

State of the NSW Public Sector Report



Public
Service
Commission

Publication and contact details

State of the NSW Public Sector Report 2018

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Contents

Introduction	2
<hr/>	
About this report	4
How to read the data discussed in this report	4
The areas of government this report covers	5
Acknowledgements	5
<hr/>	
Chapter 1: NSW public sector at a glance	6
<hr/>	
Chapter 2: Acquiring and building capability	21
Recruitment is an important and high-volume activity in the sector	22
Recruitment practices are improving but are not yet optimal	23
Good performance management links employee goals to organisational outcomes	27
Development builds capability for now and the future	28
Mobility provides a refresh but needs to be transparent	29
<hr/>	
Chapter 3: Strengthening leadership	32
Leadership continues to matter	33
The Leadership Academy is producing high-quality leaders	34
Views of leaders are improving	35
Leaders need to motivate and better support managers	36
<hr/>	
Chapter 4: Creating positive workplace cultures	38
Values underpin the sector's culture	39
Employee engagement is steady	40
Targeted initiatives can help increase positive, productive workplace behaviour	43
Improving the customer experience is a continuous journey	46
The sector is focused on delivering enduring outcomes	48
<hr/>	
Chapter 5: Fostering diversity and inclusion	50
Inclusion unlocks the benefits of diversity	51
Progress towards equal representation of women in senior leadership needs acceleration	52
The sector is a leader in Aboriginal and Torres Strait Islander employment	56
Disability representation continues its downward trajectory	61
<hr/>	
Chapter 6: Planning and arranging work	63
Flexible working works for everyone	64
Collaborative approaches help deliver on outcomes but are not yet widespread	67
Workforce planning is yet to shift from operational to strategic	69
Sector leaders need to position the workforce for the future	71
<hr/>	
References	75

Introduction

I am pleased to deliver the *State of the NSW Public Sector Report* for 2018. It is the seventh in the series and my first as NSW Public Service Commissioner since taking over from inaugural Commissioner Graeme Head in May this year. I have spent much of the last six months listening, learning and consulting widely to gain an understanding of the sector's workforce issues. This has included meeting with senior officials, secretaries, deputy secretaries and human resources leaders, right through to the frontline staff members who deliver vital services each day to the people of NSW.

My initial impressions are very positive. The sector is comprised of high-performing, motivated individuals, dedicated to delivering enduring outcomes for the community. This report highlights some of our strengths and successes over the last 12 months. It also identifies challenges and areas for improvement in the year ahead.

The NSW public sector is Australia's largest employer. It employs about 396,000 people, or 329,000 full-time equivalents across 10 clusters. Its sheer size and complexity underscore the importance of sound workforce management practices.

A total of 170,832 employees responded to the 2018 People Matter Employee Survey, equating to a response rate of more than 50% for the first time. The feedback from our people is invaluable. Employee engagement remains relatively strong and steady, and scores on most survey questions also improved.

We also saw the satisfaction of consumers and businesses with government services achieve a steady state in the last year, following a positive uplift in 2016.

The sector grew this year for the first time since 2012. Most of this growth came from the hiring of teachers, police officers, and nurses and other healthcare professionals. The number of Public Service senior executives also increased in 2018, and while much of this was due to the state's extensive infrastructure development and expanded service delivery to citizens, we will need to closely monitor the size of this cohort in coming years.

Progress continues to be made as we strive to meet the Premier's Priority to achieve greater diversity in the sector. Particularly strong gains have occurred in relation to Aboriginal and Torres Strait Islander employment. In 2018, there were 87 Aboriginal and Torres Strait Islander senior leaders in the sector, an increase of 30 compared to 2014. Based on the current rate of change, we will likely achieve the Premier's Priority target of 114 Aboriginal and Torres Strait Islander senior leaders by 2025 ahead of time.

The Premier's Priority target of women holding 50% of senior leadership roles in the government sector by 2025 is also seeing progress. In 2018, representation reached 38.7%, an increase of 1.3 percentage points on the previous year. While this is encouraging, the sector is at risk of not reaching the overall target if it does not accelerate its year-on-year improvements. This is high on my agenda as Commissioner and will require continued leadership, focus and action from myself, the Secretaries Board, and other sector leaders.

We have seen the gender pay gap increase from \$252 in 2017 to \$949 in 2018. This was the first widening of the gap since 2015 and relates to changes to the gender balance in lower paid roles, with fewer male than female employees in these positions. While this trend is concerning, over the same period, the number of females in higher salary ranges also increased, however this increase was not sufficient to fully offset the impact of the gender balance changes in lower paid roles.

The representation of people with disability within the NSW public sector reached a low of 2.5% in 2018. In January 2018, the Public Service Commission (PSC) and the Department of Family and Community Services (FACS) released *Jobs for people with disability: A plan for the NSW public sector*, which set a sector-wide target of 5.6% representation by 2027. In partnership with FACS, I intend to lead a focused effort to reverse recent trends and improve employment experiences and outcomes for people with disability across the sector.

