 2019)

Note: Employee salary means the full-time base remuneration of the role, regardless of whether the employee is working part-time or full-time.

\$87,926 
for women

\$89,928 
for men

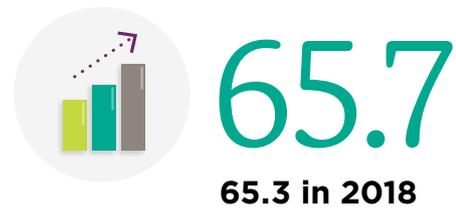
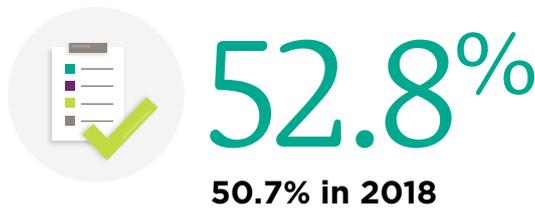
Gender pay gap, 2019 vs 2018



Source: People Matter Employee Survey (2018, 2019)

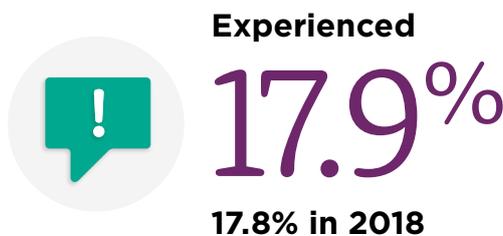
People Matter Survey response rate, 2019 vs 2018

Employee engagement, 2019 vs 2018



Source: People Matter Employee Survey (2018, 2019)

Rates of self-reported experienced and witnessed bullying, 2019 vs 2018



Source: People Matter Employee Survey (2018, 2019)

Employees with a performance plan, and who have informal and scheduled feedback conversations, 2019 vs 2018

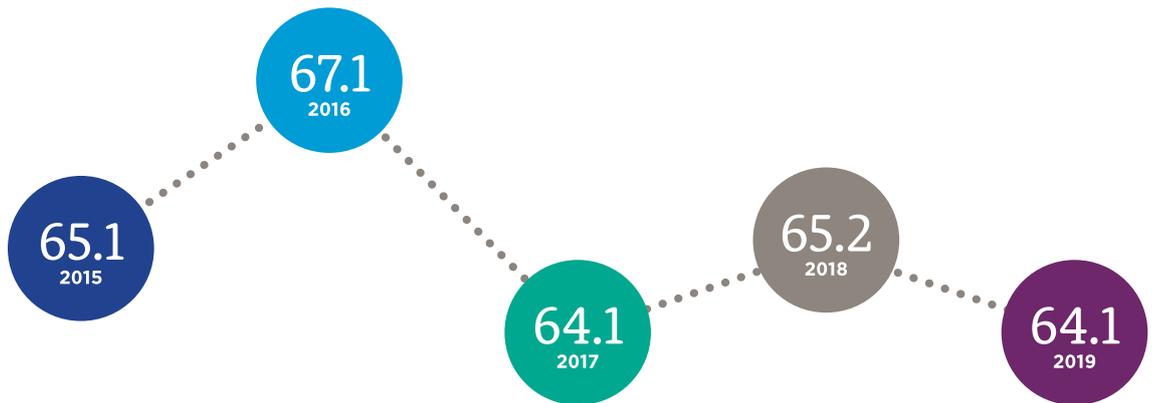
71.5% Employees with a performance plan
70.6% in 2018

76.3% Employees who have informal feedback conversations
76.1% in 2018

59.5% Employees who have scheduled feedback conversations
58.3% in 2018

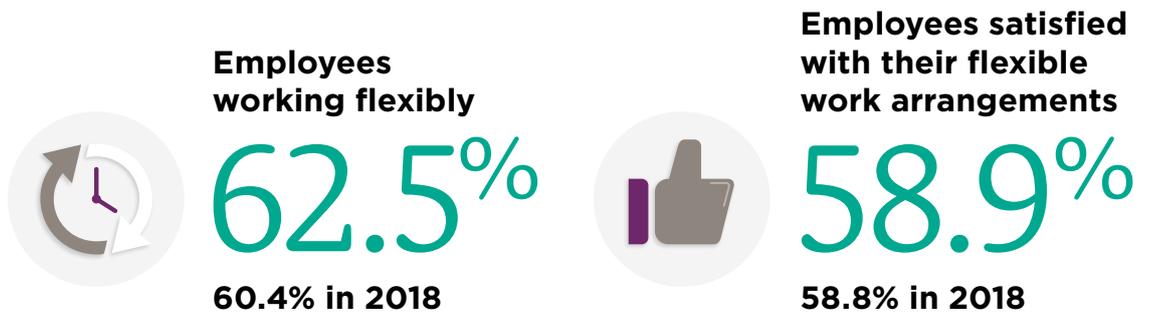
Source: Workforce Profile (2015-19), annual reference period

Hours of paid unscheduled absence per FTE, 2015-19



Source: People Matter Employee Survey (2019)

Employees working flexibly and satisfied with their flexible work arrangements, 2019 vs 2018



Chapter 2

Delivering now and in the future



The many parts of the NSW public sector share a common goal: delivering services that make NSW a great place to live, work and visit. This chapter discusses how the public sector is delivering for NSW currently, and how it will continue to do so in the future. It discusses customer satisfaction, the refreshed Premier’s Priorities, the recent machinery of government changes, and the changing nature of work. It also assesses the sector’s capacity for strategic workforce planning and change management.

Customer satisfaction with government services has improved

One way to determine if the sector is achieving its common goal is by measuring customer satisfaction with government services. When its customers are satisfied, it means that the sector is doing its job well – that its services are easy to use, of high quality and accessible to all.

The Customer Service Commission developed the Customer Satisfaction Measurement Survey (the CSMS) in 2013. A key survey output is the Customer Satisfaction Index which became the indicator for the original Premier’s Priority to improve government services.

What is the Customer Satisfaction Index?

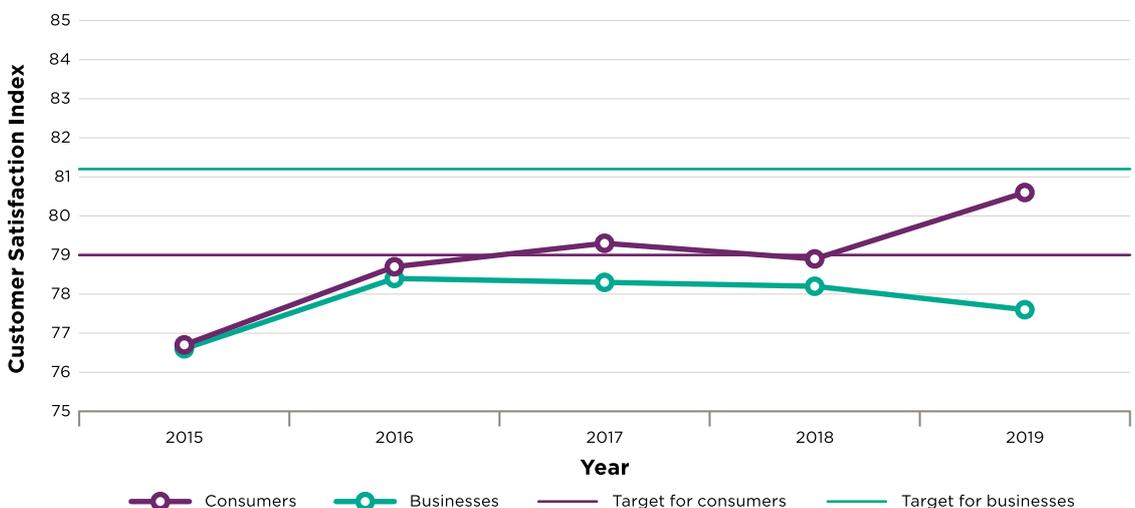
The Customer Satisfaction Index assesses how satisfied customers are with a government service, how close their experience is to their expectations of that service, and how close their experience is to an ideal service. It is scored out of 100. A higher score means that customers are more satisfied overall. Scores can be averaged across services to produce a score for the whole sector.

Scores on the Customer Satisfaction Index have increased since 2015, both for individual consumers and businesses. However, the increase has been greater and more sustained for consumers than for businesses (see Figure 2.1).

Figure 2.1

Customer Satisfaction Index scores for consumers and businesses, 2015-19

Source: Customer Satisfaction Measurement Survey (2015-19)



In 2019, the Customer Satisfaction Index score for consumers was 80.6, the highest it has been since measurement started, and exceeding the Premier's Priority target of 79.02. Efforts such as NSW Health's pilot to improve patient experiences in hospital emergency departments are showing how the push to put customers at the centre of service delivery is benefiting agencies and customers alike.



Improving the patient experience in emergency departments

Emergency department visits are one of the most common and important points of contact between patients and carers and the public health system. There were an average of 2.7 million presentations to NSW emergency departments per year over the past five years.

NSW Health recognises the importance of providing an excellent patient experience, which affects patient safety and quality of care. However, emergency departments are busy and complex settings, and informing patients and carers about processes, and regularly updating them on their progress through a department, is an ongoing challenge.

Health used information from the Bureau of Health Information's Emergency Department Patient Survey to develop the Emergency Department Patient Experience initiative. The initiative aims to create environments in which patients and their carers and families feel welcome, safe, cared-for and empowered.

Practical improvements that are part of the initiative include:

- introducing a patient experience officer, a non-clinical role that focuses on communication and building rapport with patients and carers in the waiting room
- enhancing waiting room facilities, such as seating and signage, to improve the comfort of patients and carers. This includes providing free wi-fi and phone chargers so that patients can keep in contact with family members more easily
- sending digital patient information, such as welcome animations, to the mobile devices of patients and carers. Information is available in nine languages, and aims to improve patients' and carers' understanding of what happens in an emergency department.

Beyond these practical improvements, the initiative builds on the culture of care among staff in emergency departments. Education for staff includes innovative simulation workshops that focus on communication and care in the waiting room.

“ When the patient starts with that positive experience in the waiting room, that flows through the whole emergency department.”

Clinical Nurse Specialist, Lismore Hospital

Health ran a six-month pilot of the initiative at Liverpool, Lismore, Nepean and Blacktown hospitals, starting in November 2018. The results were very promising, with improvements of up to 30% in patients' ratings of their experiences in the participating emergency departments.

The initiative is now being rolled out to a further 15 emergency departments in NSW. Its success has also led to further opportunities to review other hospital and community settings where feedback indicates the patient experience could be improved.

However, the Customer Satisfaction Index for businesses decreased to 77.6 in 2019, short of the Premier's Priority target of 81.16. This followed an initial increase from 2015 to 2016 and some degree of stability between 2016 and 2018. Investigations by the Customer Service Commission have revealed this decrease might be related to a greater desire for the sector to tailor services to business needs (in addition to consumer needs).

Improved services and customer outcomes continue to underpin the refreshed Premier's Priorities, announced in June 2019. These priorities, shown in Table 2.1, set ambitious targets to tackle many of the most important and difficult issues faced by the people of NSW.

Table 2.1

Premier's Priorities

Priority	What it means in practice
Bumping up education results for children	Increasing the proportion of public school students in the top two NAPLAN bands (or equivalent) for literacy and numeracy by 15% by 2023, including through statewide rollout of Bump It Up
Increasing the number of Aboriginal young people reaching their learning potential	Increasing the proportion of Aboriginal students attaining Year 12 by 50% by 2023, while maintaining their cultural identity
Protecting our most vulnerable children	Decreasing the proportion of children and young people re-reported at risk of significant harm by 20% by 2023
Increasing permanency for children in out-of-home care	Doubling the number of children in safe and permanent homes by 2023 for children in, or at risk of entering, out-of-home care
Reducing domestic violence reoffending	Reducing the number of domestic violence reoffenders by 25% by 2023
Reducing recidivism in the prison population	Reducing adult reoffending following release from prison by 5% by 2023
Reducing homelessness	Reducing street homelessness across NSW by 50% by 2025
Improving service levels in hospitals	100% of all triage category 1, 95% of triage category 2 and 85% of triage category 3 patients commencing treatment on time by 2023
Improving outpatient and community care	Reducing preventable visits to hospital by 5% through to 2023 by caring for people in the community
Towards zero suicides	Reducing the rate of suicide deaths in NSW by 20% by 2023
Greener public spaces	Increasing the proportion of homes in urban areas within 10 minutes' walk of quality green, open and public space by 10% by 2023
Greening our city	Increasing the tree canopy and green cover across Greater Sydney by planting 1 million trees by 2022
Government made easy	Increasing the number of government services where citizens of NSW only need to 'Tell Us Once' by 2023
World class public service	Implementing best-practice productivity and digital capability in the NSW public sector and driving public sector diversity by 2025

To support the delivery of the NSW Government's key policy priorities, the public sector transitioned from 10 to eight clusters during 2019, with the changes coming into full effect on 1 July 2019. The new structure will also help the sector deliver on the Premier's Priorities by streamlining how related agencies operate and collaborate. Following are some of the main changes of the reorganisation:

- The new Customer Service cluster brings together some of the functions of the former Finance, Service and Innovation cluster and other related pockets of the sector, such as the Customer Service Commission, Data Analytics Centre and Behavioural Insights Unit.
- The new Stronger Communities cluster brings together the former Justice cluster and Family and Community Services cluster.
- The Planning, Industry and Environment cluster brings together the former Planning and Environment cluster and Industry cluster. This new cluster will redouble the government's attention to the needs of regional NSW.

In addition to managing these internally driven changes, the sector also has to manage the accelerating change caused by external factors. Now more than ever, the sector needs a modern and effective workforce that is digitally capable, diverse and focused on the needs of customers and stakeholders. Agencies should think strategically about how to better deliver services, plan and prepare for the workforce and operating challenges ahead, and support sector employees through increasing uncertainty. In other words, agencies need to build the world-class public service envisioned by the Premier's Priorities.

Sector leaders need to plan and prepare for the work of the future

There is little doubt that work is evolving – what people do, how they do it, and when and where they do it is changing at an increasing pace. Globally, governments are preparing for the work of the future by harnessing the potential of new technology to deliver services differently. However, the issue is broader than just the impact of advancing technology. It involves the impact of factors such as the ageing population, strategic choices made by government, and how the sector works together and with the citizens of NSW. Together these factors can change roles and create a need for new ones.

As the state's largest employer, the NSW public sector must consider how to prepare and upskill its employees to meet the challenges of work in the future. Research by the PSC identified key factors that may affect the way the sector works. These are discussed below.

Changing expectations of customers

People are increasingly expecting seamless, coordinated and responsive interactions with government, with high-quality outcomes at reduced cost. They want to interact with government services when and where they like, and in ways that suit them. Meeting these expectations will require an increasingly digitally capable workforce that is also collaborative and agile across traditional organisational boundaries. This is happening in some pockets of the sector already.

Societal and geopolitical shifts

Australia's population is ageing rapidly, and life expectancy is increasing.¹ Reflecting this, it's expected that the sector's workforce will be increasingly multi-generational, as Australians stay in the workforce longer before retirement. Even within the last 10 years, the sector has seen growth in the representation of employees aged up to 35 and over 65. This trend will have implications for workforce management, particularly in relation to flexible work and role design to cater to the varying career needs of an age-diverse workforce.

Australia's population is also becoming more urbanised², and there is a continued shift towards globalisation.³ These changes are expected to directly affect public sector portfolios such as health, transport and education, through increased demand. Complex policy choices will need to balance the needs of people in regional and urban areas.

Advances in technology

Technology creates opportunities for government. It enables government to make faster and more informed decisions, delivering better policies and services for citizens. New technologies also free up workforce capacity to engage in important, customer-centric tasks by reducing time spent on routine, administrative tasks.⁴ For example, frontline public sector staff members may spend less time reviewing and populating forms, and more time interacting with customers in person. The Housing division of the Department of Communities and Justice has shown how this can be done cost-effectively, keeping both employees and customers in mind every step of the way.

1. Radford, Chapman, Bainbridge and Halvorsen (2018)

2. United Nations (2018)

3. Select Committee on the Future of Work and Workers (2018)

4. Eggers, O'Leary and Datar (2019)

Technology also presents challenges for the sector. It could reshape the public sector workforce by automating some common roles, while also creating entirely new jobs with new skill requirements. As such, demand is increasing for higher-order technical skills, such as in science, technology, engineering and mathematics (STEM). Interpersonal, relationship and problem-solving skills are also becoming increasingly valuable to employers.⁵ Therefore, agencies within the sector need to promote lifelong, continuous learning to upskill and support employees in performing new tasks or jobs – especially as the ‘shelf-life’ of skill sets becomes shorter.⁶ Digital capability uplift is discussed in Chapter 5 of this report.

To help the sector accelerate whole-of-government digital transformation, NSW Treasury and the Department of Customer Service established the Digital Restart Fund in 2019. The fund simplifies the traditional government information and communications technology (ICT) funding model by releasing money in increments over time. This better enables digital initiatives that use iterative, multidisciplinary approaches to planning, development and service delivery. With these approaches, the problem, solution, timeframe and costs are discovered in the process rather than known from the outset. Agencies with digital initiatives that are within scope and meet the eligibility criteria can apply to draw money from the fund.

In sum, the NSW public sector of the future may look very different to that of today. However, the sector is not at the whim of societal and geopolitical shifts, advances in technology, and other external factors. Sector leaders should and will need to make strategic choices about how the sector carries out its work. Agencies across the sector, coordinated by the PSC, have been collaboratively exploring ways to lead the workforce into the future. Needless to say, strategic workforce planning will be a key to achieving this.

Strategic workforce planning enables agencies to deliver

Strategic workforce planning is a vital tool for designing the diverse workforce needed to continue delivering high-quality services for the people of NSW. It is about understanding and proactively preparing for changes that may affect the workforce. It also aligns an agency’s strategic objectives with longer-term requirements by considering the possible future political, social and technological scenarios surrounding an organisation. Strategic workforce planning is:

- focused on the longer term and typically covers a three- to five-year outlook
- a collaborative process involving multiple parts of the organisation, including executives, middle management, subject-matter experts and local team leads
- based on data and evidence
- sponsored by senior leaders across the organisation
- supported by operational workforce planning, which ensures daily work is done effectively
- supported by tactical workforce planning, which gives concrete actions for each business area that help deliver the goals outlined in the strategic workforce plan.

Earlier this year the PSC published a sector-wide Strategic Workforce Planning Framework to help guide agencies on their workforce planning journey. The framework provides a practical and principles-based approach including an outline of the planning cycle, alongside discussion of the benefits and challenges of such planning.

The numerous benefits of strategic workforce planning include discovering and mitigating critical capability gaps, identifying pipelines for key talent, improving employee mobility and ensuring an agency’s goals align with the goals of the government more broadly. It also encourages agency heads to actively consider workforce diversity, and enables more efficient and cost-effective use of resources. The Customer Service cluster began implementing strategic workforce planning just 18 months ago and is already seeing some of these benefits.

5. Healy, Nicholson and Gahan (2017)

6. Pelster, Johnson, Stempel and van der Vyver (2017)



Customer Service cluster reaping the benefits of strategic workforce planning

The Customer Service cluster is responsible for driving excellence in customer service, digital leadership and innovation, and competitive fair and secure markets across the NSW public sector. It has a diverse, multifaceted workforce that delivers everything from frontline services in agencies – including Service NSW, Revenue NSW, NSW Fair Trading, SafeWork NSW and Liquor and Gaming NSW – to scientific research on behavioural insights. Despite this variety, the cluster managed to successfully roll out strategic workforce planning across all its business units.

The cluster identified several areas for improvement in its workforce management. These included a heavy reliance on contingent labour, which was limiting career development opportunities for departmental staff, and producing insufficient diversity in some pockets.

The cluster rolled out strategic workforce planning to each business unit after a successful pilot in Revenue NSW. A dedicated strategic workforce planning project team was set up within the People and Culture branch, and was given the task of ‘getting the job done’.

Many people in the cluster didn’t know what strategic workforce planning was or how to do it properly. So the team’s first goal was to generate awareness around the concept and benefits of strategic workforce planning, and get senior leaders to commit to investing time in it.