Improving recruitment is vital. About half a million people applied for roles with the NSW public sector in 2018, and more than 22,500 of them were appointed. Prior to his departure, the then Commissioner initiated a review of recruitment practices, conducted by Lynelle Briggs AO. The findings were presented to me in June and are summarised in Chapter 2. Work is already underway to address key recommendations. These include fostering a workforce for the future, improving the use of digital technology and data, driving more robust decision-making, enabling greater mobility and providing a more positive experience for job applicants.

We saw employee perceptions of performance management improve again this year, with two-thirds of agencies improving their scores in this area. It is important we maintain momentum and better link employee performance to the outcomes the sector is striving for.

Bullying remains a concern for the sector. While the rate has reduced considerably since 2012, more work is needed to drive positive and productive behaviours throughout the sector. The PSC will be exploring ways to build upon the Respect. Reflect. Reset. campaign of 2017 at a more local level.

Leadership has been a key focus area across the sector for the last few years, and this seems to be paying off with employee perceptions of the qualities of senior leaders continuing to improve. The Leadership Academy, introduced in 2015, is producing high quality leaders, with almost 300 people having completed a program since its inception. The PSC has commenced a review of the Academy's progress, and its potential for further evolution and effectiveness moving forward.

The NSW Government Graduate Program, introduced in 2016, has seen 300 graduates join the sector, and we are expecting close to 200 participants in 2019. It was pleasing to see the program ranked 12th in the Australian Financial Review's Top 100 Graduate Employer 2018 list and to win the Fusion Award for most popular Government and Defence employer.

Flexible working is an area where the sector is also showing momentum. In December 2017, the PSC published a framework to help agencies implement the Premier's commitment to make all government sector roles flexible on an 'if not, why not?' basis by 2019. Flexible working can help solve business challenges, and is a proven driver of engagement for our people.

In preparing this report, I have thought deeply about the issues facing the NSW public sector. Part of my role, and that of the PSC, is to identify and share good practices to improve the experience of the sector's customers and employees. However, I am very much aware that progress is not always linear or uniform. There are challenges ahead, but the PSC will work with the sector to ensure that it is prepared for the future.

I look forward to continuing to build collaborative and productive relationships with the sector, with the aim of developing a world-class workforce capable of delivering the very best outcomes for the people of NSW.



Emma Hogan
Public Service Commissioner
November 2018



About this report

The *State of the NSW Public Sector Report* is the Public Service Commissioner's independent assessment of the performance, notable achievements, challenges and priorities of the NSW public sector. It is the seventh report of its kind. Like similar reports in other jurisdictions, it focuses on the people who make up the public sector: their capabilities, the organisational contexts in which they work, how their work is organised and how well they deliver services to the public.

How to read the data discussed in this report

This report draws on evidence from a range of sources, including the *2018 People Matter Employee Survey*, the *2018 Customer Satisfaction Measurement Survey* and the *2018 Workforce Profile*. The report also uses data from reviews and projects that have assessed components of sector workforce management and reform.



The People Matter Employee Survey

The *People Matter Employee Survey* (the People Matter survey) asks employees working for the NSW Government about their experiences at work, with their teams, managers and organisations. The survey is open for four weeks and provides an important opportunity for employees to have their say. In 2018, the response rate was 50.7% across the public sector (170,832 employees). Most scores are presented as a 'percentage agreement', which combines the number of 'agree' and 'strongly agree' responses to a question or set of questions.



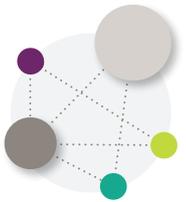
The Customer Satisfaction Measurement Survey

The 2018 NSW whole-of-government *Customer Satisfaction Measurement Survey* (the Customer survey), delivered by the NSW Customer Service Commissioner, supports the government's focus on areas in which customer service can be improved. It is the source of content in this report relating to customer satisfaction. The Customer survey assesses how public services are performing against important components of customer service relating to employees, values, processes and goals. It does this by measuring the satisfaction and expectations of individual consumers and business customers.



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 and all public sector agencies, and the resulting data appear throughout this report. Minor updates were made to the 2017 Workforce Profile after the publication of the *State of the NSW Public Sector Report 2017*. Consequently, some statistics for 2017 contained in this report differ slightly from those in the 2017 report.



The areas of government this report covers

This report addresses performance across 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 TAFE.
- 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:

- the PSC Advisory Board – Professor Peter Shergold AC (Chair), Tim Reardon, Vince Graham AM, Susan Lloyd-Hurwitz, Sandra McPhee AM, Martin Laverty and Michael Pratt AM
- PSC staff members who developed the report, led by Assistant Commissioner Scott Johnston, Adam Bove, Frances Parker, Aleksandra The-Tjoean and Cassandra May
- ORC International, which conducted the People Matter survey, and the Office of the NSW Customer Service Commissioner, which conducted the Customer survey
- the departments and agencies that supported the People Matter survey and Workforce Profile collection
- Folk Pty Ltd and Editor Group for their expertise in designing and editing this report.

The PSC proudly acknowledges Australia's Aboriginal and Torres Strait Islander community and their rich culture and pays respect to their Elders past and present. We acknowledge the ongoing connection that Aboriginal people have to this land and recognise Aboriginal people as the original custodians of these lands on which we serve.

Chapter 1

NSW public sector at a glance



Our size and shape

Source: Workforce Profile (2018)

Number of full-time equivalent (FTE) employees

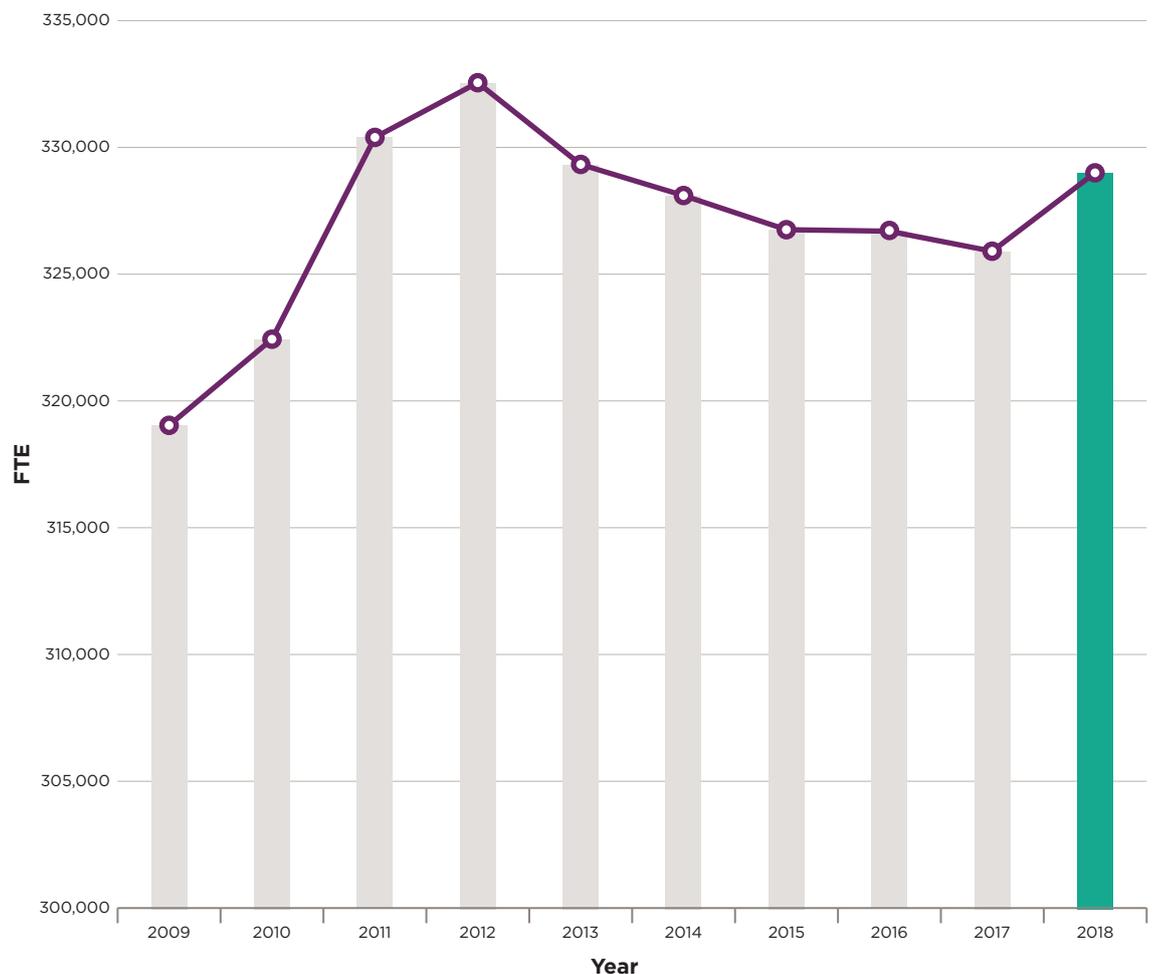
329,005



Source: Workforce Profile (2009-2018)

FTE over time, 2009-2018

The public sector grew for the first time since 2012. Most of the 3,088 FTE increase from 2017 to 2018 was due to increases in the numbers of teachers, police officers and health professionals (1,956 FTE). The sector also grew at a slower rate than the number of NSW employed persons.