Using the NSW Public Service Commission’s Strategic Workforce Planning Framework as a starting point, the team put together planning packs for each business unit. The packs included:

- an introduction to strategic workforce planning
- insights and analysis of data relating to the current workforce, including role types, levels, diversity, turnover, trends, and comparable data across the cluster and relevant industries. This helped to illustrate benefits and areas for improvement, and address assumptions and information accuracy
- questions to help business units map their future business strategies back to the workforce (such as ‘What major obstacles will the business face in achieving its strategies?’).

The team facilitated cluster-wide planning sessions, to build each business unit’s confidence in planning within their own business, in partnership with People and Culture.

One benefit to the department as a result of introducing strategic workforce planning is that it highlighted the challenges including:

- an older than expected ICT workforce, due to the loss of younger talent
- replicated functions and businesses within divisions and across the cluster
- inconsistencies with naming conventions and capabilities for role descriptions
- the absence of a clear employee value proposition
- the need to more fully consider market trends when sourcing, attracting and retaining talent.

The strategic workforce planning process is now informing critical areas of focus and initiatives. These include the commencement of collaboration with universities and diversity groups to source capable, diverse talent. The cluster has also created new roles to recognise emerging and future needs, such as Chief Data Scientist, and has seen a 56% reduction in the use of contingent labour. And because the cluster and business unit strategic plans are updated annually, these initiatives can be refined and updated as needed.

Importantly, there are now clear accountability mechanisms in place to ensure that each business unit implements strategic workforce planning recommendations and initiatives. For example, business units track progress and achievements against the action items in a dashboard, which they share with the Executive Leadership Team each month. A simple RAG (red, amber, green) status makes it easy to call out roadblocks early on, and overcome them with targeted responses.

To ensure that strategic workforce planning maintains momentum, the dedicated unit within People and Culture is sharing its success stories across the cluster.

Strategic workforce planning is not without its challenges. It can be difficult to do if there is a lack of support and collaboration among senior management, if an agency focuses too much on day-to-day operational requirements, or if siloed human resources (HR) and business units restrict collaboration across the organisation.

One of the most common obstacles for agencies implementing strategic workforce planning is the view that available workforce, business and customer data are not of sufficient quality. While high-quality data are important for good strategic workforce planning, agencies can start by using what is available. NSW Health began its strategic workforce planning this way, and built on that foundation using new data as planning progressed. Data are now vital to Health's strategic workforce planning.



Data quality improvements contribute to better workforce planning at NSW Health

Demand for health care across NSW is growing, driven by an ageing population, an increasing prevalence of chronic illnesses and the digitisation of health care – among other factors. NSW Health must have the capability to provide services now and in the future. Workforce planning – ensuring NSW Health has the right people with the right skills in the right place at the right time – is therefore critical to delivering quality health care.

By 2013, Health's single Human Resource Information System (HRIS) had records of more than 170,000 employees across 17 local health districts (LHDs), speciality networks and other health organisations. This provides information on Health's workforce at state, organisation, facility, cost centre and employee levels. This single HRIS puts Health in a strong position to conduct effective, data-driven workforce planning.

Health can use these data to consider workforce characteristics such as age and gender, and, using clinical data, estimated future demand and geographical distribution of health services. The department is responsible for whole-of-cluster strategic workforce planning, with a time horizon of three or more years, while the LHDs take the lead on tactical (one to three years) and operational (up to one year) workforce planning. LHDs can apply their knowledge of the local environment, the community context and clinical care models to the department's higher-level strategic workforce planning.

At the strategic level, Health's comprehensive workforce modelling for medical specialities includes identifying where the skill shortages are likely to be in the future, using, among other things, information about supply from universities and vocational training institutes. This information is publicly available and supports workforce planning as well as career planning for individuals, enabling them to align their professional development to areas where there are the highest job prospects.

At the tactical and operational levels, this approach relies on scenario forecasting to consider how workforce composition affects service delivery. For example, in one hospital, Health identified an ageing workforce with few new graduates to mitigate the likely loss of skills in the next two to five years. This information enabled the facility to better plan its workforce pipeline.

Workforce planning continues to evolve as the system works to integrate additional datasets. Health is integrating data from different systems – including data relating to rostering, learning and development, and recruitment – into a single data warehouse to inform consolidated reporting and guide future workforce planning.

Crucial to the success of this planning is the quality of the data. Health undertakes a rolling program of audit and review, working collaboratively with LHDs to identify potential data anomalies, then correct them as needed and ensure they do not reoccur. This iterative process over time improves the accuracy of future forecasting and planning.

Workforce data are steadily available and there are processes in place to support the ongoing review of data quality. So NSW Health is now focused on developing central and local capabilities for workforce planning, which includes developing additional tools to support scenario planning at a local level. There are also opportunities to offer professional development support and training for those involved in workforce planning, to ensure they are using the width and depth of available data as effectively and efficiently as possible.

To further strengthen workforce planning capability, Health is developing a Workforce Planning Capability Framework to support its staff. This framework will come with a toolkit that brings together a range of practical resources and will be available on a central portal for staff members to access as needed.

In addition to building capabilities within an organisation so people can participate in ongoing strategic workforce planning, leaders will need a strong grasp of change management to support their employees through current and future challenges facing the public sector.

Managing change requires concerted effort

The scale and pace of the changes discussed in this chapter require sector leaders to think about how to best manage change in their agencies. It is encouraging that employee perceptions of change management improved slightly from 2018 to 2019, despite the extensive machinery of government changes happening when the 2019 People Matter survey was being run (see Table 2.2).

Table 2.2

Employee perceptions of change management, 2019 vs 2018

Question	2019 (% positive)	Change from 2018 (pp)
I believe senior managers provide clear direction for the future of the organisation	50.6	1.2
I feel that senior managers effectively lead and manage change	47.3	1.5
I feel that senior managers keep employees informed about what's going on	48.4	1.0
I feel that change is managed well in my organisation	41.9	1.6

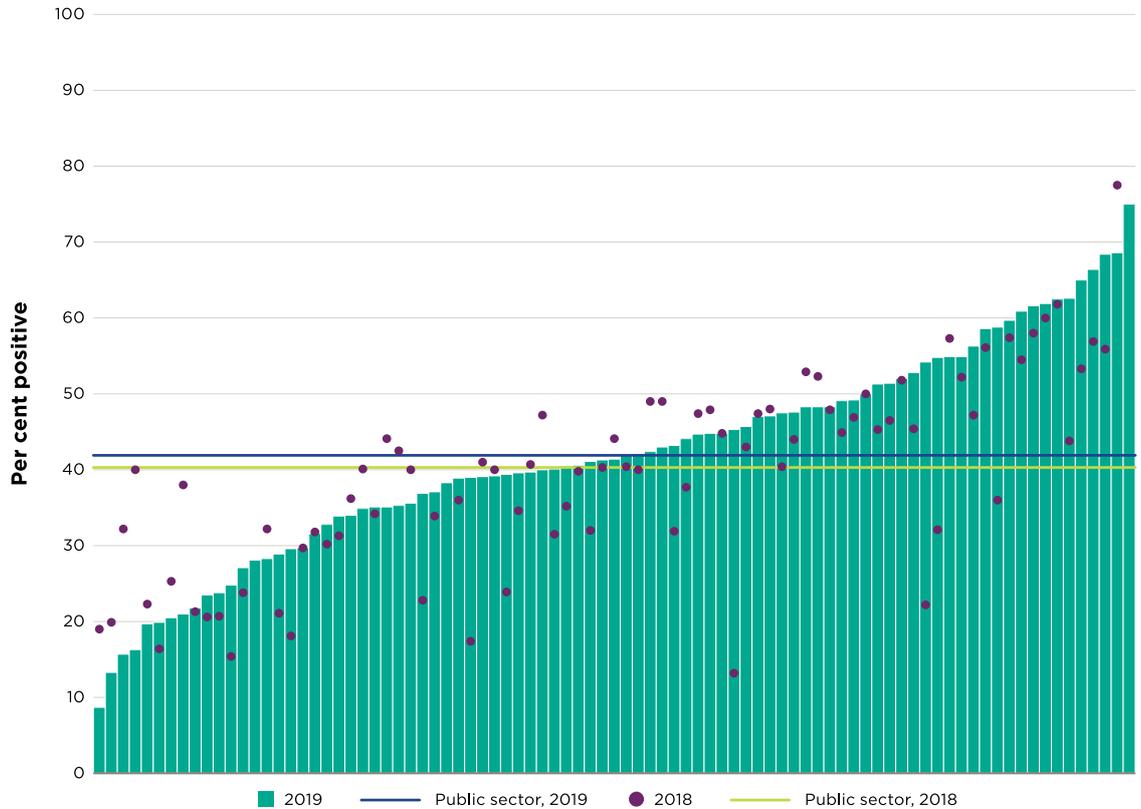
Source: People Matter Employee Survey (2018, 2019)

However, there is still much room for improvement. The People Matter survey revealed significant variability across agencies when employees were asked how change was managed in their organisations (see Figure 2.2). Further, scores in some agencies went down between 2018 and 2019, while others went up – some by a significant amount. This shows that sustained effort is needed to help employees navigate change.

Figure 2.2 Employee perceptions of how well change is managed, by agency, 2019 vs 2018

Source: People Matter Employee Survey (2018, 2019)

Note: Each column represents an agency.



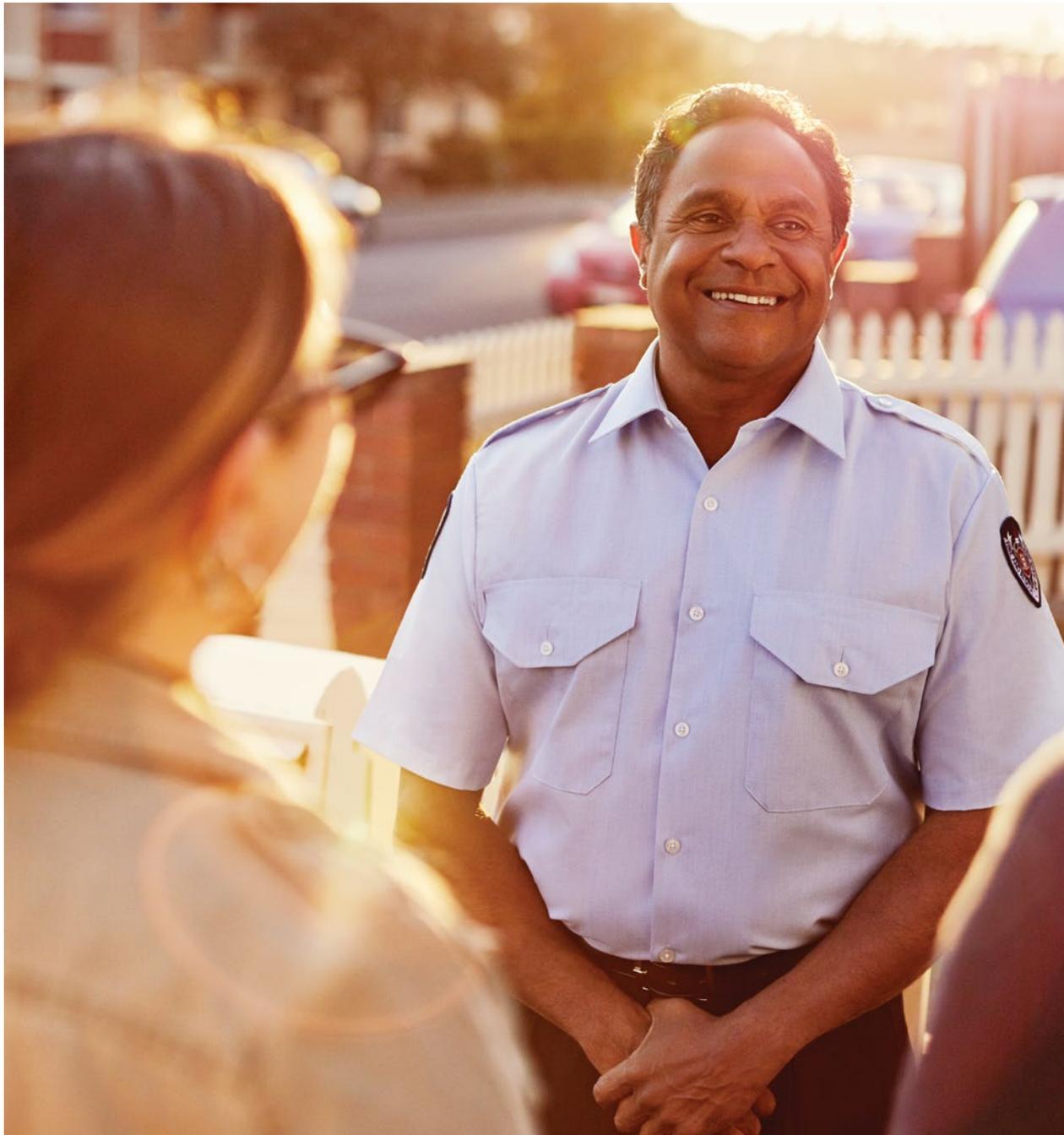
As agencies across the sector improve their ability to manage change, those with above-average scores in employee surveys should share their learnings and practices with other agencies. One practice that should be adopted is clear communication. Clear communication is important because it provides appropriate direction to employees while minimising the ambiguity and anxiety associated with change. Research shows agencies can also do other things to manage change, such as:⁷

- Assessing and addressing an agency’s readiness for change: Leaders need to understand an agency’s capacity for change. This includes its successes and failures with change programs, the stress that employees may face and the capability of senior leadership to guide and implement change.
- Forecasting change using data and organisational knowledge: The ability to forecast change relies on having employees, systems and processes in place to capture and analyse data about customers, trends and the broader market. This can inform sector leaders when making decisions about the likelihood of change occurring, and how the organisation will respond to that change.
- Establishing executive sponsorship and an authorising environment: Executive buy-in and commitment play a crucial role in the success of a change program. Executives can be ‘idea champions’ who lead transformation and maintain momentum and commitment to change. As demonstrated in the case studies in this report, another consistent factor in the success of change programs in the NSW public sector is having an authorising environment that encourages change by allowing business units to take appropriate risks.
- Engaging first line managers: First line managers play a major role in engaging and supporting their direct reports through change, yet this is difficult for them to do if they do not feel engaged and supported themselves. The 2018 edition of this report showed that first line managers felt less engaged and supported than other groups of employees. This trend continued in 2019, and remains an area of concern.

7. Fernandez and Rainey (2006); Stouten, Rousseau and de Cremer (2018)

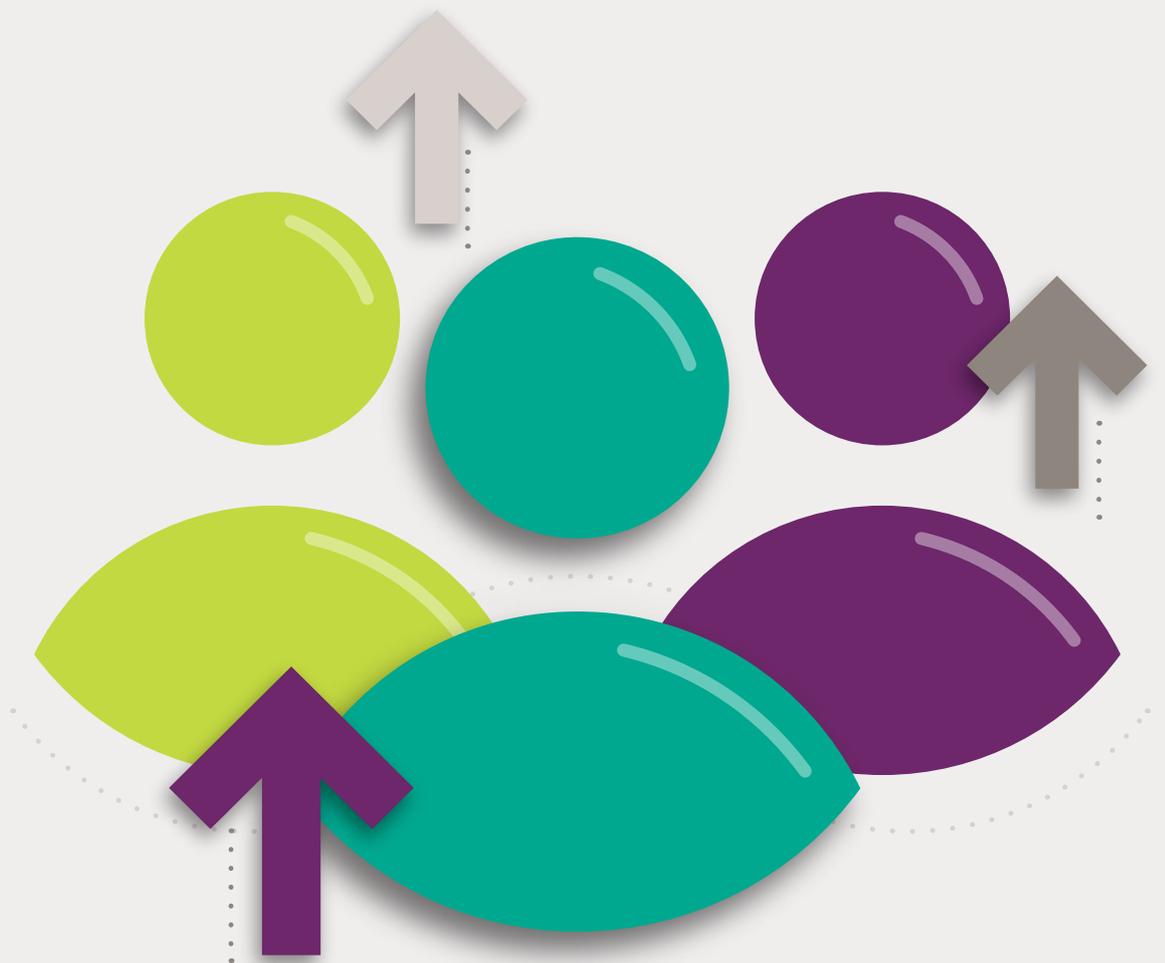
- Promoting experimentation: Where possible, leaders should allow small-scale experimentation with change processes that allows change recipients to provide feedback and make local adjustments to broader change plans. This input can support broader change processes when they are implemented.
- Assessing change progress and outcomes over time: Leaders should periodically assess whether a change is producing the intended outcomes. Feedback gives leaders an understanding of the effects of change, and allows them to make improvements.

Change has been a central theme of this chapter. It is constant and happening at an increasingly fast pace. An ongoing priority for agencies will be to think about the types of work the sector will do in the future and how to structure its work and workforce for sustained delivery. The sector can then build capabilities and resilience to prepare for the future.



Chapter 3

Creating positive workplace cultures



The culture of a workplace can be thought of as its personality – made up of the shared beliefs, assumptions and values that guide how employees think and behave at work.⁸ As outlined in the GSE Act, a strong, positive workplace culture is one in which customer service, initiative, individual responsibility and achieving positive outcomes are strongly valued. This chapter addresses performance management, the core values of the public sector, and employee engagement. It also looks at bullying and wellbeing as indicators of the health of workplace culture.

Managing for outcomes is important for employees and agencies alike

To deliver high-quality, customer-centric services to the community, employees need to feel connected to the outcomes sought by their agency and the whole public sector. Agencies that exemplify good practice formally link employee performance management with the broader organisational strategy.

While it is encouraging to see an increase in scores for People Matter survey questions relating to performance management (see Table 3.1), there is scope to improve these practices across the sector. Recognising the need for improvement, the PSC released a new Performance Development Framework in September 2018. Compared to the previous framework, the new version focuses more on holding informal ongoing conversations rather than on scheduled, structured performance management. However, the sector still needs to get the basics right.

Table 3.1

Employee perceptions of performance management, 2019 vs 2018

Question	2019 (% positive)	Change from 2018 (pp)
I have a current performance and development plan	71.5	0.9
I have informal feedback conversations with my manager	76.3	0.2
I have scheduled feedback conversations with my manager	59.5	1.2
In the last 12 months I received useful feedback on my work to enable me to deliver required results	65.9	1.0
My performance is assessed against clear criteria	57.5	1.1

Source: *People Matter Employee Survey (2018, 2019)*

Good performance management is about consistently, equitably and transparently managing all aspects of employees' performance. Using performance plans to set clear performance goals and standards tied to the agency's objectives helps employees understand what is expected of them and what outcomes to achieve. Managing for outcomes also helps with implementing flexible work, because it shifts the focus from being present at work to delivering on goals.