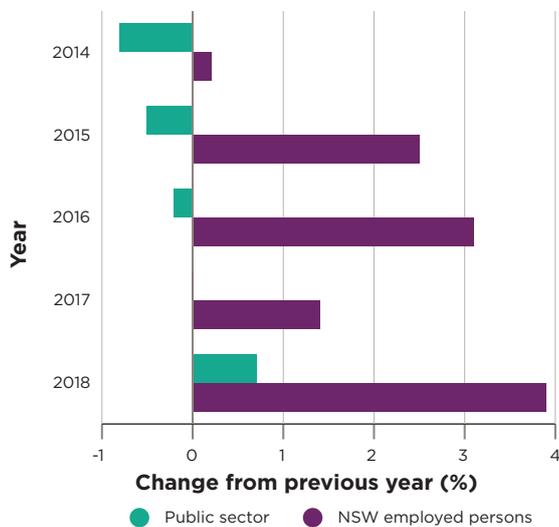




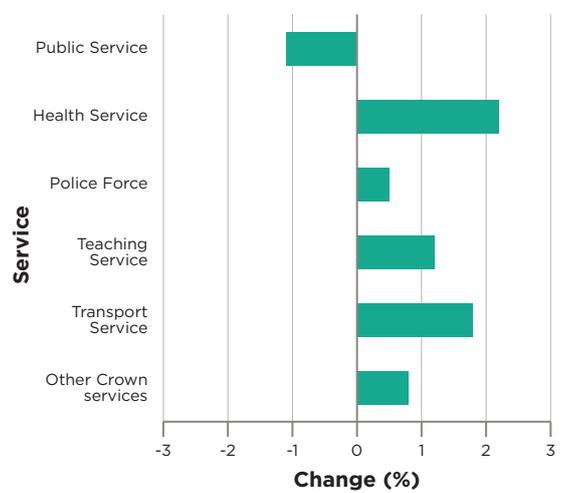
Left:
Sources: Workforce Profile (2013–2018); ABS (2018a)

Right:
Source: Workforce Profile (2017, 2018)

Changes in public sector headcount and total NSW employed persons, 2014–2018

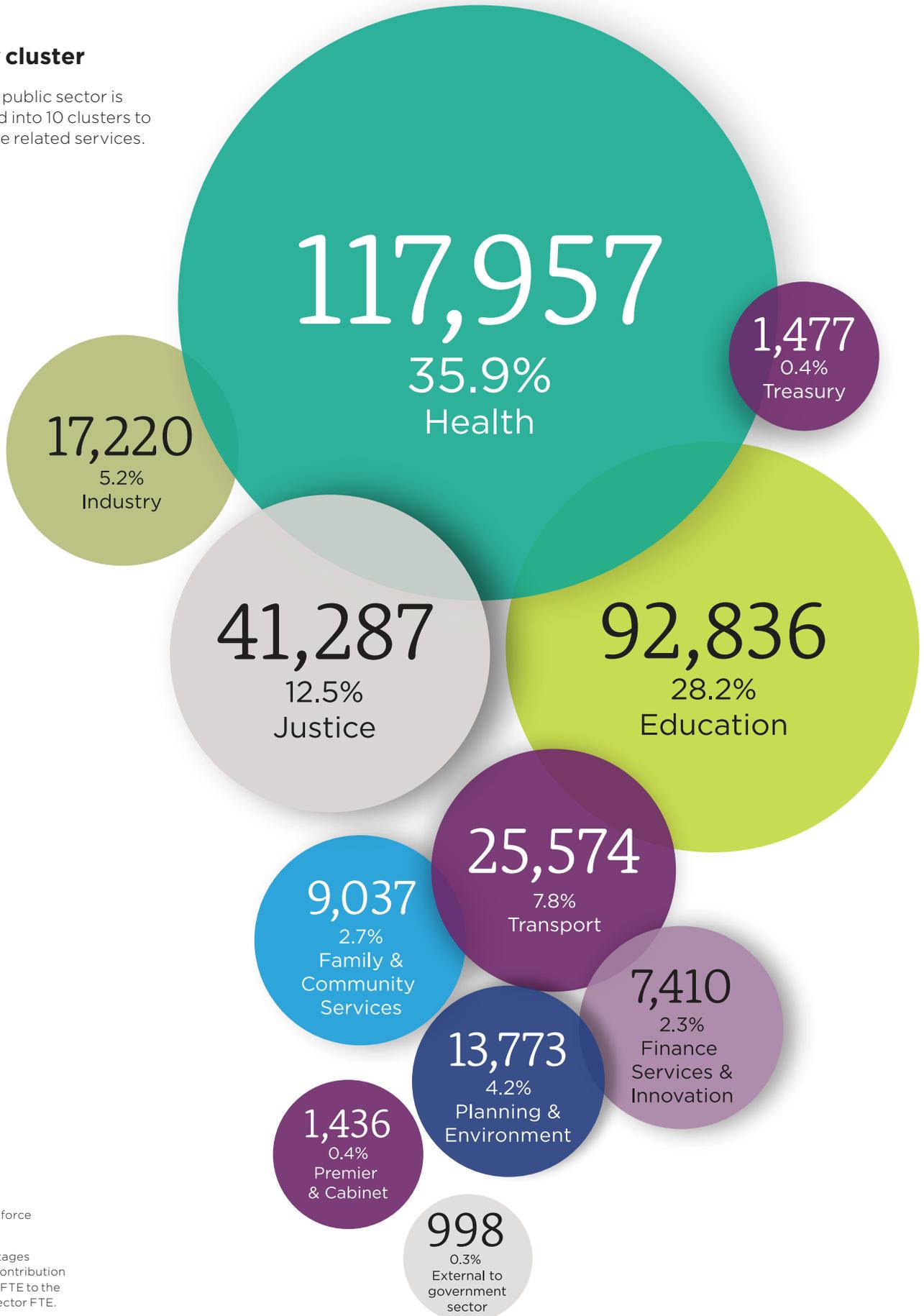


FTE for government sector services, 2018 vs 2017



FTE by cluster

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



Source: Workforce Profile (2018)

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

Source: Workforce Profile (2018)

FTE for key occupations

Key frontline roles continue to grow so the public sector can better serve the NSW community.



NURSES

47,942



SCHOOL TEACHERS

66,481



POLICE OFFICERS

16,221



LABOURERS

4,233



CLEANERS AND LAUNDRY WORKERS

4,886



CLERICAL AND ADMINISTRATIVE WORKERS

31,032



TRAIN DRIVERS

1,919



FIRE FIGHTERS

4,091



SCHOOL SUPPORT STAFF

21,851



FOOD PREPARATION ASSISTANTS

1,973



MEDICAL PRACTITIONERS

11,932



SOCIAL AND WELFARE PROFESSIONALS

7,303



PRISON OFFICERS

3,606



BUS DRIVERS

3,756



AMBULANCE OFFICERS

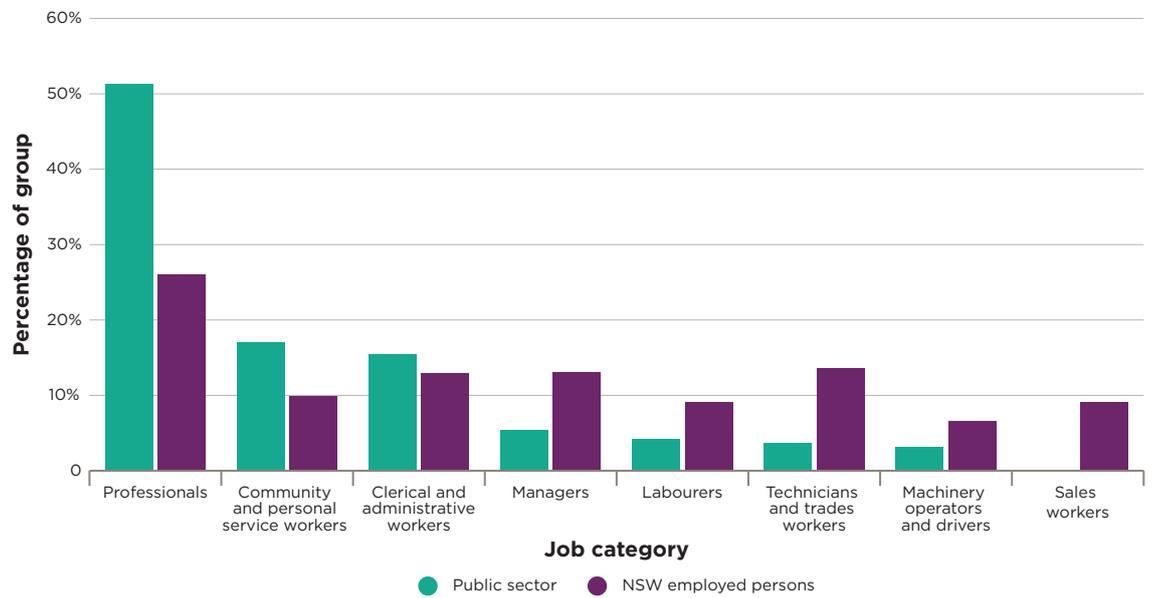
4,030

ALL OTHER STAFF

97,750

Sources: Workforce Profile (2018); ABS (2018b)

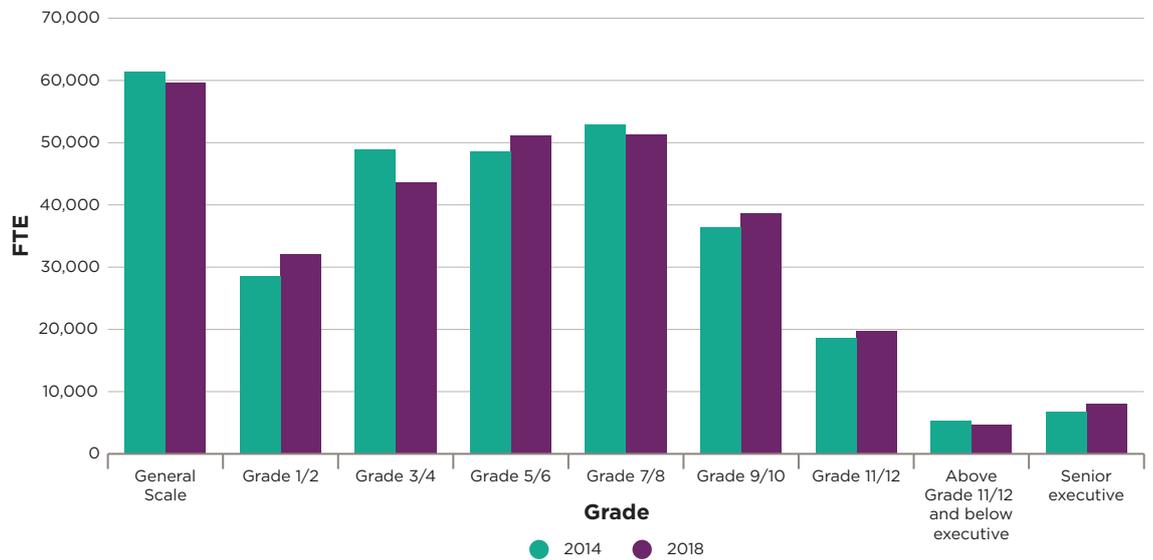
Public sector employees and NSW employed persons by job category



Source: Workforce Profile (2014, 2018)

Note: Grades are aligned with the Crown Employees (Administrative and Clerical Officers - Salaries) Award 2007.