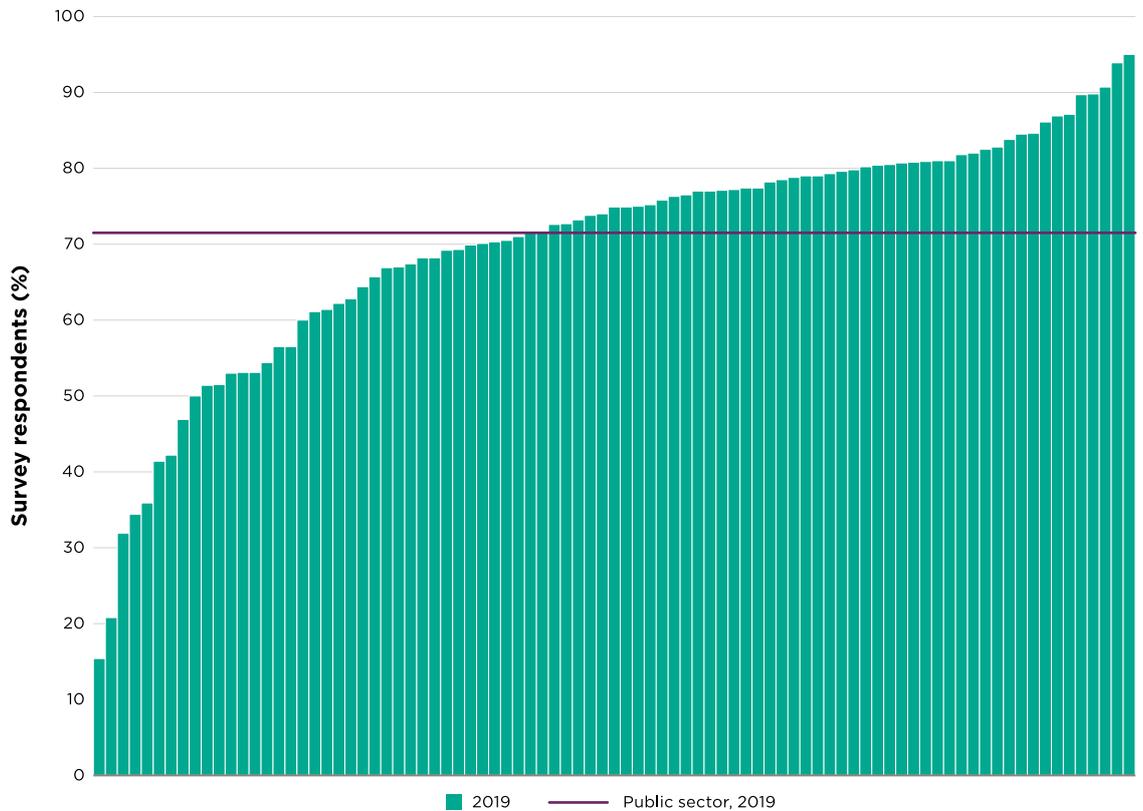
However, there are stark differences in the number of employees in each agency who say they have a formal performance and development plan that sets out their individual objectives (see Figure 3.1). The handful of agencies with scores greater than 80% should be commended for their efforts to embed performance management.

8. Cooke and Rousseau (1988); Schein (1990)

Figure 3.1 Percentage of employees with a performance and development plan, by agency

Source: People Matter Employee Survey (2019)

Note: Each column represents an agency.



Receiving timely, targeted and actionable feedback is also important for helping employees to learn how to best deliver on the outcomes expected of them. This involves managers recognising employee achievements and addressing unsatisfactory performance when it occurs. However, managers could improve the way they manage poor performance. More than 20% of employees who responded to the 2019 People Matter survey said their manager does not deal appropriately with employees who perform poorly.

Just as individual performance needs to be assessed against outcomes, so should organisational performance. Policies, programs and other initiatives (outputs) need to be managed productively, with efficient use of labour, capital, technology and other resources (inputs). But if these initiatives are not achieving enduring outcomes for the people of NSW, some recalibration may be required.

As discussed in last year’s edition of this report, NSW Treasury is helping to shift the focus from inputs and outputs to outcomes by tying cluster budgets to the delivery of outcomes. The Premier’s Priorities, presented in Chapter 2 of this report, also position the sector to focus on what it is achieving for the people of NSW.

Achieving outcomes is important, but so are the methods used to achieve them

While it is very important for the sector to focus on delivering outcomes, it must do so ethically, bringing the core values of integrity, trust, service and accountability to life. The right systems, reward structures and leadership need to be in place for this to happen.

Employees' perceptions of how well their agencies uphold these values improved slightly from 2018 to 2019 (see Table 3.2). This increase suggests stated and actual values are better aligned across the sector, but there is room for improvement in areas such as individual accountability.

Table 3.2 Employee perceptions of adherence to public sector values, 2019 vs 2018

Value	Question	2019 (% positive)	Change from 2018 (pp)
Integrity	I feel that senior managers model the values of my organisation	52.0	2.0
Trust	People in my workgroup treat each other with respect	74.8	0.0
	My manager listens to what I have to say	76.4	0.8
	I feel that senior managers keep employees informed about what's going on	48.4	1.0
	I feel that senior managers listen to employees	44.1	0.8
Service	My workgroup strives to achieve customer/client satisfaction	86.2	0.1
	Senior managers communicate the importance of customers/clients in achieving our business objectives	61.4	-0.4
Accountability	My manager encourages people in my workgroup to keep improving the work they do	74.5	0.9
	I believe senior managers provide clear direction for the future of the organisation	50.6	1.2
	My organisation focuses on improving the work we do	69.2	-0.2
	People in my organisation take responsibility for their own actions	48.5	0.0

Source: People Matter Employee Survey (2018, 2019)

A positive workplace culture built on sound values and principles helps to increase employee engagement and wellbeing, and reduce negative workplace behaviour such as bullying.⁹ These two issues, as indicators of a healthy culture, are discussed below.

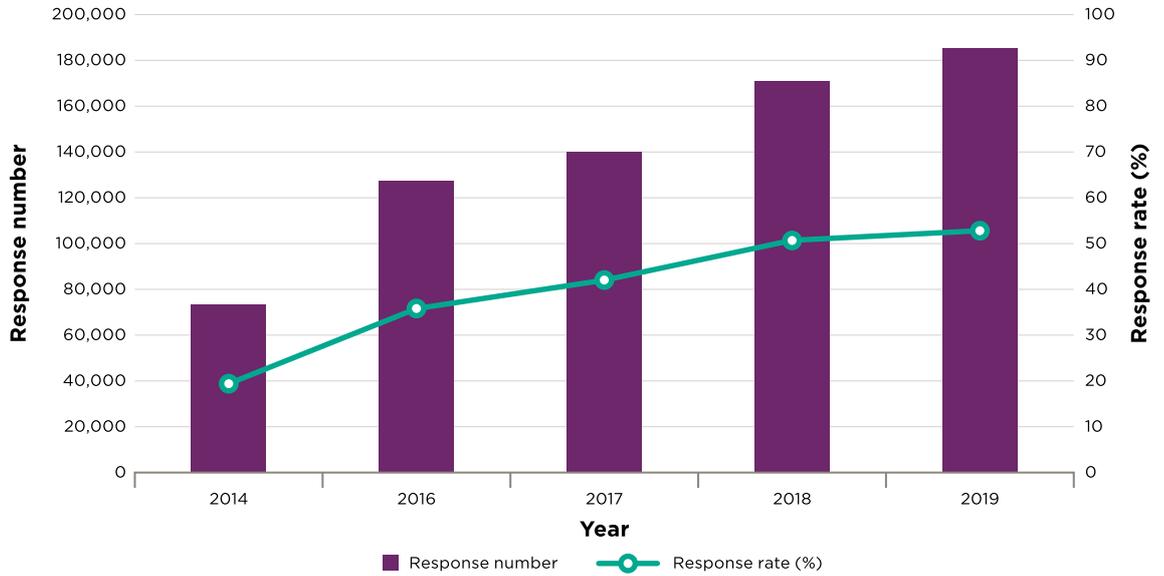
Employee engagement is the highest it's been since the first People Matter survey

Around 16% of the public sector workforce responded to the first People Matter survey, which was run in 2012. Promoting the value of the survey to employees and agencies, and showing employees that their views are taken seriously, has dramatically improved the response rate over time (see Figure 3.2). In 2019, 185,289 employees had their say, amounting to an outstanding response rate of 52.8%.

9. Attridge (2009); Spence-Laschinger, Wong, Cummings and Grau (2014)

Figure 3.2 People Matter survey participation, 2014-19

Source: People Matter Employee Survey (2014-19)

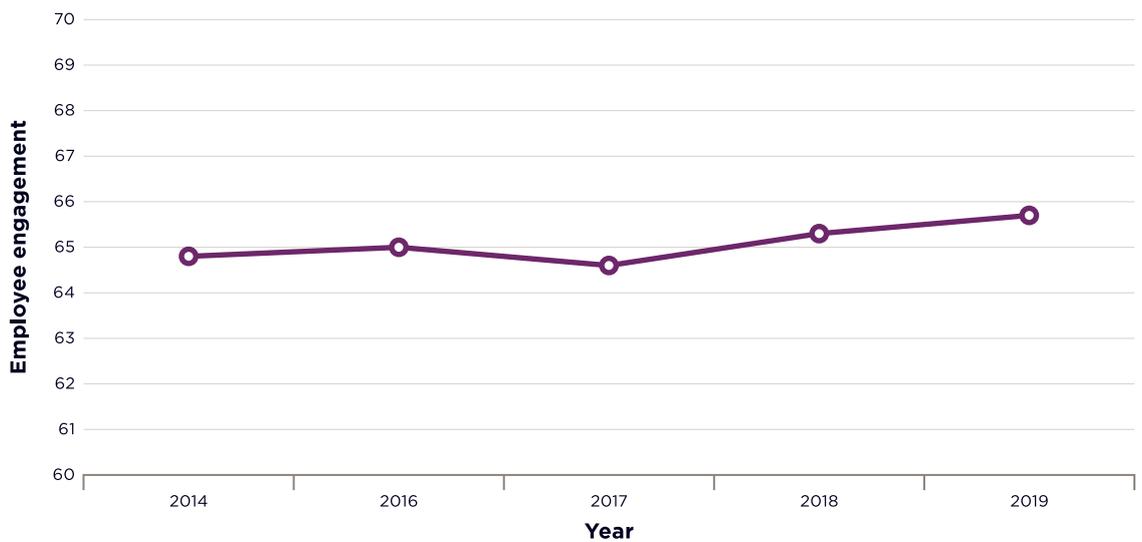


A higher response rate improves the accuracy of the survey results. The closer the response rate is to 100%, the better the match between the views of those taking the survey and everyone else in the organisation, division or team. The number of responses from frontline employees continued to increase, up by 8.7% from 2018. Agencies, and especially managers, need to continue encouraging people to participate in the survey by ensuring that employees have an opportunity to complete it.

While the survey was run at a time when the sector was focusing on reorganisation due to machinery of government changes, the sector was able to achieve a higher response rate and improve engagement (see Figure 3.3). This is a positive achievement, since uncertainty and ambiguity are often detrimental to employee engagement.¹⁰ It also bodes well for further improving the current score.

Figure 3.3 Employee engagement, 2014-19

Source: People Matter Employee Survey (2014-19)



¹⁰ Cartwright and Holmes (2006)

What is employee engagement?

Employee engagement is an individual’s connection and commitment to their organisation.¹¹ The People Matter survey measures employee engagement using five questions that assess feelings of pride, attachment, motivation and inspiration, and an employee’s willingness to recommend their organisation as a great place to work.

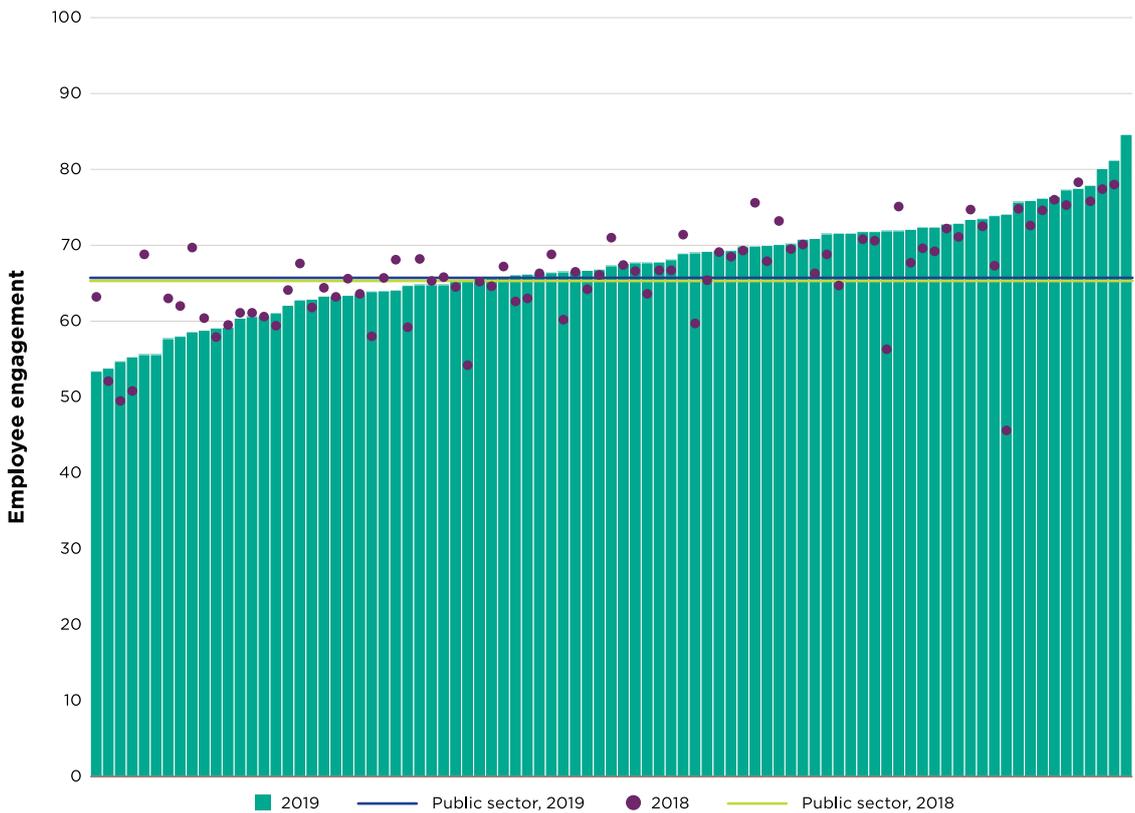
Employee engagement is influenced by many factors, including leadership, positive work culture, organisational support and the ability to work flexibly.¹² Engaged employees are more innovative and higher performing, and they experience better wellbeing.¹³ Employee engagement has also been linked to higher levels of customer satisfaction and lower rates of employee turnover.¹⁴

Many agencies maintained their engagement scores in 2019. But some agencies showed marked improvements between 2018 and 2019, while others experienced a downward shift over the same period (see Figure 3.4).

Figure 3.4 Employee engagement by agency, 2019 vs 2018

Source: People Matter Employee Survey (2018, 2019)

Note: Each column represents an agency.



11. Scottish Executive Social Research (2007)
 12. Attridge (2009); Pitt-Catsoupes and Matz-Costa (2008)
 13. Alfes, Truss, Soane, Rees and Gatenby (2010)
 14. Harter, Schmidt and Hayes (2002)

Bullying and other harmful workplace behaviours are still a concern

Bullying has many harmful consequences for the physical and mental health of victims and witnesses.¹⁵ It is a major contributor to increased costs for organisations because of reduced employee productivity, motivation and commitment. It also significantly inhibits the creation of a positive workplace culture.

What constitutes bullying?

In the 2019 People Matter survey, bullying was defined as:

“repeated and unreasonable behaviour directed towards a worker or a group of workers that creates a risk to health and safety. Bullying can be: intentional or unintentional; overt or covert; active or passive. Bullying behaviours include actions such as shouting and non-action such as not passing on information necessary for 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.”

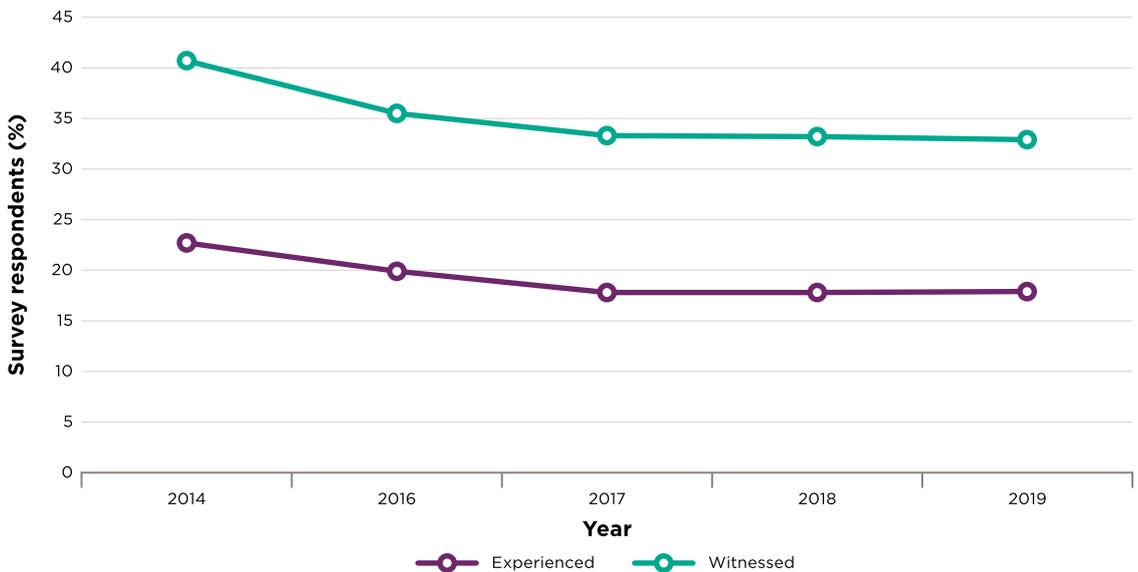
This definition aligns with the definition used by Safe Work Australia.

Since 2017, the percentage of People Matter survey respondents reporting that they experienced or witnessed bullying in the previous 12 months has stabilised (see Figure 3.5). The improved survey response rate increases confidence in the reliability of these data. The fact that bullying rates haven't fallen is concerning and points to a need for the sector to revisit its approaches, frameworks and actions to ensure that it is at the forefront of addressing bullying.

Figure 3.5

Rates of self-reported experienced and witnessed bullying, 2014-19

Source: People Matter Employee Survey (2014-19)



15. Bartlett and Bartlett (2011); Giorgi et al. (2016)

According to People Matter survey respondents, senior managers and managers were the most common perpetrators of bullying in 2019 (see Table 3.3). Together, these two groups accounted for 44.6% of the bullying incidents reported in the survey.

Table 3.3 Sources of the most serious self-reported bullying incidents

Group	Incidents (%)
A senior manager	21.5
An immediate manager/supervisor	23.2
A fellow worker at the same level	26.9
A subordinate	7.0
A client or customer	2.6
A member of the public other than a client or customer	0.8
Other	4.6
Prefer not to say	13.5

Source: People Matter Employee Survey (2019)

The causes of bullying are complex, with individual, occupational and organisational factors influencing the incidence of such behaviour.¹⁶ As identified in previous editions of this report, certain demographic characteristics are associated with a higher chance of experiencing bullying. For example, women and people from specific demographic groups are still over-represented in the cohort of surveyed employees reporting bullying (see Table 3.4).