Public sector FTE by grade, 2018 vs 2014



Source: Workforce Profile (2018)

Government sector senior executives ...

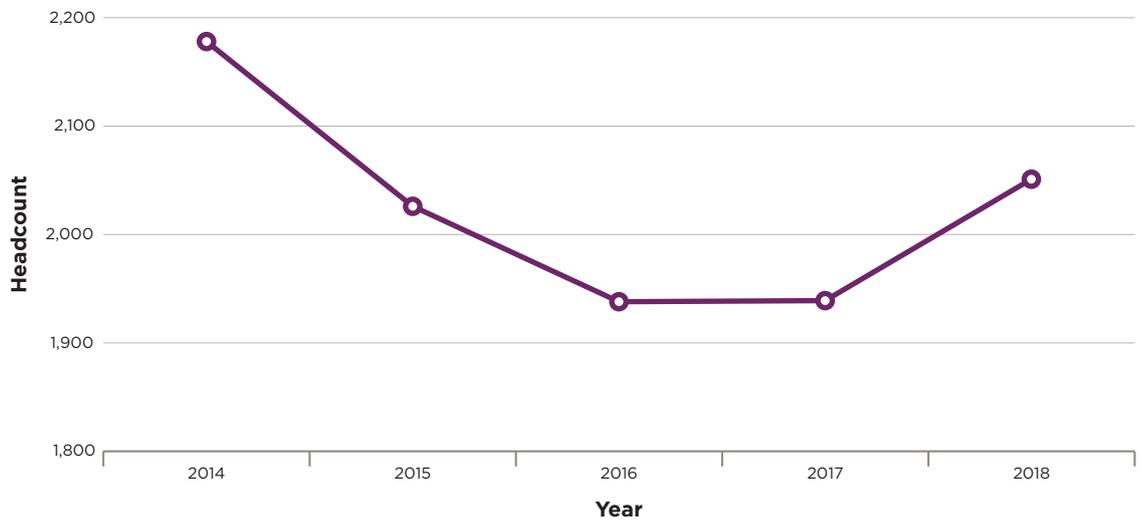
... as a proportion of the non-casual government sector workforce