Concerningly, people with a diagnosed mental health condition and people with disability were the groups most likely to have experienced bullying in 2019, with self-reported rates of 35.2% and 32.0% respectively. Research shows that group-based differences of this nature may be due to, among other things, conscious and unconscious biases on the part of the perpetrators of bullying.¹⁷

Table 3.4 Rates of self-reported experienced bullying for select groups

Group	Survey respondents (%)
Males	14.5
Females	18.9
People who speak a language other than English at home	14.9
Aboriginal peoples	25.9
People with disability	32.0
People with a diagnosed mental health condition	35.2
People identifying as LGBTIQ+	22.4
Veterans	21.2
Public sector	17.9

Source: People Matter Employee Survey (2019)

16. Bartlett and Bartlett (2011); Feijó, Gräf, Pearce and Fassa (2019)

17. Fevre, Robinson, Lewis and Jones (2013); Harder, Wagner and Rash (2016); Samnani and Singh (2012)

Occupational characteristics, such as whether a role is frontline or non-frontline, and the level of stress experienced on the job, can also influence rates of workplace bullying. In 2019, frontline workers were 1.35 times more likely to experience bullying compared to employees in non-frontline roles, according to the People Matter survey. Due to the nature of their work, frontline employees find it more difficult than non-frontline employees to keep their work stress at an acceptable level (and this plays out in the results for a question about work stress in the People Matter survey). In turn, this could contribute to more instances of bullying in frontline environments.¹⁸

Research suggests that some of the organisation-level factors that can contribute to bullying are organisational change and uncertainty, lack of role clarity, insufficient performance management, and a lack of ethical and caring leadership.¹⁹

The Secretaries are, however, taking a stand against bullying. In late 2018, the Secretaries Board endorsed and released the NSW Government Work Health and Safety Sector Plan. The plan requires agencies to adopt the principles from the Public Service Commission’s Creating Positive and Productive Workplaces guideline. It also requires each agency to:

- adopt a robust plan for preventing bullying and outlining a clear set of values and behavioural expectations. It also clearly sets out what constitutes bullying, using data and evidence to identify problem areas, and promoting early intervention
- engage in active leadership to demonstrate due diligence requirements when managing workplace bullying
- implement workplace policies and procedures that ensure timely resolution of bullying incidents.

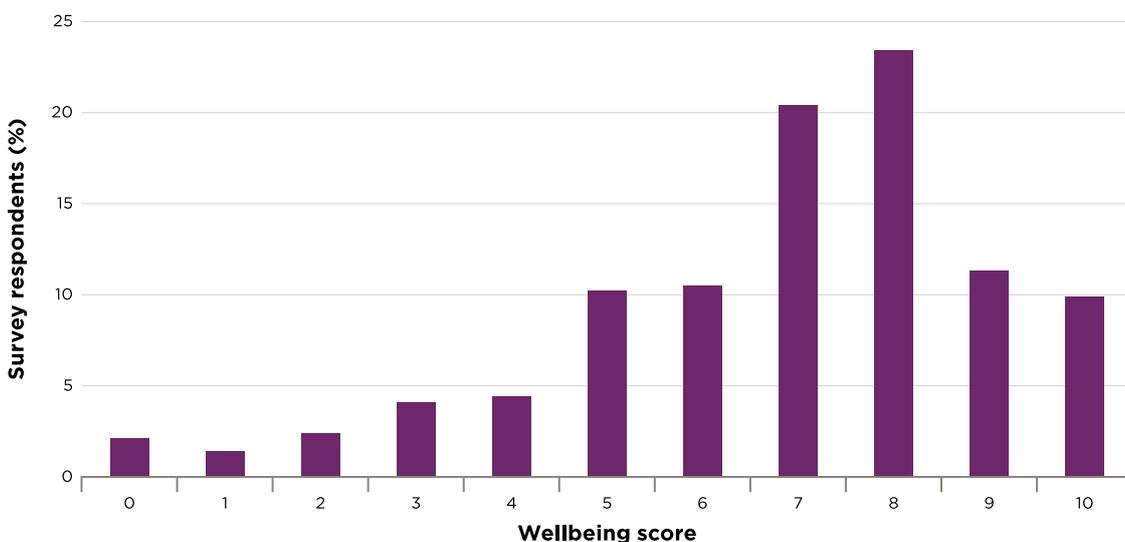
Wellbeing and fulfilment at work are closely but not perfectly related

The 2019 People Matter survey marked the first time respondents were asked about their subjective wellbeing. When answering the questions, they were encouraged to think about how happy, healthy and fulfilled they were in their work and life more generally. The good news is that the majority rated their wellbeing at seven or more on a scale of 0 to 10 (see Figure 3.6), indicating a normal or above-normal level of wellbeing. But the challenge of supporting the quarter of employees who rated their wellbeing at five or less remains.

Figure 3.6

Source: People Matter Employee Survey (2019)

Distribution of wellbeing scores



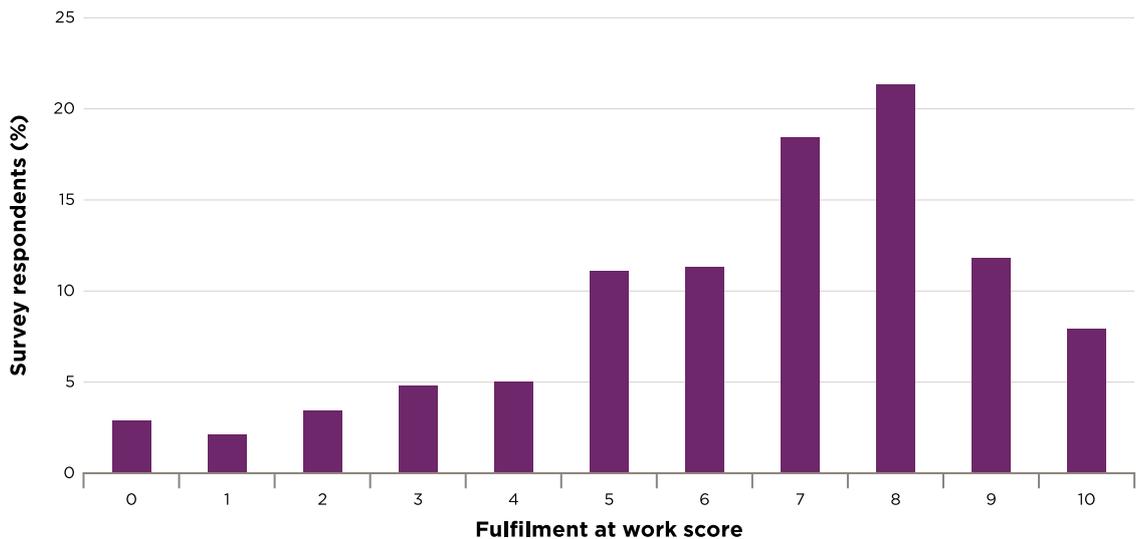
18. Feijó et al. (2019)

19. Feijó et al. (2019); Samnani and Singh (2012)

While there was a strong correlation between wellbeing and fulfilment at work²⁰, a separate People Matter survey question on fulfilment at work achieved lower scores overall than a question on general wellbeing (compare Figure 3.7 with Figure 3.6). This suggests that work and general life wellbeing do not always go hand in hand. However, the link to employee engagement was stronger for work fulfilment than for general wellbeing.

Figure 3.7 Distribution of fulfilment at work scores

Source: People Matter Employee Survey (2019)



One of the more interesting findings to emerge was the effect on wellbeing of experiencing or witnessing bullying. It appears that witnessing bullying, or at least being in a workplace culture where it is present, could be as detrimental to someone’s wellbeing as actually experiencing bullying (see Figure 3.8).²¹ Further, employees who both experienced bullying and witnessed others being bullied reported lower levels of wellbeing than those who had either experienced bullying or witnessed it. This broad impact of bullying on employees is consistent with research²², and provides an even greater impetus to reduce bullying in public sector workplaces.

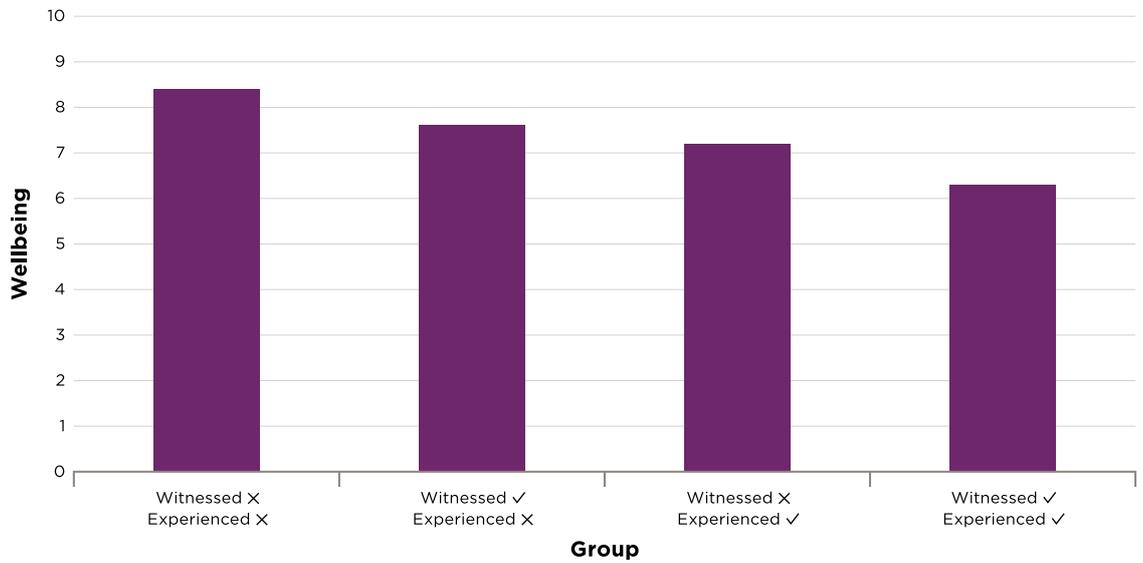
20. $r = 0.737$

21. This relationship may not be completely causal. Other variables (e.g., stressful work environments) may increase the likelihood of both experiencing bullying and poorer wellbeing.

22. Samnani and Singh (2012)

Figure 3.8 Relationship between bullying and wellbeing

Source: People Matter Employee Survey (2019)



While the sector has realigned to place citizens at the centre of everything it does, this chapter shows the importance of acknowledging the experiences of employees and the workplace cultures that shape and influence their experiences. After all, positive employee experiences translate to positive customer experiences.²³



23. Harter, Schmidt and Hayes (2002)



Education is supporting staff by tailoring the employee assistance program to their needs

The Education cluster's new employee assistance program (EAP), called EAP – Supporting You, is a major initiative to improve the wellbeing of staff in Education through a variety of tailored counselling and support services.

In 2016, the Department of Education found that while the cluster's EAP was viewed as a valuable support service by staff, it was not always tailored to the needs of different groups, such as office staff, teachers and principals or to the varied school and workplace settings across the state.

The Department developed the Supporting You pilot program in response. The pilot, involving over 30% of schools, commenced in August 2017. The psychologists and counsellors delivering the services in the pilot were given specific training to better understand the needs of staff in the schools involved in the pilot, including day-to-day challenges.

An evaluation of the pilot program found that its impacts were overwhelmingly positive. The Department expanded the program to the whole Education cluster in April 2019.

The tailored services in the program include:

- Personal support: Support for personal matters or work issues.
- Leadership support: Coaching and support for leaders.
- New teacher support: Counselling and support for new graduate teachers within their first year of employment.
- Professional development support: Wellbeing based professional development sessions to empower staff to improve their personal and professional wellbeing.
- Special education support: Proactive support for schools by psychologists experienced in supporting staff with students diagnosed with a disorder or disability.
- Post incident support: Immediate onsite counselling support for employees and others involved or affected by a work-related traumatic incident.
- Rural and remote support: Proactive support for schools provided by local psychologists who have an in depth understanding and connection to the local cultures and communities they are supporting.

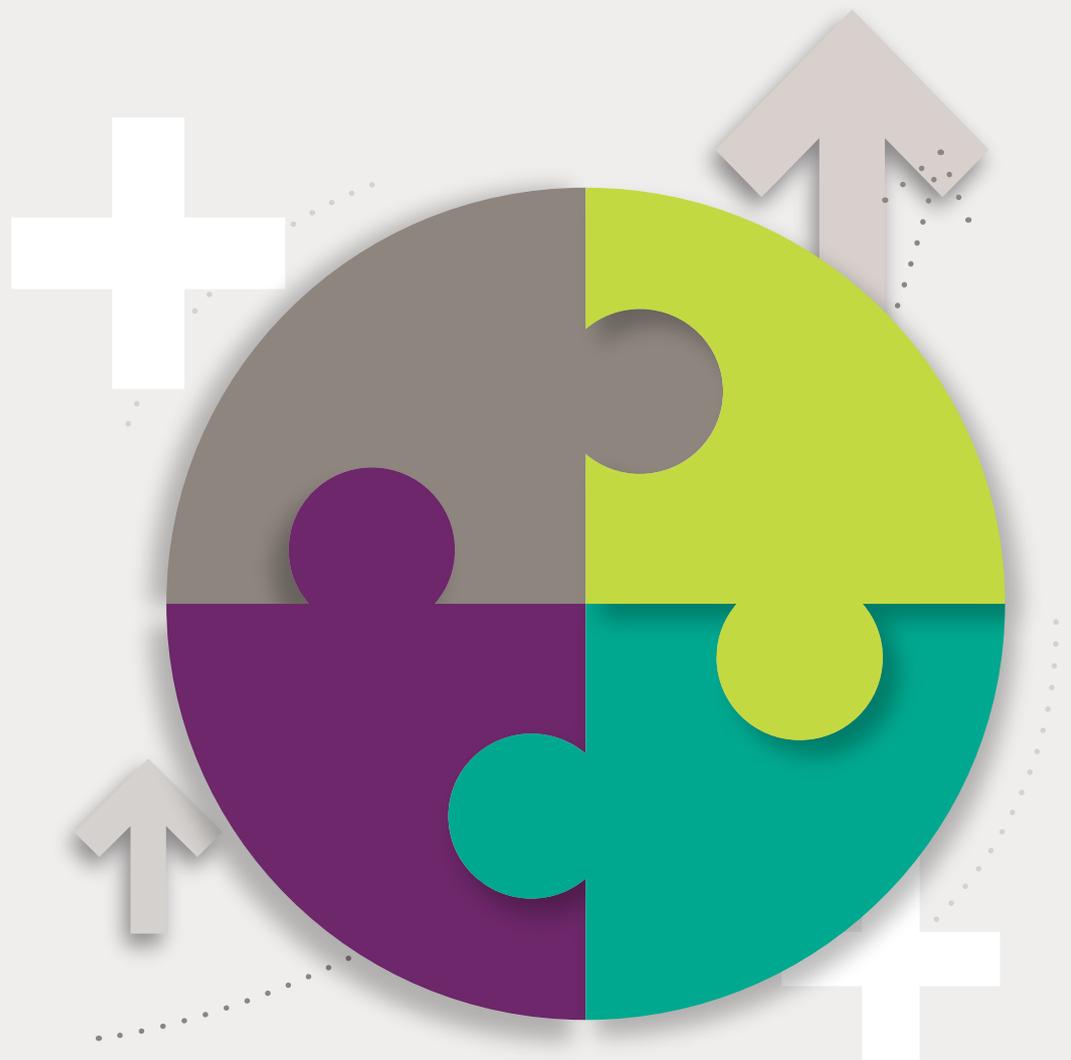
The department provides a comprehensive induction program to all new psychologists and counsellors who deliver EAP – Supporting You services. This helps them connect with and tailor services to staff by better understanding the varying locations, settings and roles of staff within education.

A wide-ranging communication strategy continues to increase awareness of the EAP – Supporting You services across Education. This includes a dedicated intranet site, promotional video explaining each of the different services and information packs provided to all schools and workplaces.

The EAP – Supporting You program is scheduled to undergo a comprehensive evaluation soon. This will help determine if the current program is meeting the wellbeing needs of staff working in Education and enable further tailoring of services in the future.

Chapter 4

Fostering inclusion and diversity



Diversity and inclusion are two pillars in the Premier's Priority of achieving a world-class public service. This chapter touches on many aspects of diversity, particularly women in senior leadership, Aboriginal peoples, and people with disability. It also discusses the importance of fostering inclusive workplaces, and how flexible working can support this.

Inclusion in the workplace helps diversity flourish

Diversity refers to the seen and unseen characteristics that make each individual different. For the public sector, a diverse workforce is one that reflects the breadth of differences within the community it serves. But a diverse workforce alone does not equate to a successful workforce. To realise the benefits of diversity, it must also be inclusive.

In an inclusive workplace, the culture, leadership, systems and work practices help employees feel safe. It also encourages them to be open, and to be themselves. Inclusion enables genuine participation and contribution, regardless of seen and unseen individual differences.

A diverse and inclusive workforce has several potential benefits, including:²⁴

- more innovation in problem solving and decision making, as a result of sharing diverse ideas and avoiding groupthink
- improved productivity and performance, because people aren't wasting mental effort on hiding who they are
- better customer service, because diverse employees are better able to recognise the needs of their diverse customers, and deliver services to meet these needs.

Encouragingly, the scores from several People Matter survey questions related to inclusion increased from 2018 to 2019 (see Table 4.1).

Table 4.1

Employee perceptions of workplace inclusion, 2019 vs 2018

Question	2019 (% positive)	Change from 2018 (pp)
My manager listens to what I have to say	76.4	0.8
My manager encourages and values employee input	72.8	0.7
My organisation respects individual differences (e.g. cultures, working styles, backgrounds, ideas)	77.1	1.5
Personal background is not a barrier to success in my organisation	76.1	1.0
I am able to speak up and share a different view to my colleagues and manager	68.7	1.6

Source: People Matter Employee Survey (2018, 2019)

Everyone has a part to play in making their workplace inclusive. Fostering inclusion and diversity requires an active commitment from, and ongoing conversation among, staff members at all levels of an agency. In particular, senior leaders and people managers need to role model inclusion in their day-to-day actions and decision-making processes, such as those relating to hiring and promotions. The Rainbow Connection staff network at the Department of Planning, Industry and Environment is an example of a staff-led, grassroots initiative that is creating a more inclusive workplace where staff members can be their genuine selves.

24. Deloitte (2011); Mor Barak et al. (2016); NSW Public Service Commission (2018)



Building a network of LGBTIQ+ peers and allies through The Rainbow Connection

The Rainbow Connection is a staff network that aims to inspire and empower LGBTIQ+ staff members and connect them with allies. It helps to ensure that all members of LGBTIQ+ communities can be their genuine selves, and that their sexuality and gender identity have no impact on workplace participation.

Staff members formed The Rainbow Connection as a grassroots initiative in 2017. Senior leaders in the Department of Planning, Industry and Environment support the network, but its success is mainly due to the passion, energy and commitment of its members.

The network distributes regular newsletters about issues affecting LGBTIQ+ communities, runs events, provides peer support, and advocates on behalf of LGBTIQ+ colleagues across the cluster.

To inspire staff, The Rainbow Connection works to create equal and inclusive workplaces through positive reforms. For instance, it advocated adopting gender-neutral language in the Department of Planning, Industry and Environment and including LGBTIQ+ in the diversity inclusion statement at the start of job advertisements.

Through its communications, The Rainbow Connection draws attention to issues faced by members of LGBTIQ+ communities. It also celebrates important days, such as the International Day Against Homophobia, Biphobia, Interphobia and Transphobia; World AIDS Day; Wear it Purple Day; Mardi Gras; and Transgender Day of Remembrance.

The Rainbow Connection proudly entered a float in Mardi Gras for the first time in 2019. The float included 50 public servants who are members of the network and was led by Carolyn McNally, then Secretary of the Department of Planning and Environment.

A staff survey following Mardi Gras was overwhelmingly positive about the impact on those involved and the wider workplace. The float helped staff members connect with other LGBTIQ+ peers and allies, opened up dialogue and contributed to a sense of inclusion in the workplace.

“ The Rainbow Connection is an amazing community group and initiative that provides a place of support, safety and belonging.”

Network member

The Rainbow Connection has grown from 30 members at its inception to more than 250 members. It was started in Sydney but has expanded to include staff in regional and remote locations, where issues faced by LGBTIQ+ peoples may be amplified by isolation. Work is underway to use what has been learnt so far to establish a sector-wide LGBTIQ+ network.