3,115 

0.9% 

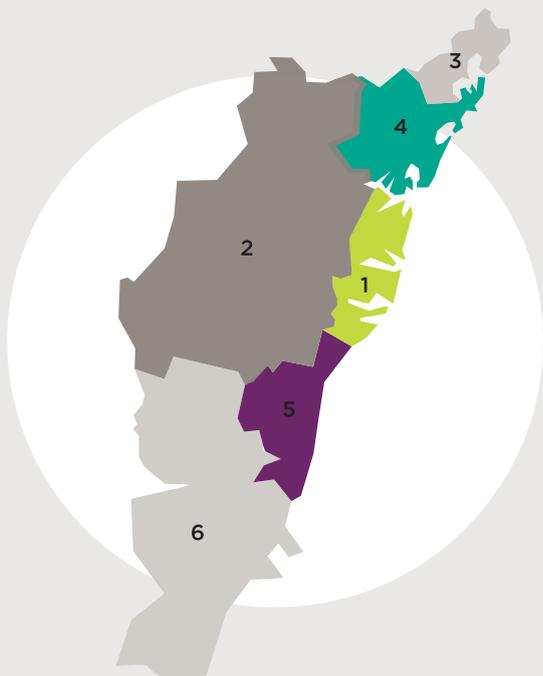
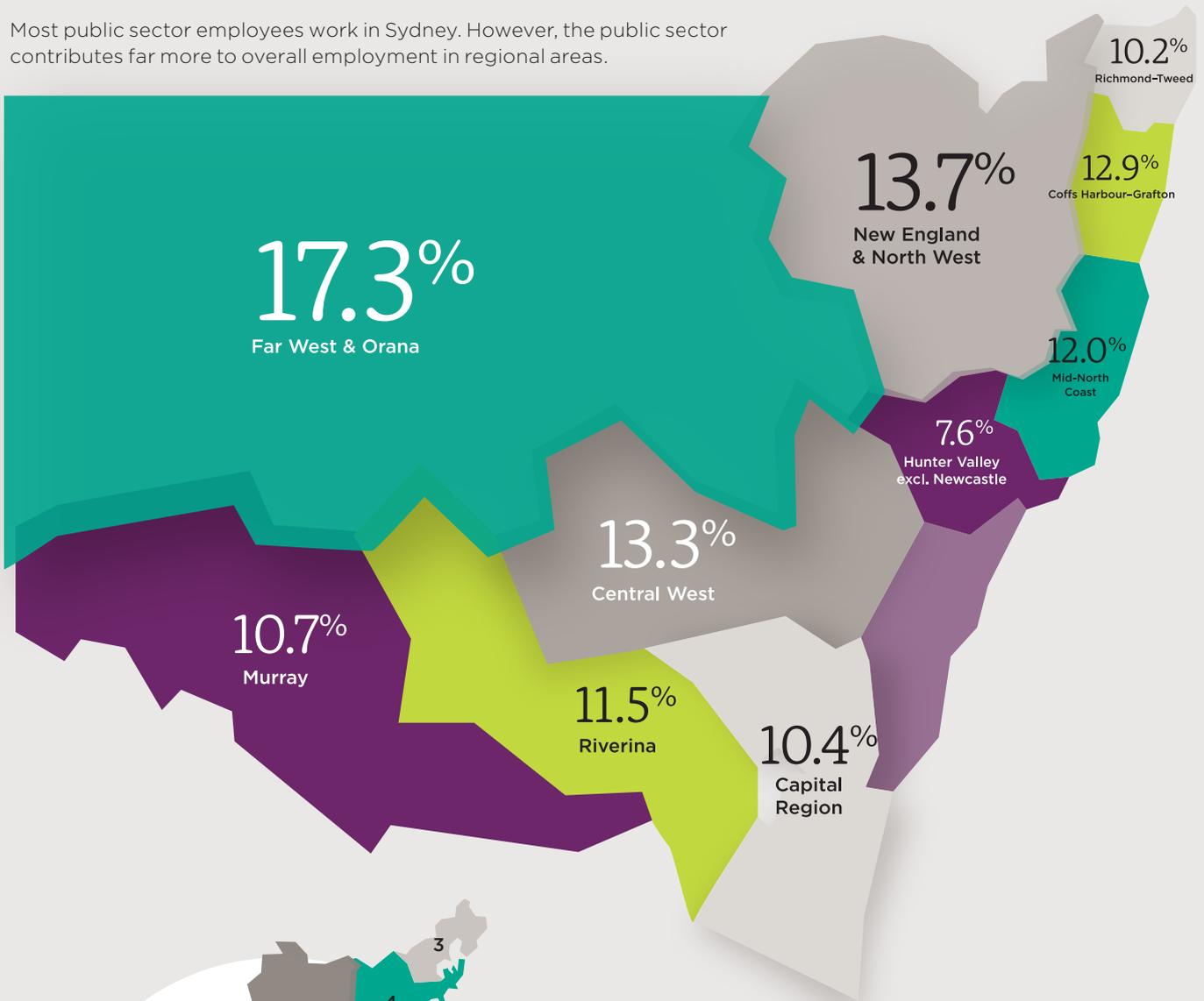
Source: Workforce Profile (2014-2018)

Public Service senior executives, 2014-2018



Contribution to overall employment by NSW region

Most public sector employees work in Sydney. However, the public sector contributes far more to overall employment in regional areas.



Sydney regions

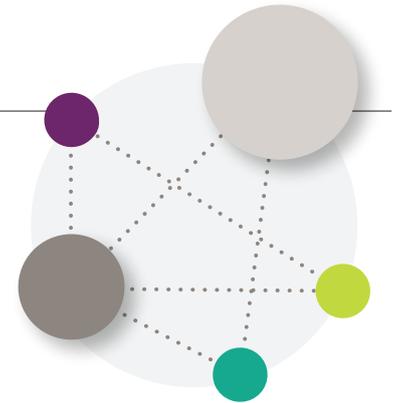
Region	Contribution to employment (%)
1. Sydney East	8.8
2. Sydney West	9.0
3. Newcastle and Lake Macquarie	12.2
4. Central Coast	8.9
5. Illawarra	10.1
6. Southern Highlands and Shoalhaven	9.9

Sources: Workforce Profile (2018); ABS (2018c)

Our people

Source: Workforce Profile (2017, 2018)

Median agency tenure, 2018 vs 2017



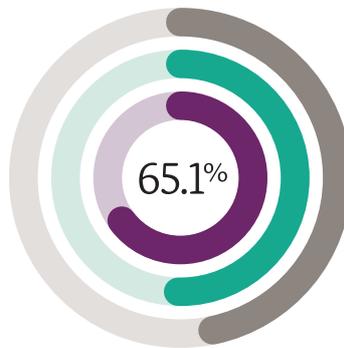
Median age in years



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

Sources: Workforce Profile (2018); ABS (2016a; 2017a)

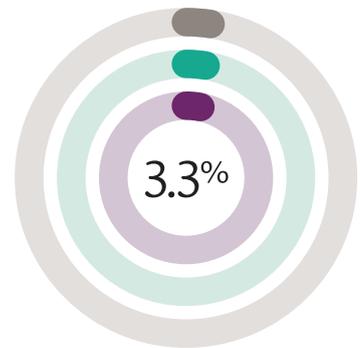
Representation of women



- Public sector 65.1%
- NSW population 50.4%
- NSW working population 46.8%

Sources: Workforce Profile (2018); ABS (2017b; 2018d)