Representation of women in senior leadership is above 40% for the first time

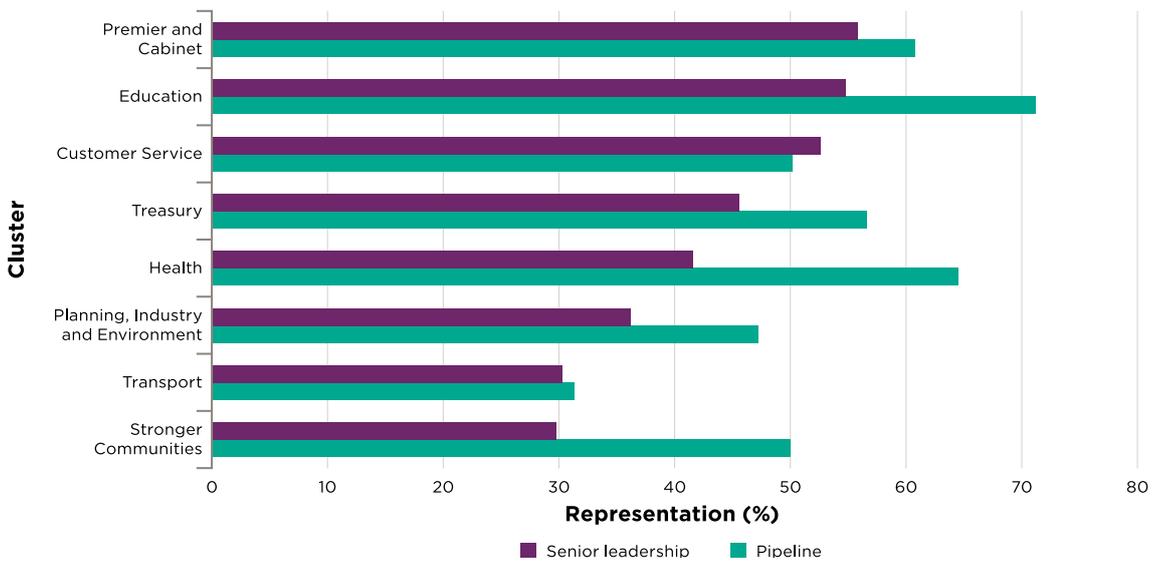
One of the targets of the Premier’s Priorities is to reach 50% female representation in the government sector’s senior leadership cohort by 2025. In 2019, representation reached more than 40% for the first time since the priority was announced. This is a major achievement for the sector, but there is still considerable variability across clusters. There are some overperformers and some underperformers among clusters (see Figure 4.1), and an overall acceleration is required to reach equality by 2025.

Figure 4.1

Representation of women in government sector senior leadership and the pipeline, by cluster

Source: Workforce Profile (2019)

Note: The leadership pipeline comprises employees at grades 9/10 and 11/12 (and equivalent). For Education and Health, the pipeline includes many teachers and nurses, respectively.

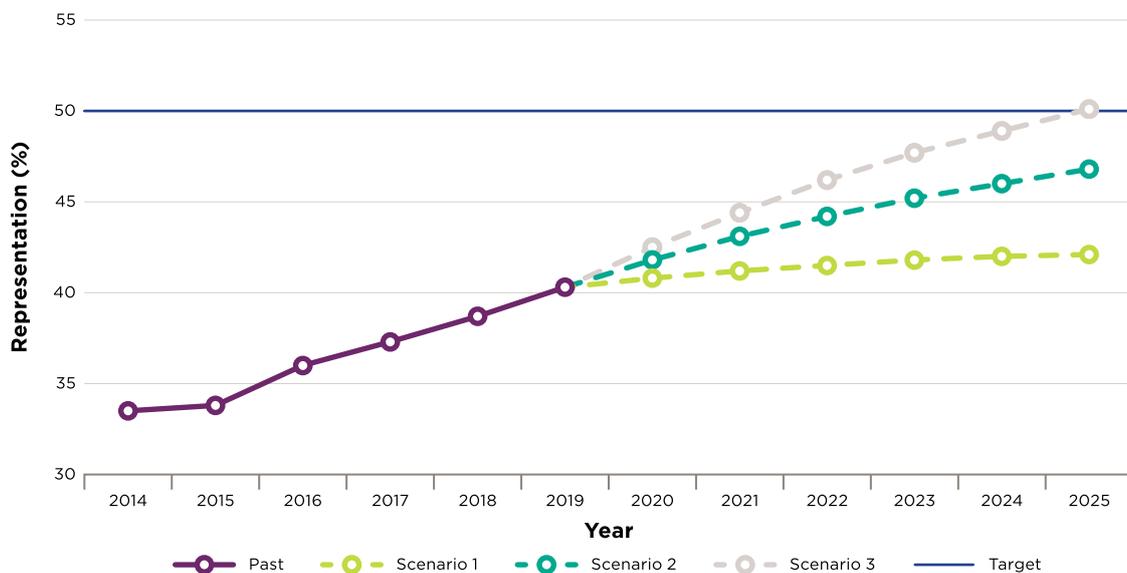


The PSC has used Workforce Profile data to forecast the likely level of representation of women in senior leadership by 2025, under three different scenarios (see Figure 4.2).²⁵ If the sector continues with its current hiring rate of roughly four female senior leader hires for every 10 senior leader hires (Scenario 1), the representation of women in senior leadership in 2025 will be 42.1%, short of the 50% target. Even if the high-performing clusters continue with their current hiring rates and all other clusters immediately achieve a hiring rate of five out of 10 (Scenario 2), the level of representation will only reach 46.8%. To hit the 50% target by 2025, the government sector needs to reach and sustain a hiring rate of six out of 10 until the 2025 targeted deadline (Scenario 3).

25. Due to time constraints, the PSC conducted this analysis with the old cluster structure (10 clusters). However, the PSC does not expect the projections to change much with the new cluster structure (eight clusters).

Figure 4.2 Projections to 2025 of the representation of women in government sector senior leadership

Source: Workforce Profile (2014–2019)



Initiatives currently in place to improve the representation of women in senior leadership include:

- having at least one woman on all executive recruitment shortlists, and a stretch target of 50% women on all shortlists
- including diversity and inclusion key performance indicators (KPIs) in senior executive performance plans
- implementing flexible working practices across the sector.

The Secretaries Board has established a male champions of change program to further drive momentum. The aim of the program is to engage male leaders in the sector to work alongside women to promote gender equality. Research has supported the view that men can play a pivotal role in helping change the experiences of women in the workforce.²⁶

In a similar space, the PSC is also piloting a career sponsorship program called Opendoors, with the Customer Service and Stronger Communities clusters. This six-month program provides diverse high achievers with opportunities to understand, develop and improve their readiness for more challenging roles, and ultimately join and grow within sector leadership teams. Once the second pilot program concludes in November 2019, the program will be evaluated and refined. Early insights from the evaluation will be shared across the sector to promote uptake in various clusters, encouraging them to engage and mobilise high-potential emerging senior leaders.

On the back of collaborative research by the PSC and the Customer Service cluster's Behavioural Insights Unit, the PSC is also looking at how behavioural 'nudges' might be used to encourage more women to apply for senior leadership roles.

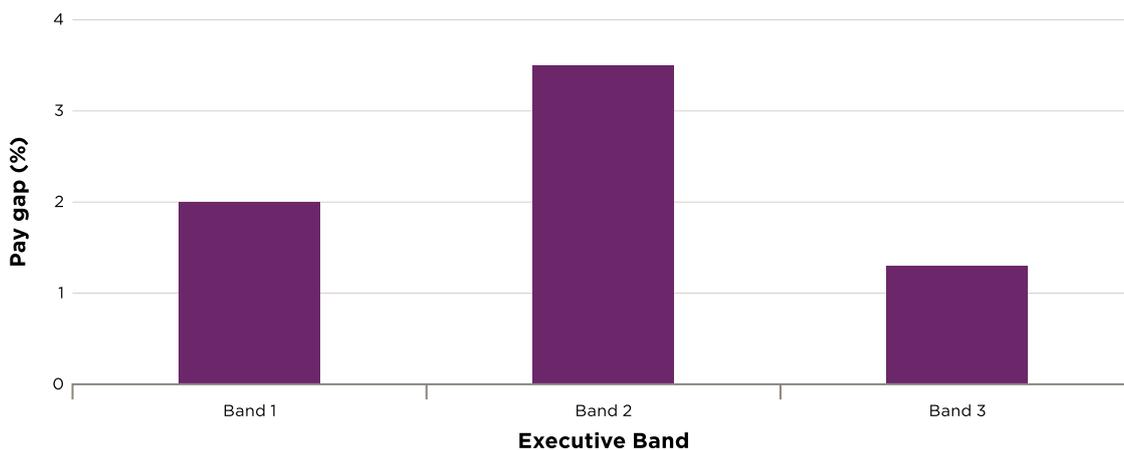
Even when women are successful in winning a senior leadership role, they often face the additional challenge of negotiating their pay. Meeting a commitment made under the NSW Women's Strategy 2018–22 Year One Action Plan, the PSC used Workforce Profile data to review gender pay parity for Band 1–3 executives and equivalent across the government sector.

26. de Vries (2015)

The PSC used the OECD (Organisation for Economic Co-operation and Development) method of calculating the gender pay gap, which measures the difference between the full-time median remuneration of men and women, relative to the median remuneration of men. A by-grade analysis revealed that every band had a pay gap that favoured men (see Figure 4.3), even in female-dominated occupations. The total gender pay gap between male and female executives in Bands 1–3 was 2.2% in 2019, or a difference of \$5,236.

Figure 4.3**Pay gap for Executive Bands 1–3**

Source: Workforce Profile (2019)



The PSC is working with clusters to analyse gender pay equity at the cluster level, and will review this analysis annually to monitor progress in closing the pay gap. Cluster-level data will be reported to the Secretaries Board.

The sector is a leader in Aboriginal employment

The NSW public sector is a national leader in Aboriginal employment, with workforce representation that exceeds representation in the NSW general population and the NSW working population. By attracting and developing Aboriginal employees, the sector can improve the services it provides, and grow social and economic participation in Aboriginal communities.

Another key target of the Premier's Priorities is to double the 2014 baseline number of 57 Aboriginal senior leaders in the government sector by 2025. Progress towards this target remains very strong. At the end of June 2019, the government sector had 98 Aboriginal senior leaders, only 16 shy of the 2025 target. In fact, if the sector continues to hire and promote Aboriginal employees at the current rate, it will achieve the target much earlier than expected.

Progress toward the Premier's Priority target was driven in part by the NSW public sector's Aboriginal Employment Strategy 2014–2017, under which the proportion of the NSW public sector workforce that identifies as Aboriginal increased from 2.9% in 2014 to 3.3% in 2018. The increase continued from 2018 to 2019, with 3.5% of the sector's workforce identifying as Aboriginal in 2019. Unsurprisingly, there is a relationship between the number of Aboriginal people in a cluster's leadership pipeline and the number in the senior leadership cohort (see Table 4.2).

Table 4.2 Representation of Aboriginal people in government sector senior leadership and the pipeline, by cluster

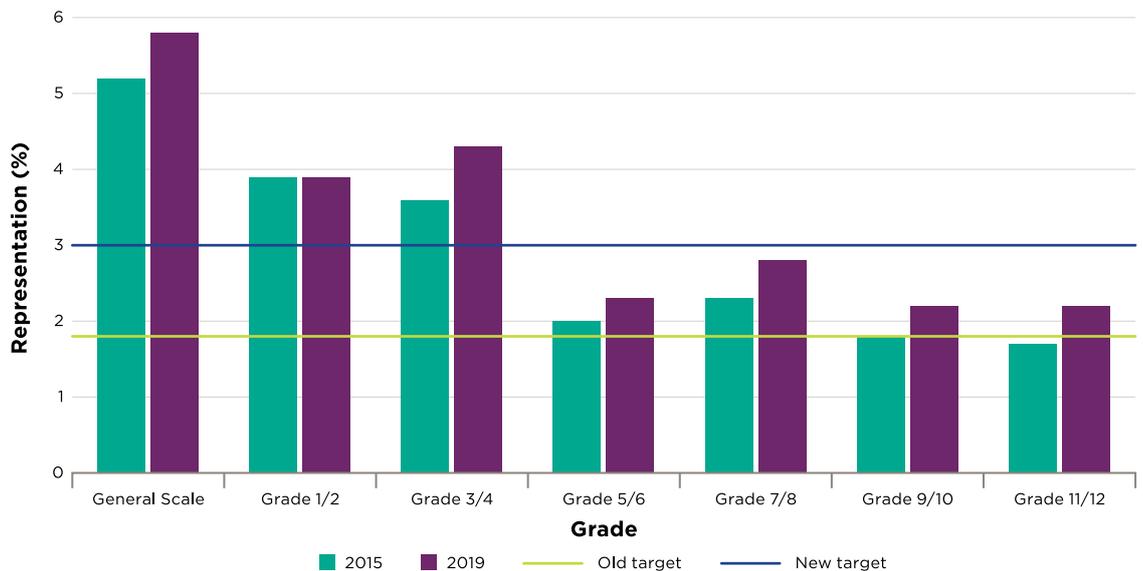
Cluster	Representation in pipeline (headcount)	Representation in senior leadership (headcount)
Education	467	43
Stronger Communities	226	21
Transport	76	16
Health	218	8
Premier and Cabinet	66	5
Planning, Industry and Environment	92	4
Customer Service	26	1
Treasury	2	0

Source: Workforce Profile (2019)

The new Aboriginal Employment Strategy 2019–2025 builds on the success of the previous strategy. It will compel good practice in Aboriginal employment across the sector, and complement other efforts to make the sector a great place to work. The 2014–2017 strategy set what was at the time an ambitious target of 1.8% representation in all non-executive grades. This has now been achieved, and the new strategy extends on this to set a new target of 3.0% representation in all non-executive grades by 2025. The new target has already been achieved at some lower grades (see Figure 4.4), but more work is needed to shore up the leadership pipeline in the higher grades by developing existing employees and bringing new talent into the sector.

Figure 4.4 Aboriginal representation by grade (non-executive) in the government sector, 2019 vs 2015

Source: Workforce Profile (2015, 2019)



Beyond employment targets, a key element of the Aboriginal Employment Strategy 2019–2025 is its focus on growing Aboriginal cultural competency for all employees across the sector. Greater cultural competency enables the sector to provide better services to Aboriginal peoples. It also fosters greater inclusion, helping Aboriginal employees feel culturally safe in their workplaces. Supporting Aboriginal employees to draw strength from their identity, culture and community at work helps make the NSW public sector a place they want to work, ultimately helping the sector continue to grow its Aboriginal workforce.

Legal Aid’s Civil Law Service for Aboriginal Communities demonstrates the benefits of a workforce that reflects the diversity of the community it serves. Here, Aboriginal staff members help to build internal cultural competency and provide better, more customer-centric services to clients.



Aboriginal employees vital to success of Civil Law Service for Aboriginal Communities

In 2019, Aboriginal representation in Legal Aid NSW’s workforce was around 6%, with the agency aiming to reach 11% by 2023. Notably, Aboriginal people comprised around half of Legal Aid’s Civil Law Service for Aboriginal Communities (CLSAC) workforce.

Established in 2013, CLSAC provides legal assistance to Aboriginal peoples and communities, mainly in regional and remote areas of NSW, where access to legal help can be limited.

Many Aboriginal people face multiple disadvantages that can compound each other. For instance, around 80% of CLSAC’s clients experience one or more disadvantages, including homelessness, unemployment and disability. To address this, CLSAC helps with common legal problems such as barriers to housing, disputes with Centrelink, discrimination, unfair consumer contracts and unethical practices of traders. Left unresolved, these issues can lead to further disadvantage.

CLSAC’s staff members are respectful, diligent and compassionate. They understand the factors underlying their clients’ experiences, which encourages clients to talk more openly about their needs and issues. CLSAC meets with members of the community in locations that suit the community. They share food and build relationships as the same staff members return to the same community.

Aboriginal employees play a vital role in CLSAC’s unique service delivery approach, bringing a deep knowledge, respect and understanding of the Aboriginal communities CLSAC serves. These skills – particularly when combined with legal health checks to help uncover the range of issues clients face and a team of lawyers, financial counsellors and project officers – help CLSAC successfully affect positive change on multiple levels.

“ ... this service has helped and spoken to [us] ... represented [us] and sat with us one on one in our community. Plus it has been a constant service we all ... rely and depend on.”

CLSAC client

CLSAC’s cultural and client-centred approach to service delivery, grounded in its Aboriginal workforce, has achieved almost \$2.5 million in financial benefits for clients. It has also delivered countless non-monetary benefits, such as helping people retain their housing, get essential repairs and maintenance completed, and have their driver’s licence reinstated.

In addition to securing individual outcomes, CLSAC helps build the capabilities of Aboriginal communities and service providers to identify and manage legal problems. It achieves this by weaving legal education into its client and community engagement and using accessible language to discuss legal issues. Strengthening these capabilities helps tackle systemic issues and contributes to law reform.

Led by its Aboriginal staff members, CLSAC has created a strong foundation of Aboriginal cultural competency among its team and Legal Aid more broadly. Identified roles and Legal Aid's flexible working policy – which recognises the importance of cultural and family needs – have improved employee attraction and retention. In turn, Aboriginal staff members create a sense of pride in the communities they work in, as they deliver services in culturally appropriate and respectful ways.

Legal Aid has evaluated CLSAC's service and found it to be an ideal example of a mainstream service successfully working with Aboriginal clients and communities. CLSAC is now exploring ways of further increasing Aboriginal peoples' access to legal services in NSW.

Disability representation has stabilised but is far too low

A substantial whole-of-sector effort is required to increase employment for people with disability across the workforce. Driven by the Premier's Priority of delivering a world-class public service, the sector has renewed its commitment to bring about real change in this area. The priority aims to increase the representation of people with disability in the government sector to 5.6% by 2025, more than doubling the current figure.

The fact that the downward trend in representation over the past 10 years has levelled at 2.5% is encouraging. This may reflect more existing employees disclosing their disability status rather than more people with disability entering the sector, considering people with disability had a higher sector exit rate (9.4%) than commencement rate (6.7%) in 2019.²⁷

Any strategy to increase disability representation will require the sector to attract people with disability to work in the sector, while at the same time addressing the tendency for existing employees to under-report their disability status.

Disclosing disability is a personal choice, and employees with disability – especially those with hidden or cognitive disabilities – may feel that disclosing their disability could place them at a disadvantage in the workplace. While the disability rates from the anonymous People Matter survey are consistently higher than those from the Workforce Profile – which draws data from agencies' HR systems – the rate from the 2019 survey (2.9%) was still very low compared with that in the wider NSW working population (8.5%). The sector will need to create inclusive workplaces where employees feel safe and supported to disclose their disability. It will need to do so at pace.

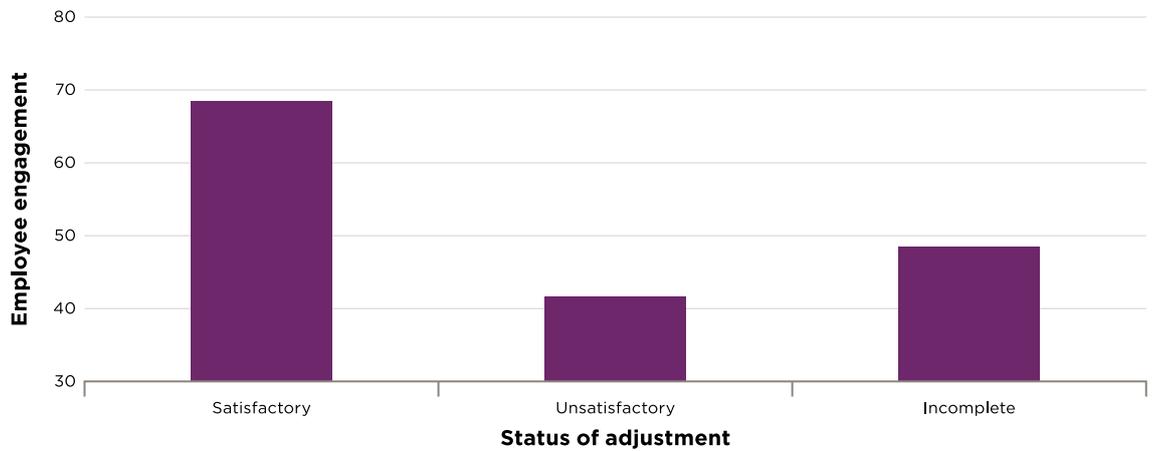
Improving accessibility and inclusion practices during recruitment will help reduce the barriers that people with disability often encounter when they try to enter the sector. Accessibility adjustments and alternative assessments during the recruitment process can enable candidates with disability to participate equally with others, and successfully show how they meet the capabilities of a role.

Once a person with disability has entered the sector, it is critical that they receive any adjustments to participate fully at work in a timely manner, and that these adjustments are monitored over time to ensure they continue to be effective. The 2019 People Matter survey revealed an existing area of concern: of the people who said they needed an adjustment at work, around 36% said that the adjustment was either unsatisfactory or incomplete. This reveals a clear opportunity for strong action, especially since reasonable adjustments can make a big difference to an employee's engagement and experience at work (see Figure 4.5).

27. The exit and commencement rates for the broader sector were 6.4% and 9.6% respectively in 2019.

Figure 4.5 Employee engagement by success of reasonable adjustment

Source: People Matter Employee Survey (2019)



The PSC has begun to coordinate a centralised program of work to target employment initiatives, build evidence and support departmental and agency-level disability employment actions. This includes developing strategic communications resources, supporting implementation and creating more opportunities for cross-sector collaboration and practice sharing. Projects currently underway focus on improving:

- leadership capability and championship of disability inclusion
- the recruitment experience for candidates with disability
- awareness, knowledge and skills among hiring managers and human resources professionals
- access to alternative employment pathways and alternative assessment processes
- accessibility in workplaces, ICT systems and tools, and timely delivery of workplace adjustments.

Flexible working supports inclusion and diversity

Flexible working is about rethinking where, when and how people work, in ways that maintain or improve service delivery for the people of NSW. The sector is working towards making all roles flexible on an 'if not, why not?' basis, in line with the NSW Government's policy commitment announced in March 2016.

The sector should be commended on its progress to date. In March 2019, all agencies across the government sector self-assessed their progress towards this commitment, using a Flexible Implementation Tracker (FIT).

The FIT helps agencies objectively gauge and compare their progress across five key areas defined in the Make Flexibility Count framework: culture and mindsets; skills and experience; communications and awareness; application and implementation; and technology and systems. The FIT produces a score for each key area, based on whether maturity in the area is ad hoc, consolidated or embedded. The same three classifications are used to reach a total score, and each agency can access a customised change playbook to help it build on those figures.

The baseline March 2019 assessment indicated that although there were pockets of excellence in the sector, the sector's overall approach to flexible working remained largely ad hoc. Most agencies reported they had some initiatives in place, but these were sporadic, reactive and accommodating, rather than part of an agency-wide strategy or business imperative. Technological, industrial and environmental barriers were considerable.

However, by September 2019, when the assessment was conducted again, agencies had made progress. Leveraging a centralised program involving tools, resources and implementation support, the majority of agencies reported that flexible working practices are now more likely to be role modelled by leaders and managers. Agencies are also considering their current work, their workplace design and the workforce planning needed to support flexibility, and investing in other enablers such as technology.

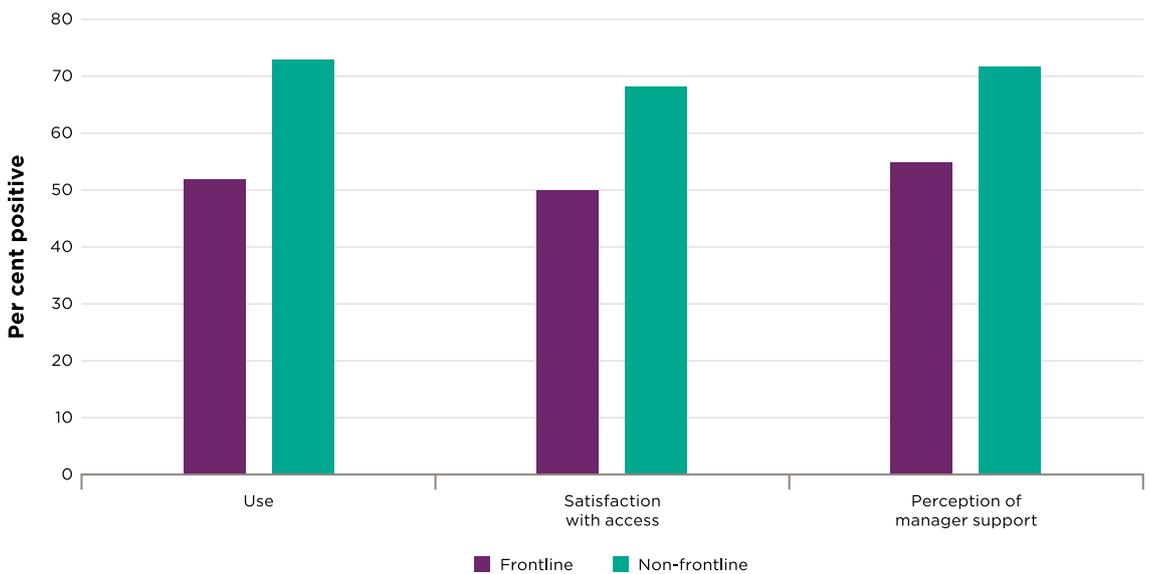
This bears out in the People Matter survey results. From 2018 to 2019, there was an increase of 2.1 percentage points in the number of survey respondents reporting that they use one or more flexible working arrangements. Survey respondents' satisfaction with access to flexible work increased by a negligible 0.1 percentage points over the same period. This could reflect a greater awareness of the options employees have but don't use.

The survey results also provide strong evidence that the rollout of flexible work to frontline roles is less mature than in non-frontline roles. Frontline survey respondents are less likely than their non-frontline colleagues to use flexible working arrangements. They also rate their satisfaction with access to flexible work – and their perceptions of managerial support for it – much lower (see Figure 4.6).

Figure 4.6

Employee use and perceptions of flexible working arrangements, frontline vs non-frontline

Source: People Matter Employee Survey (2019)



Flexibility should be as much an option for frontline employees as it is for office-based staff members. However, taking advantage of it may require more planning, and the menu of options may be smaller. Local Land Services is an example of an agency that has successfully introduced flexibility to a primarily frontline, geographically dispersed regional workforce, while ensuring sustained or improved outcomes for its customers.



Local Land Services makes success of flexible working

Local Land Services (LLS) is a regionally based agency that helps to secure the future of agriculture and the environment for the communities of regional NSW. It has more than 1,000 staff members in 97 locations across the state and does not have a head office.

LLS recognised that flexible working – such as working from home or varying work hours – can benefit its staff and customers. It allows staff members to spend more time with their families, while also being available throughout the week to meet customers' needs. The model also means staff members are ready to act during emergency response situations such as bushfires, floods and drought.

Importantly, staff members can take regular breaks from work to maintain good mental health. This is particularly important because the communities they serve have been dealing with distressing situations such as long-term drought and bushfires.

Flexibility is even built into work locations, with many new job offerings advertised across the state rather than being limited to a specific region. For example, the current LLS Chief Executive Officer, David Witherdin, is based in Newcastle, but the closest team member is 200 kilometres away in Merriwa and his Executive Assistant is 600 kilometres away in Walgett.

Team members maintain close working relationships using technology such as video conferencing. The availability of flexible work practices has also enabled LLS to attract and retain a highly skilled workforce in regional areas, where roles are often hard to fill.

Trust, supportive senior executives and digital capability have meant the model has been very successful at LLS. Overall, 87.3% of LLS said they were satisfied with their access to flexible work arrangements in the 2019 People Matter survey, almost 30% higher than in the broader public sector.



Done well, flexible working contributes to a range of better workplace indicators for employees. For example, analysis of 2019 People Matter survey data shows that employees working flexibly are more engaged than those who are not (see Table 4.3). These employees are also more likely to be able to keep their stress at an acceptable level, to have a positive sense of wellbeing, and to see their life at work as fulfilling.

Table 4.3 Relationship between flexible work and employee engagement and wellbeing

Question or topic	Work flexibly	
	Yes	No
Employee engagement	67.6	63.0
I am able to keep my work stress at an acceptable level (% positive)	65.1	55.6
General wellbeing (/10)	8.0	7.6
Work is fulfilling (/10)	7.7	7.3

Source: People Matter Employee Survey (2019)

For organisations, flexible working options can help control office costs and, as discussed in the 2018 edition of this report, reduce the amount of paid unscheduled absence (or unplanned leave) among employees. It can also create a more compelling employee value proposition to attract and retain top talent, and thereby manage succession planning.

The policy-focused work undertaken to date has made inroads, but further effort is necessary to gain real traction, particularly in frontline workforces. Agencies will now need to plan how the momentum gained through the centralised project will be embedded in diverse operational contexts.

Making flexible working available to anyone for any reason allows agencies to deconstruct old biases about 'ideal workers' who are always present and only work in conventional ways – a bias that prevents the sector from building a culture of inclusion and diversity. As such, flexible working is a powerful part of the mix for agencies seeking to address a range of workforce challenges, including faster progress towards the sector's inclusion and diversity goals.

Chapter 5

Growing capability



The world-class public service envisioned by the Premier’s Priorities needs a highly capable workforce. This chapter discusses leadership, the importance of good recruitment and employee mobility practices, employee learning and development, and collaboration.

Leadership matters to employees

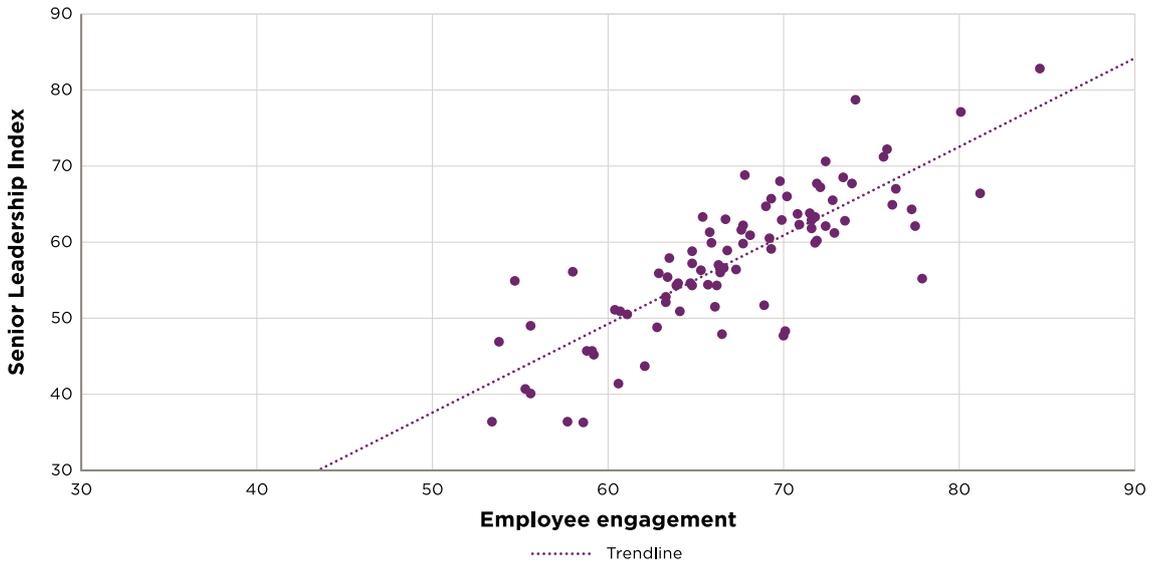
The impact of leaders on organisational performance cannot be underestimated. Leadership is key in setting direction, executing strategy, shaping culture and capability, inspiring purpose and delivering results. This can be seen in the relationship between employee perceptions of senior leaders and employee engagement (see Figure 5.1). At the agency level, higher engagement is associated with more favourable perceptions of leaders.

Figure 5.1

Relationship between employee engagement and employee perceptions of leaders

Source: People Matter Employee Survey (2019)

Note: Each data point represents an agency, and the dotted line is the trendline. The Senior Leadership Index is an aggregate of answers to four questions about senior managers from the People Matter survey.



The People Matter survey includes nine questions on how employees view their leaders – who are referred to as ‘senior managers’ in the survey. Between 2018 and 2019, scores for eight of the nine questions improved, while one decreased by a small amount. The largest improvements were in the areas of change management and leaders modelling values – for which the sector’s leaders should be commended.

The small decrease involved a question about leaders communicating the importance of customers and clients. This is slightly concerning given the government’s push to put customers at the centre of delivery. However, it may simply reflect a broader awareness of this customer-centric approach among employees and increasing expectations of delivery to customers.

Table 5.1 Employee perceptions of the qualities of senior managers, 2019 vs 2018

Question	2019 (% positive)	Change from 2018 (pp)
I believe senior managers provide clear direction for the future of the organisation	50.6	1.2
I feel that senior managers effectively lead and manage change	47.3	1.5
I feel that senior managers model the values of my organisation	52.0	2.0
Senior managers encourage innovation by employees	50.9	0.8
Senior managers promote collaboration between my organisation and other organisations we work with	52.8	0.5
Senior managers communicate the importance of customers/clients in achieving our business objectives	61.4	-0.4
I feel that senior managers keep employees informed about what's going on	48.4	1.0
I feel that senior managers listen to employees	44.1	0.8
Senior managers in my organisation support the career advancement of women	61.1	0.8

Source: *People Matter Employee Survey (2018, 2019)*

A common theme of some of the case studies in this report is the importance of leadership in enabling employees to embrace risk and experiment, adopt new ways of working, and deliver for customers. From these case studies, it is clear that leadership needs to be visible, courageous and empowering at all levels of the organisation.

The Secretaries Board has taken stock of what it means to be a leader, so it can help upcoming leaders to develop the qualities they need for the work of the future. The new stewardship and leadership impact framework summarises the mindset, attributes and key capabilities required of public sector leaders (see Figure 5.2). The framework will be used to guide the evolution of the NSW Leadership Academy and extend its reach across the sector.²⁸

28. The Leadership Academy, established in 2015 and led by the PSC, promotes excellence in leadership by enhancing the skills and capabilities of existing and emerging leaders through a unique suite of development programs.

Figure 5.2 Stewardship and leadership impact framework

Mindset and attributes



COLLABORATIVE

Values the advice, input and contributions of others



INCLUSIVE

Seeks the views of others, and respects and leverages diversity



GROWTH MINDSET

Self-aware and committed to personal growth and life-long learning



ADAPTABLE

Comfortable with ambiguity, complexity, change and transitions



EMPATHETIC

Strong interest in the needs, motivations and welfare of others



AUTHENTIC

Communicates honesty, effectively and genuinely



IMAGINATIVE

Looks for possibilities and opportunities for creativity and innovation



INVITES CHALLENGE

Is courageous and open to being challenged, and encourages genuine debate



STRIVING

Shows drive and motivation in the public interest



ACCOUNTABLE

Takes responsibility for performance and delivery. Role models initiative



OUTCOMES-FOCUSED

Thinks in a citizen-centric way and prioritises work for the greatest impact

Leadership impact

Personal impact

Leading for positive impact on others – people, teams, peers and leaders

Results impact

Achieving agency and citizen outcomes through strategy, management and measuring results

Systems impact

Creating the right environment, processes, systems and ways of working for efficiency, adaptability and collaboration

Public value impact

Increasing trust, engagement and the perception of public value among citizens

Impact on culture

Models and supports positive workplace culture

Leads a high-performance workplace culture

Activates levers for change across systems, boundaries and ways of working

Works with other leaders to steward a world-class public sector for NSW

The 2018 edition of this report discussed the importance of leading through a broad people management team, particularly in larger organisations.²⁹ One important function of such a team is recruiting and developing people who have the qualities and capabilities to help an organisation meet its current and future objectives.

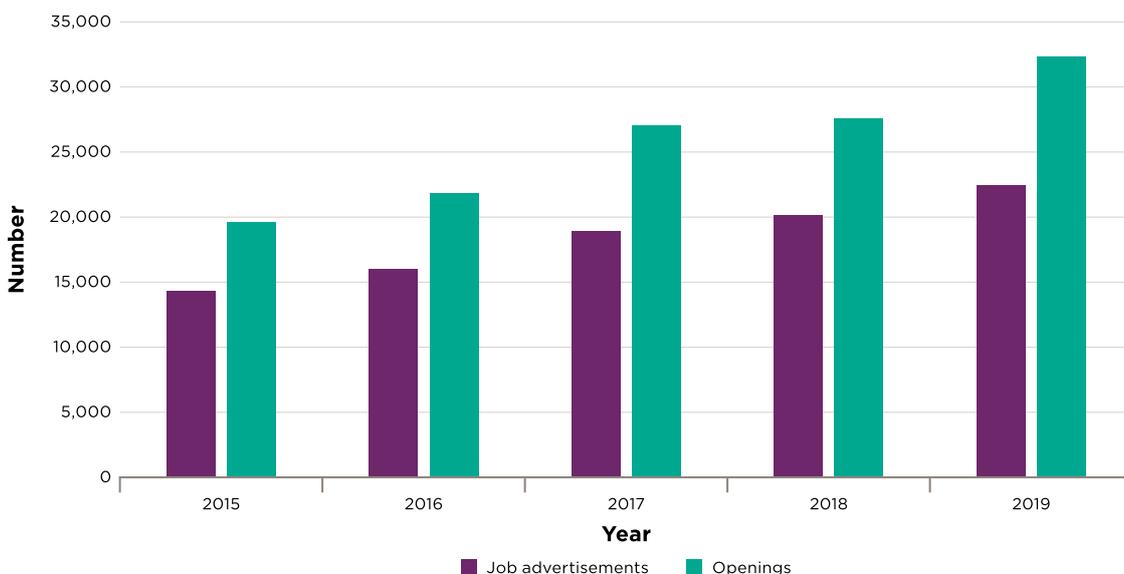
Recruitment and mobility practices are improving but still need attention

Growing the sector’s capabilities means recruiting the right people to deliver a world-class public service. Recruitment is an important, high-volume activity for the sector, which is the largest employer in Australia. In 2019, nearly half a million applications were submitted through the I Work for NSW recruitment system.³⁰ The system hosted around 22,000 job advertisements and 32,000 job openings in 2019, the highest annual numbers ever (see Figure 5.3).³¹ Around 24,000 applicants won a job in the NSW public sector in 2019.

Figure 5.3 Job advertisements and openings, 2015–19

Source: Recruitment data collection (2015–19)

Note: A single job advertisement may advertise one or more openings (or vacancies), which is why there are more openings than advertisements.



The scale of recruitment in the sector prompted the 2018 Review of NSW Public Service Recruitment Reforms (the Recruitment Review). Through its programs of work, the PSC is implementing the recommendations made by lead reviewer, Lynelle Briggs AO. The recommendations fall into five categories:

- fostering a workforce for the future
- improving technology and data
- driving more robust recruitment decision making
- enabling mobility
- providing positive experiences for candidates.

29. Jensen, Moynihan and Salomonsen (2018)

30. Recruitment data figures are currently limited to agencies that use the I Work for NSW recruitment system (exceptions include agencies in the Health cluster and Planning, Industry and Environment cluster).

31. A single job advertisement may advertise one or more openings (or vacancies), which is why there are more openings than advertisements.

Employee perceptions of recruitment are poor according to the 2019 People Matter survey. Only 38.9% of survey respondents said they have confidence in their organisation’s recruitment decisions, and 54.5% said their organisation selects capable people. Though these scores were improvements on the 2018 scores, they are still too low. Further, more than one in five respondents said they hadn’t moved to a new role because the recruitment process was too cumbersome or time-consuming. And this doesn’t even include external candidates who anecdotally are less familiar with public sector recruitment processes.

Due to poor perceptions of recruitment processes, the PSC undertook fieldwork to see how the findings and recommendations of the Recruitment Review apply across the NSW public sector. The PSC spoke with a cross-section of hiring managers, HR practitioners and internal candidates to understand their perspectives on recruitment. This included experience as users of the relevant tools, systems and frameworks that drive the recruitment process. The fieldwork provided important insights relating to candidate assessment, selection and care, and interactions between HR and hiring managers. It also showed that the sector needs to be more strategic about recruitment.

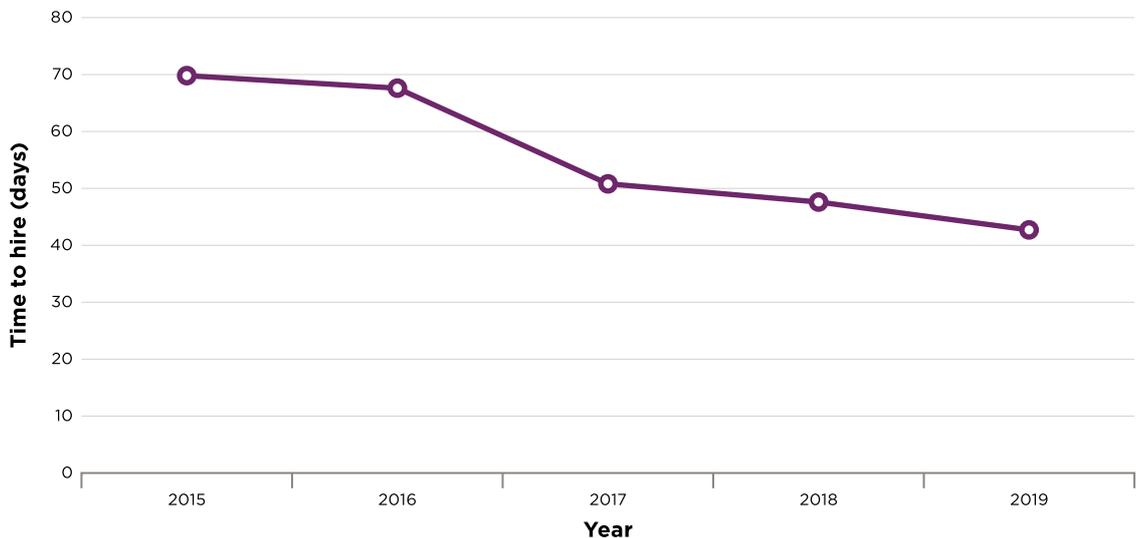
There is little awareness of the best types of assessments to use, and how to interpret the results of the assessments. Some hiring managers are confused about how to weigh the relevant factors when making a recruitment decision, particularly if a candidate does not demonstrate all the focus capabilities at the required level. Many believe an assessment of capability to be the sole factor in decision making. However, assessing a candidate’s fit for a role requires the hiring party to exercise discretion when considering the candidate’s knowledge, experience, capability fulfilment and fit in the organisation’s culture.

Time to hire, a measure of efficiency of recruitment processes, has decreased consistently since 2015 (see Figure 5.4). This improvement should be applauded, but fieldwork interviews and anecdotal evidence indicate the need for better candidate care throughout the recruitment process. For example, candidates generally receive infrequent communication from hiring managers and HR about their application. Many candidates need to actively pursue updates.

Figure 5.4

Average time to hire for roles with single openings, 2015-19

Source: Recruitment data collection (2015-19)



In addition to clear and regular communication, good candidate care during the recruitment process entails offering reasonable adjustments at any stage of the assessment and selection process. It also includes giving constructive feedback, especially to candidates who do not receive an offer of employment at the end of the process. Just because a candidate was not successful one time, does not mean they shouldn't be allowed to learn from their experience and improve for the next time they apply for a role in the sector. Today's unsuccessful candidate could well be tomorrow's hire.

Ensuring the recruitment process is a positive experience for candidates will help the sector attract the best and brightest people. Research shows that the longer the time to hire, the more likely candidate dropout becomes, especially among high-quality applicants.³²

Efficiencies in recruitment can be achieved using bulk recruitment and talent pools, especially for common roles. However, only 18% of the 45 agencies that responded to the Recruitment Review survey indicated that they often or always use bulk recruitment and talent pools for common, generalist roles. The NSW Government Graduate Program is an example of how bulk recruitment, coupled with training and curated career development opportunities, can be used efficiently to attract talent to the public sector.



32. Rynes, Bretz and Gerhart (1991)



NSW Government Graduate Program update

The NSW Government Graduate Program aims to attract and retain talented graduates – contributing to public sector capability and developing a cohort of future sector leaders. Candidates are assessed using valid and reliable capability-based methods. They are then matched to agencies based on their qualifications and preferences, and agency requirements. The graduates rotate through three different roles across the sector over 18 months. This promotes mobility, helps them develop professional networks and builds their foundational skills and knowledge.

Table 5.2 NSW Government Graduate Program growth, 2016–19

Year	Applications received	Successful placements
2016	1,218	25
2017	2,077	107
2018	2,809	168
2019	3,420	189

The program continues to expand, with placements increasing from 25 in the 2016 inaugural program to 189 in 2019, including 19 roles in the Central West and Hunter regions. The 2020 program will be expanding its presence to the North Coast (Coffs Harbour and Grafton) and New England (Tamworth and Armidale) regions, raising the total number of regional roles to 30.

Candidates from diverse disciplines and backgrounds have taken part in the program. Through engaging Yarn'n Aboriginal Employment Services to help source candidates, representation of Aboriginal peoples in the program increased from 1.2% in 2018 to 2.6% in 2019.

Table 5.3 NSW Government Graduate Program diversity outcomes, 2016–19

Group	Applications received (%)	Successful placements (%)
Females	49.4	58.3
Males	47.8	40.7
People with disability	3.3	2.7
Aboriginal peoples	1.0	1.8

Note: Percentages for gender do not add up to 100% because some applicants chose not to disclose their gender.

The mobility of graduates in the 2016 and 2017 intakes has been followed over time. Retention is high. Of those who completed the program, 80% were still employed in the sector two years later.

Program participants have also progressed rapidly in their careers since starting the program at Grade 3/4. Almost half (46%) of the 2016 and 2017 cohorts had moved to a role at least two grades higher one year after completing the program. By the two-year mark, 28% of the 2016 cohort had moved to a role that was at least three grades higher.

The program continues to repay the investment made by participating agencies. More than half (58%) of the continuing graduates from the 2016 and 2017 cohorts returned to their home agency after completing the program. Over three-quarters (77%) are currently employed in an agency where they completed a rotation during the program.

Some of the most successful recruiting takes place in agencies where HR provides high-touch recruitment services to hiring managers, typically through a business partner model. These dedicated HR partners are well received by hiring managers, and their help can result in significant cost savings. The Transport cluster has shown how a centralised, high-touch recruitment model can result in better recruitment processes and decision making.



Transport cluster overhauls recruitment

The recent infrastructure boom across Australia has led to high demand for skilled staff across the transportation sector. The Transport cluster makes around 6,000 permanent and fixed-term appointments a year and is constantly competing with the private sector for talent.

Transport recognised that it would need to overhaul its recruitment processes to compete against the private sector for talent. Additionally, a review of costs associated with recruitment showed an over-reliance on external providers for tasks that could be carried out internally.

In December 2017, Transport began an in-depth current-state analysis, with the aim of improving its recruitment process. It researched best-practice models being used across the public and private sectors. As a result, it decided that a high-touch, centralised recruitment service would best suit Transport. This model relies on HR taking the burden off business units, and ensures the best results for candidates, managers and the cluster.

Under this new model, the experience for the hiring manager is vastly improved as they are now only involved in the 'moments that matter' during the recruitment process. These moments include providing a job description briefing to HR, and selecting and welcoming new staff members. The newly created, specialised Talent team handles all other processes, such as advertising, shortlisting and conducting pre-employment checks. The hiring manager only needs to provide input and approvals at key points.

The Talent team has several other recruitment-related functions:

- An employee value proposition and engagement team runs career fairs and advises on advertising best practice and internal and external brand perceptions.
- A strategic sourcing and attraction unit researches the market and develops talent pipelines, and can be used as a head-hunter.
- An analytics and reporting unit provides up-to-date statistics on recruitment.

Hiring manager satisfaction with the recruitment process reached 86% in a survey conducted after the new model was introduced. Additionally, bringing the recruitment function in-house has led to major cost savings by eliminating the need for independent panel members and reducing reliance on external recruitment agencies.

The new model has also reduced the time it takes to hire staff members, which is now consistently less than 40 days.

Transport plans to further evolve and improve its recruitment and talent mobility practices. It will focus on improving the representation of people with disability, Aboriginal peoples and women in senior leadership positions throughout the cluster.

Regional areas of NSW face additional challenges in recruitment and mobility. Agencies in regional NSW often have difficulty attracting and retaining talent, and sometimes struggle to give existing employees promotion opportunities. Agencies in the New England and North West region of NSW are showing how some of these challenges can be overcome by taking a regional, one-sector view of recruitment rather than a siloed, agency-by-agency view.



New England and North West NSW tackles regional recruitment and mobility

Recruiters in regional areas of NSW face challenges not experienced by counterparts in metropolitan locations. These include difficulties attracting and retaining talent, and a lack of recruitment pools. These challenges are linked to the limited career progression and reduced funds for resourcing and projects that drive capable employees to leave to find work in cities.

However, Regional NSW, a branch of the Department of Premier and Cabinet – now part of the Department of Planning, Industry and Environment – has made progress in solving these challenges in the New England and North West region.

The Department of Premier and Cabinet revived the Regional Leaders Network (RLN), a previously active community that shared information about government priorities and programs, in June 2018. The RLN brought together up to 50 people managers and executives from across local, state and federal governments. The network includes staff members from the NSW departments of Education; Communities and Justice; Health; and Planning, Industry and Environment.

The group identified that recruitment and mobility were shared challenges in the New England and North West region.

All levels of government wanted to:

- increase employee trust in recruitment decisions
- share talent pools and refer capable candidates to others looking for staff
- provide development opportunities to existing staff.

Credibility was vital for achieving these goals. The PSC provided specialist advice on the GSE Act. This meant the network could draw on mechanisms from the Government Sector Employment (General) Rules 2014 to challenge the perception that government departments lacked recruitment options.

The RLN has started exploring the use of bulk recruitment talent pools for administrative, policy and project coordination roles. Analysis of the PSC's region-based recruitment data had shown that these roles were common to all NSW public sector agencies in the region.

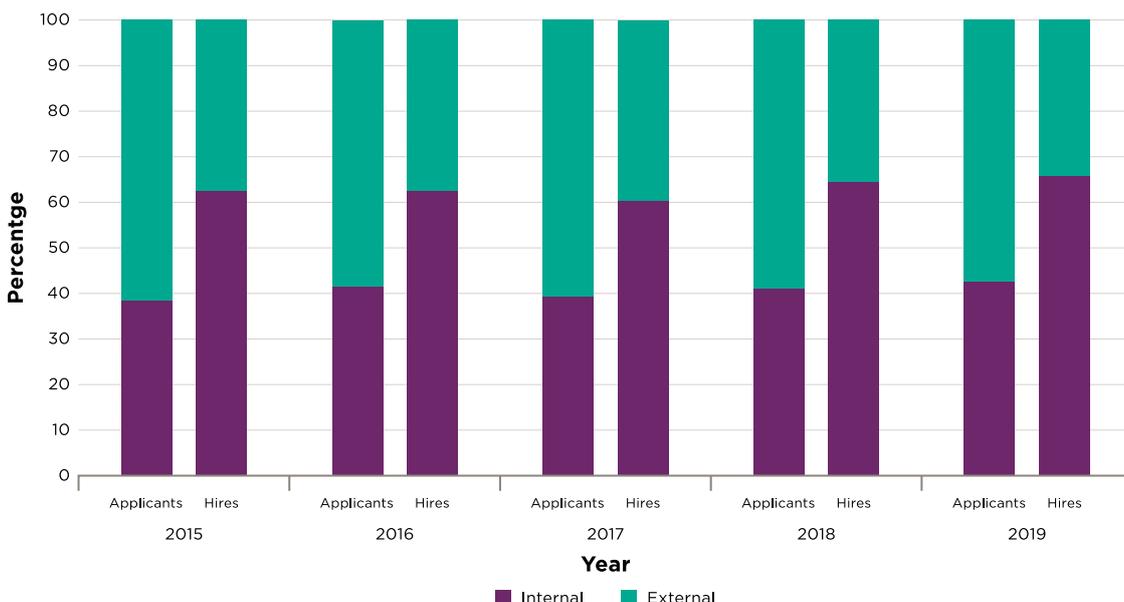
The RLN is also working to resolve cultural issues relating to employee trust in hiring decisions. Additionally, it is making talent pools visible, to tackle the problem of losing talent to other public sector agencies. This is a step towards taking a whole-of-sector view of recruiting and retaining talented employees.

As a cross-government effort, members have found the network valuable for identifying, sharing and resolving problems. It has also helped agency staff members in different agencies feel less isolated.

Internal applicants are more likely to be successful in the recruitment process than external applicants. The number of internal applicants and hires has been relatively stable over the past five years (see Figure 5.5). In 2019, 42.5% of applicants were internal and 65.8% of hires were internal applicants. Some of these internal applicants may have applied for a new role to secure a promotion, while others may have applied for a role at the same level. This raises questions about whether mobility is being done effectively and efficiently, which, at times may mean mobilising people without formal processes.

Figure 5.5 Internal and external applicants and hires, 2015-19

Source: Recruitment data collection (2015-19)



Having a mobile workforce makes it easier to redeploy resources to match priorities and respond effectively to change and emerging trends. It is one way to get the right person into the right job, and infuse new ideas and practices into a workplace. Employee mobility is also widely regarded as one of the best ways to develop leadership capability, provide enriching careers, and build and retain capability and ‘know-how’ in an agency and the sector more broadly. This is why exploring new opportunities is part of the I Work for NSW employee value proposition.

Despite the importance of mobility, it is estimated from Workforce Profile collection data that only 1.7% of employees (or 6,000 people) moved between agencies in 2019. Furthermore, more than 40% of respondents to the 2019 People Matter survey said they had been in the same role for five years or more.

While more mobility is clearly needed, putting it into practice is not without its challenges. One challenge is the potential loss of experienced employees. However, research suggests the benefits offset the disadvantages³³, especially with efficient succession planning and handover practices in place.³⁴

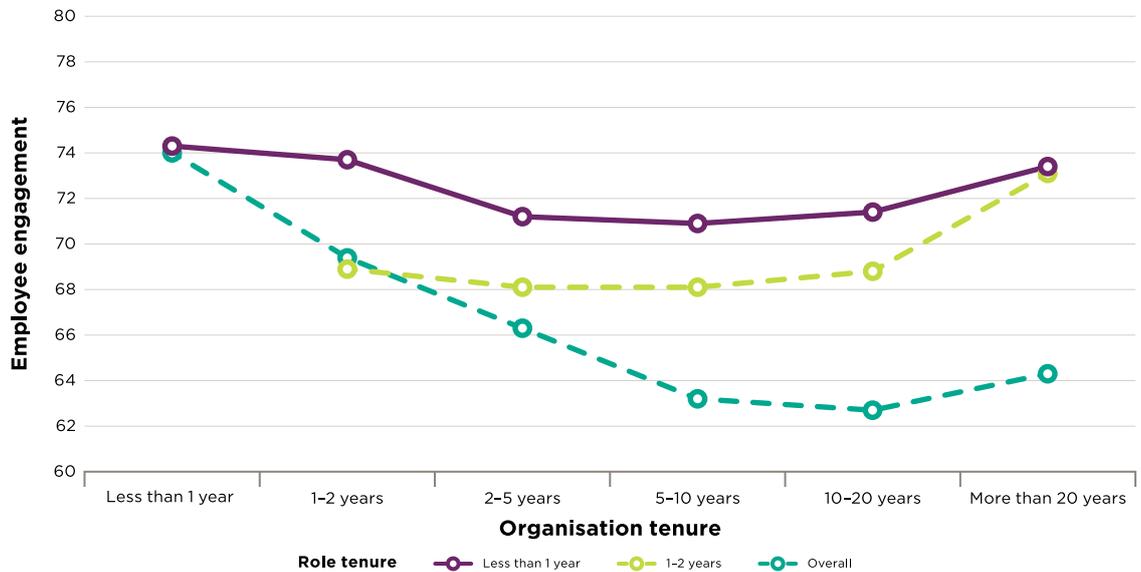
Results of the People Matter survey show how mobility can help improve employee engagement. Overall, employee engagement declines as organisational tenure increases (shown by the solid line in Figure 5.6). However, the decline in engagement that occurs with increased tenure can be partially offset by moving to a new role within an organisation (shown by the dotted lines in Figure 5.6). This is compelling evidence for the value of mobility.

33. Bidwell (2011); Grant (1991); Somaya, Williamson and Lorinkova (2008)

34. Sasse and Norris (2019)

Figure 5.6 Relationship between tenure in organisation and role, and employee engagement

Source: People Matter Employee Survey (2019)



Learning and development drives engagement and performance

Clear alignment between organisational strategy and employee performance goals is critical to optimising organisational performance. Giving employees access to learning and development programs will help them achieve their performance and career goals. It will also help agencies to develop the right employee capabilities to deliver business outcomes, and ultimately fulfil the needs and aims of the sector.

Learning and development programs should consider an agency’s strategies for developing high-potential employees, managing talent, developing leadership and management skills, planning succession for critical roles, and other workforce planning and development programs.

There are many ways to develop an employee’s capabilities beyond mobility. Specific development activities could include undertaking stretch project work, shadowing colleagues or managers, attending conferences, joining professional bodies, completing benchmarking exercises, engaging a professional coach, or undertaking on-the-job coaching by a manager. The Education cluster is using on-the-job learning to improve the STEM skills of teachers to improve student learning outcomes.



T4L program helps teachers deliver better STEM education

Today's kids need science, technology, engineering and mathematics (STEM) skills to make the most of opportunities being created by new, emerging and future technologies.

The NSW Department of Education has responded to this need for future-focused learning, including launching the STEM Technology for Learning (T4L) program in 2018. The program aims to raise the level of engagement of students and teachers with STEM topics.

STEM T4L provides primary and secondary schools with kits for robotics, virtual reality, and 3D printing, coding and film making. Students learn through project-based STEM challenges that are mapped to the NSW syllabus. These challenges are designed to unlock creativity and show real-world applications. The kits are loaned to schools, which can choose to buy one or more at the end of the loan period. The kits are also regularly updated to replace obsolete technology with new technology.

STEM T4L projects take learning out of the classroom and into new domains. For example, around 40 schools across Western Sydney entered the 2019 Western Sydney Airport Minecraft Competition. Entrants used Minecraft, a digital building blocks game, to design an airport of the future. They worked on problems relating to passenger experience, sustainability and accessibility.

These exciting and enriching learning opportunities cannot take place without highly skilled teachers who have the right capabilities and knowledge to teach this cutting-edge curriculum. The STEM T4L program has been designed to develop teacher confidence and competence in STEM subjects. The program gives teachers access to:

- digital resources through a purpose-built online learning library
- co-teaching and training opportunities with 12 STEM T4L leaders around NSW, including face-to-face and video conferencing support
- help with selecting appropriate digital learning tools, and training in using those tools (business partners like Microsoft, Google, Adobe, Lego and Apple make this possible by providing support)
- online video tutorials
- an online community of practice for shared best practices
- research and literature on wide-ranging topics relevant to future-focused learning.

So far, STEM T4L has reached around 15,000 teachers in more than 1,200 schools and is already showing promising results. Surveys of teachers who have participated show their confidence in using STEM technologies almost doubled, rising from 40% before taking part in the program to 79% after receiving training. Similarly, their confidence in their ability to teach STEM-based activities improved from 67% before taking part to 89%.

Surveys of primary school students also show promising results. Survey participants said their confidence in their STEM skills had improved and they were more curious about using technology to solve problems.

Understanding how students feel about STEM subjects is central to encouraging all students to take up opportunities in STEM. For instance, the surveys have shown that girls were less likely to say they would choose a career in STEM. So STEM T4L is now looking at innovative ways to introduce and attract girls to STEM subjects from an earlier age. The next stage of STEM T4L will also focus on improving access to technology for rural and remote schools.

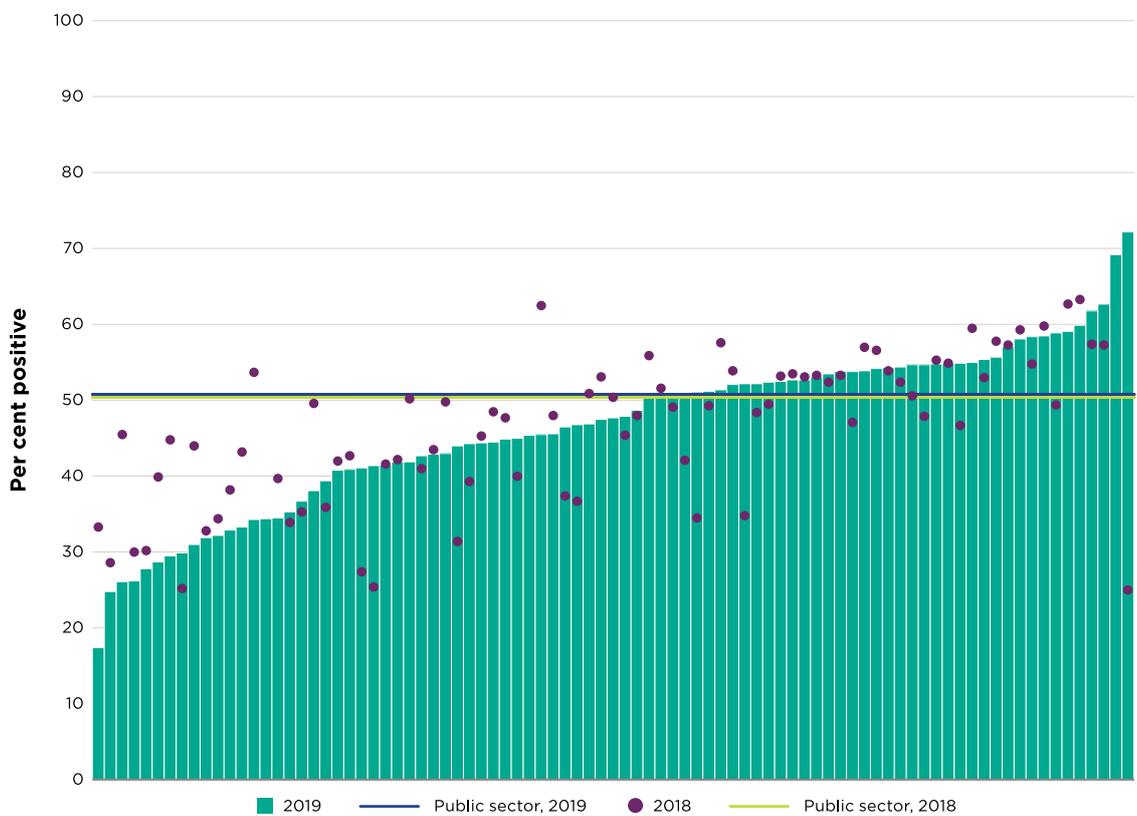
Due to the rapidly changing nature of work – discussed in Chapter 2 of this report – the best way to build individual and team capabilities is to assess work practices and identify development needs throughout the year, either formally or informally.

Consistent with previous years, the 2019 People Matter survey data show that career development is the most substantial driver of employee engagement in the sector. Just over half of employees (50.8%) were satisfied with the career development opportunities in their organisation. A similar number (52.3%) said their organisation is committed to developing its employees. Variation across agencies and little improvement from the previous year (see Figure 5.7) suggests that all parts of the sector have work to do in this space. But this will be challenging if employees do not have performance plans. Only 71.5% of survey respondents said they have a performance and development plan that sets out their individual objectives. Without these plans, agencies will find it harder to understand employees’ goals and to plan development opportunities.

Figure 5.7 Satisfaction with career development by agency, 2019 vs 2018

Source: People Matter Employee Survey (2018, 2019)

Note: Each column represents an agency.



The sector needs uplifts in digital, people management and HR capabilities

Through its work with the sector, the PSC has identified capability areas where an uplift is required. This uplift can be achieved by developing the capabilities of existing employees and bringing in fresh talent through recruitment. These capability areas are discussed below.

Digital capability

Digital government involves more than using the latest technology and software applications. It means going back to first principles: focusing on user needs and figuring out the best way to meet them. Digital capability requires a shift in mindset, to think about problems creatively and solve them based on the perspectives of customers and users while also harnessing the best tools and technologies.³⁵

The PSC is collaborating with the NSW Department of Customer Service to assess the maturity of the sector, and develop and implement a plan to ensure that NSW has a digitally capable, world-class public service. As a starting point, the PSC consulted with a diverse group of digital practitioners from across the sector, via interviews, design workshops, and drop-in sessions in Sydney and regionally.

This discovery phase found varying levels of digital maturity and a strong demand to improve digital capabilities. There are pockets of excellence in the sector, such as Transport for NSW's Digital Accelerator, which encourages collaboration between the public and private sectors on future transport issues. Another example is the digital learning programs delivered by the Health Education and Training Institute NSW. However, the sector as a whole is not digital by default in all its functions.

The PSC worked with a group of representatives from the sector to co-design a digital capability set. The capability set, which will form the basis of learning pathways for digital learning in the sector, features six capabilities:

- **Customer at the centre:** The concept of customers at the centre is about putting people at the heart of processes and outcomes.
- **Collaboration and agility:** One of the most defining changes in the modern workplace can be captured by the idea of fluid collaboration across boundaries and hierarchies. Intentional collaboration creates many opportunities for team members and stakeholders to ensure clear alignment on outcomes, and change course when needed.
- **Data, decisions and ethics:** The use of big data represents significant opportunities to optimise service delivery, target operations meaningfully and increase efficiency. Data is also an asset with many layers of complex sensitivities across areas relating to security, privacy and ethics.
- **Ideas to impact:** This capability set draws on entrepreneurial, 'lean' operating models designed to deliver fast results with minimum waste.
- **Enabling technology:** Change is constant, and new technologies are ever evolving. While the sector cannot be aware of every new start-up, a digital mindset should put the sector in a position to identify and prioritise current and emerging technologies that will help deliver better outcomes to customers.
- **Digital leadership:** Digital ways of working and technology have the potential to advance the way government services are delivered. To make this a reality, the sector needs strong digital leadership. Leadership that transforms work, culture and mindsets to ensure the public system operates effectively in a digital way.

Some of these capabilities – such as collaboration, customer-centricity, and values and ethics – are discussed elsewhere in this report, as they are already part of the way the sector works. Connecting and reframing these core capabilities in the digital context underpins the Premier's Priority for a world-class public service.

The PSC plans to refine these capabilities and test learning pathways to develop them with various project teams across the sector. Capability uplift will be evaluated and will form part of an evidence base to support decisions on digital learning at scale. The aim will be to ensure that any digital capability uplift program is feasible, compatible, sustainable and relevant.

35. Digital NSW (2019)



Customer Experience Community of Practice encourages collaborative learning

The Customer Experience Community of Practice (CX ComPrac) brings together public sector employees from across NSW. Its aim is to provide a forum where employees can build their customer experience capability to better serve the people of NSW.

The CX ComPrac, coordinated by the Department of Customer Service and the sector-wide CX Capability Committee, holds bimonthly events where guest speakers from industry and across the public sector share their experiences, learnings and results.

Its annual program is designed using feedback from previous events and aligned with Customer Satisfaction Measurement Survey recommendations, which are indicators of the strategic direction required to drive improvement in customer satisfaction with government services. Topics covered at past gatherings include customer segmentation, customer personas, customer engagement, complaints handling, and measurement and metrics.

CX ComPrac coordinators announce the program of events at the start of each year, so existing and new members can plan their attendance. The location of events alternates between the Sydney CBD and Parramatta, and the sessions are also live streamed so all employees can benefit, even if they cannot attend in person.

The smaller CX Professionals Hang-Outs allow attendees to continue conversations from the main CX ComPrac events and work on solving challenges they are experiencing in their own agencies. A Yammer page also allows CX ComPrac members to engage with one another and share tools and resources online, avoiding unnecessary duplication across the sector.

The CX ComPrac coordinators regularly survey members to ensure that the larger events and smaller hang-outs are meeting members' needs and expectations.

The CX ComPrac is a successful model for how communities of practice can provide employees with valuable informal learning opportunities. Membership has grown strongly from across the sector, reaching more than 850 existing members by late 2019.

Since being launched by the PSC in 2012, the number of communities of practice on the ComPrac platform has grown from four to 11. And in the last two years alone, total ComPrac membership has grown by a significant 116%, to more than 6,000 members.

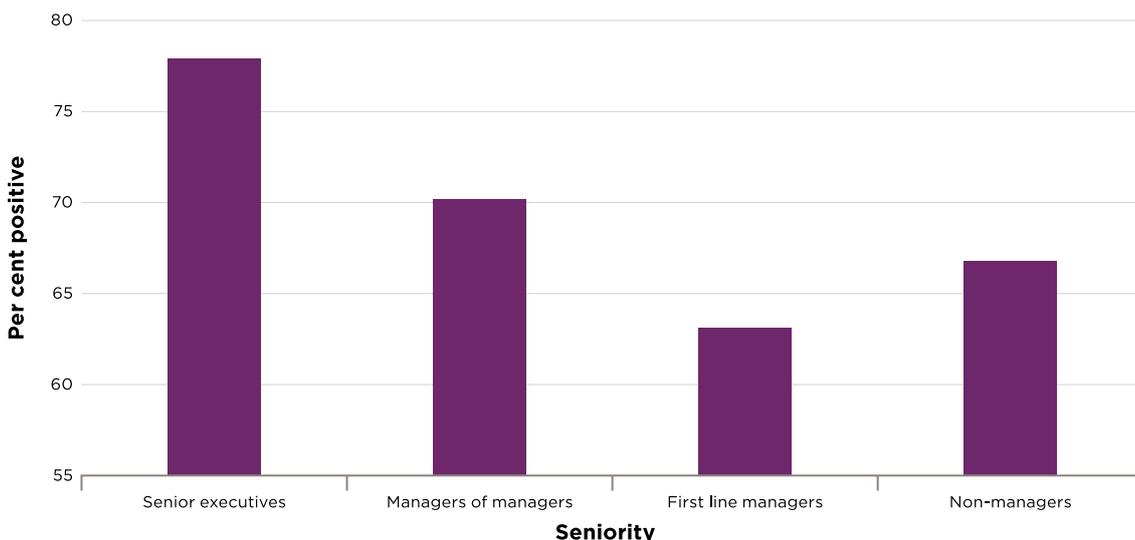
People management capability

People managers have a direct impact on the engagement and performance of their employees. It is somewhat concerning that the People Matter survey results show that first line managers feel less supported to do their best at work than other groups of employees (see Figure 5.8).

Figure 5.8

Employee perceptions of the support they get to do their best at work, by seniority

Source: People Matter Employee Survey (2019)



The PSC's consultations with the sector have revealed that one reason people managers may not feel they can do their best at work is because they have not been helped to develop key people management capabilities. There appear to be capability gaps in a number of key areas, including having critical and difficult performance management conversations, allocating a team's workload fairly and effectively, monitoring staff wellbeing, navigating requests for flexible working arrangements, building a collaborative and inclusive team culture, and supporting teams in the face of organisational change. These issues play out in the People Matter survey results discussed throughout this report.

The PSC's options for better supporting managers include clarifying the expectations of successful people managers, developing practical resources based on identified capability gaps, and connecting people managers across sector so they can share and learn from their collective knowledge and experience.

Human resources capability

Together with HR leaders from across the sector, the PSC co-designed an approach to assessing the HR capability of the sector. The research, which formally concluded in October 2018, found that the NSW government sector's overall HR capability requires improvement and reorganisation if it is to successfully manage the major workforce transitions predicted to occur as a result of digital transformation.

The report proposes areas and initiatives for enhancing the sector's ability to manage its workforce into the future. It also suggests a sector reform narrative for commencing the sector's journey toward the future of HR.

The PSC has been working with agencies to explore the recommendations and agree on priority areas to focus on to build and strengthen HR capability and meet current and future workforce needs. Though they are still up for discussion, identified areas for improvement include talent management, workforce strategy, workforce analytics, organisational and role design, and employee development – many of which are addressed in this report. Possible solutions are also still being considered. Some include standardising HR processes and data management, piloting a PSC-hosted HR analytics service, and designing a talent management framework.

Collaboration within and outside the sector is necessary for effective delivery

The 14 Premier's Priorities cannot be achieved by a single agency operating in isolation. Delivering for the people of NSW requires agencies to work together and share knowledge internally and with other sectors. Well-executed collaboration enables agencies to share knowledge, ideas, resources, skills, networks and assets, leading to better outcomes for customers.

For example, a collaboration between the Department of Communities and Justice, Revenue NSW, Legal Aid, non-government organisations and other parts of the NSW public sector has helped ease the impact of fines on vulnerable people, allowing them to pay their debts through community service instead. This approach has benefited both the individuals involved and their communities.



Easing the impact of fines on vulnerable people through collaboration

Vulnerable people and those experiencing hardship often get caught up in the fines system, which can have serious social consequences. Failure to pay a fine will result in enforcement action. This means that Revenue NSW can suspend a person's driver's licence, cancel their car registration, seize property and garnishee wages or bank accounts.

Without a driver's licence, it can be difficult to obtain or retain employment. It can lead to social isolation due to a lack of transport, particularly in regional areas. If a person continues to drive on a suspended licence, it can be a direct pathway into the criminal justice system and even imprisonment.

The NSW public sector's world-first response to this problem is the Work and Development Order (WDO) scheme. Under the WDO scheme, vulnerable people with accumulated fines can clear their debts by up to \$1,000 per month by undertaking activities that benefit them and the community. Activities include unpaid work (such as volunteering for charities), completing education courses, undertaking financial counselling, taking part in mentoring or treatment programs for drug or alcohol abuse, or undergoing medical or mental health treatment.

WDOs are circuit breakers. In most cases, a licence is restored when a person is approved to undertake a WDO. WDOs also allow participants to gain much-needed skills, knowledge and treatment, and they are connected with services that can help with a range of issues – not just outstanding fines.

“ [I] learnt a new trade, learnt computer skills and can now get my licence. I've had issues with fines for 20 years and just couldn't manage to deal with it. And now I finally have it under control.”

WDO participant

The WDO scheme is jointly delivered by the Department of Communities and Justice, Revenue NSW and Legal Aid NSW, with input from the Aboriginal Legal Service (NSW/ACT). These agencies formed a Governance Group to ensure the scheme is administered responsibly and in line with government and community expectations.

However, the collaboration does not stop with the Governance Group.

The scheme's true strength lies in the cooperation between the government, the community and the health sector to design an effective response that considered both provider and participant needs. WDOs are supervised by 'sponsors' in the community, including government agencies, non-government organisations (such as charities) and health practitioners (including doctors, psychologists and nurses). The sponsors deliver the scheme within their existing resources, recognising the value for vulnerable people who are connected to services and treatment programs while they clear debt.

The Governance Group delegates tasks and assigns accountability to an agency representative or working group. This clear governance is one reason for the success of the collaboration. Here are some others:

- A preliminary trial with a small pool of sponsors and participants allowed the Governance Group to co-design the program, learn from experience and adapt the scheme before rolling it out more broadly.
- Feedback from the community and participants has helped the scheme to evolve – for example, making WDOs accessible to people aged under 18 and victims of family violence.
- Regular communications with sponsors, through a biannual newsletter, forums, webinars, YouTube videos and podcasts, ensure they are up to date with the latest news about the scheme and how it works.
- Providing clear guidelines to sponsors and participants helps them understand what is required of them, and when.

The WDO scheme has been so successful that other Australian jurisdictions have introduced similar schemes. In NSW, as at 30 June 2019:

- 2,114 sponsors were delivering WDOs
- 51% of sponsors were located in regional areas
- more than 135,000 WDOs were completed or ongoing
- more than \$167 million in fines debt had been resolved
- 55% of WDO activities involved much-needed treatment programs
- 21% of WDOs were undertaken by Aboriginal or Torres Strait Islander peoples
- 25% of WDOs involved people aged under 25, breaking the cycle of fines early.

The scheme contributes directly to tackling longstanding social issues stemming from the fines system, as well as providing participants with skills, knowledge and treatment. In short, WDOs improve social outcomes for some of the most disadvantaged people in NSW.

The NSW public sector is only one piece of the puzzle when it comes to delivering for the people of NSW. Sometimes organisations in the private or not-for-profit sectors are better placed to serve customers on the ground because of their community links or expertise. In this instance, agencies can take on a system stewardship role.

System stewardship involves agency teams strategically building collaboration between internal and external stakeholders, engaging them for specialist advice, and delegating service and policy delivery if needed. As a system steward, an agency continues to steer a system towards outcomes and has a crucial role in ensuring quality services are delivered to citizens.³⁶

36. Hallsworth (2011)

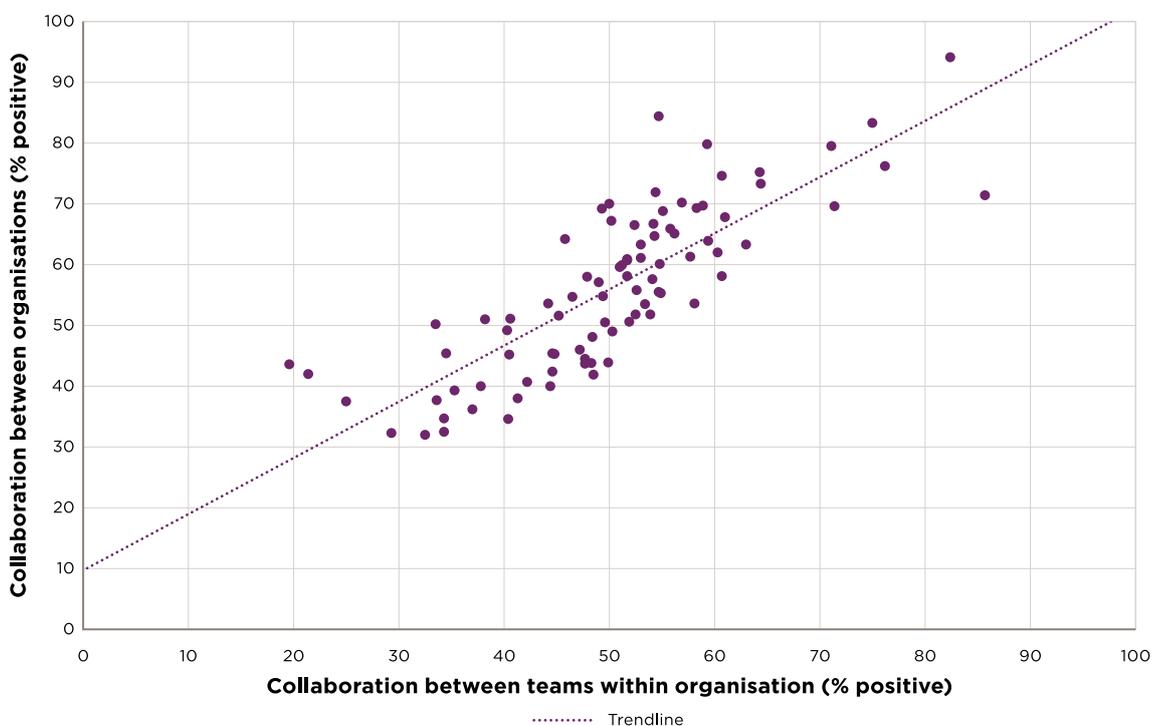
Despite the importance of collaboration, both internal and external collaboration remain a challenge for the sector according to employees. While just under 80% of 2019 People Matter survey respondents believed that their workgroup works collaboratively to achieve objectives, only 50% felt there is good cooperation between teams across their agency. Further, only 53% felt that their senior manager encourages collaboration with other organisations.

Perhaps not surprisingly, the 2019 survey results reveal a strong relationship between collaboration inside and outside agencies. The employees from agencies where there was better perceived cooperation between teams also reported better promotion of external collaboration from senior managers (see Figure 5.9). This may be because internal collaboration helps disseminate knowledge gained from external collaboration, or because internal collaboration functions as a coordination mechanism for external collaboration.³⁷ In any case, agencies need to encourage and enable internal collaboration, and then extend any learnings to external collaboration.

Figure 5.9 Relationship between employee perceptions of within-organisation and between-organisation collaboration

Source: People Matter Employee Survey (2019)

Note: Each data point represents an agency, and the dotted line is the trendline.



Enabling better collaboration with internal and external stakeholders, and better system stewardship, are becoming important aspects of policy making and service delivery for many agencies. These capabilities will help to achieve the goal that unites the NSW public sector – making NSW a great place to live, work and visit by delivering world-class customer service and effective policies. This report provides more than just information about the sector’s workforce – it is a call to action. To achieve its goals, the sector will not only need to improve its capabilities in the key areas outlined in this report, but also see itself as a collaborative part of a much wider community of people and organisations dedicated to delivering great outcomes for NSW and its people.

37. Hillebrand and Biemans (2003)

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