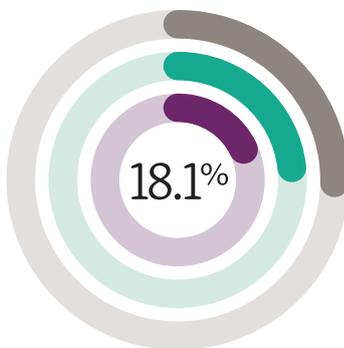
Representation of Aboriginal and Torres Strait Islander people



- Public sector 3.3%
- NSW population 2.9%
- NSW working population 2.6%

Sources: Workforce Profile (2018); ABS (2015a; 2016b)

Representation of people with English as a second language



- Public sector 18.1%
- NSW population 23.2%
- NSW working population 25.4%

Sources: Workforce Profile (2018); ABS (2016c; 2016d)

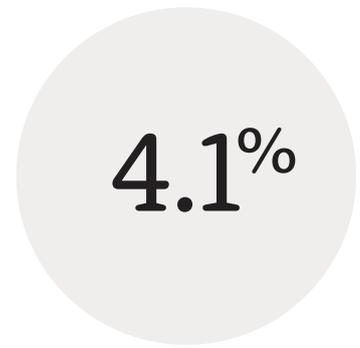
Representation of people with disability



- Public sector 2.5%
- NSW population 18.1%
- NSW working population 8.5%

Sources: Workforce Profile (2018); ABS (2015b; 2015c)

Representation of LGBTI+ people

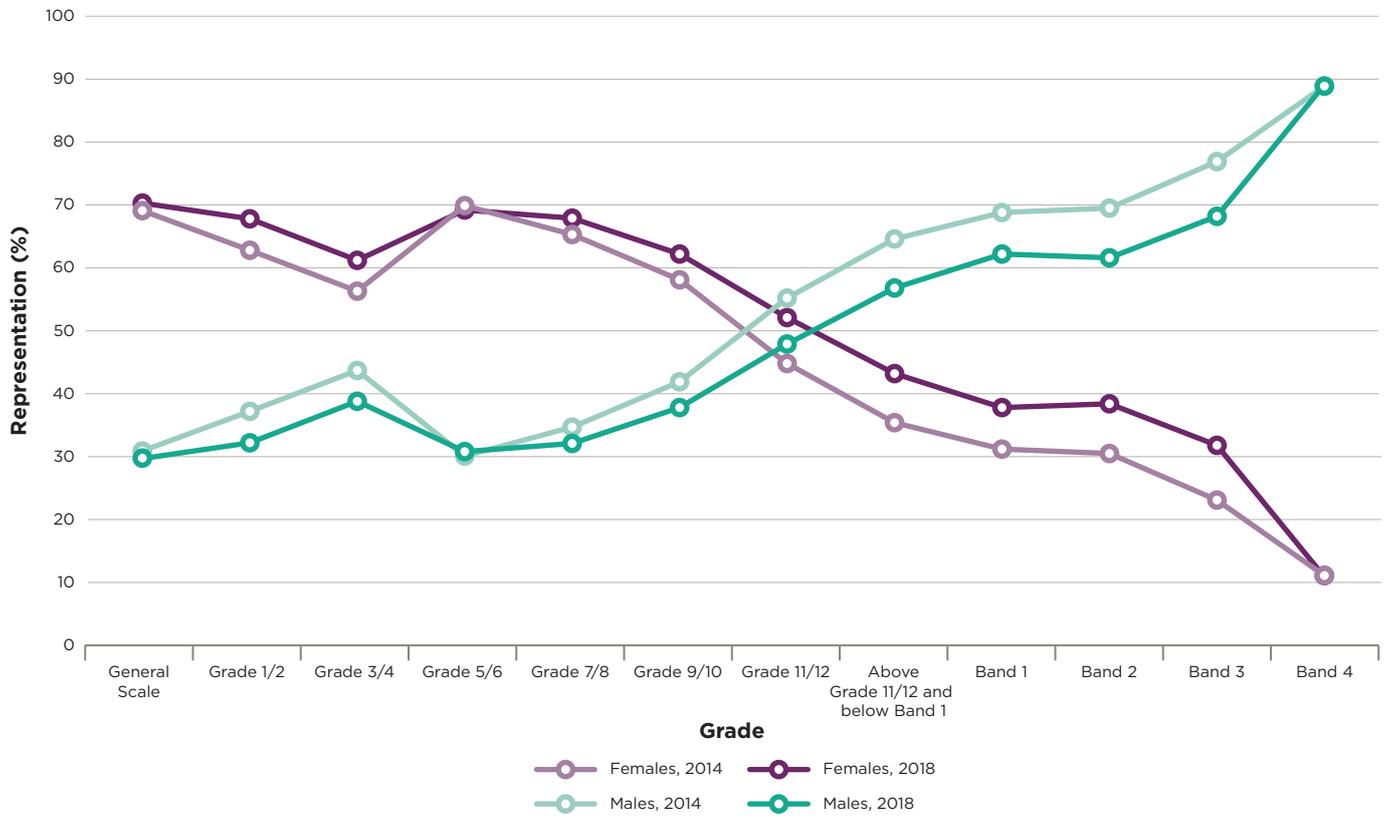


Source: People Matter Employee Survey (2018)

Note: Diversity statistics are based on self-disclosure.

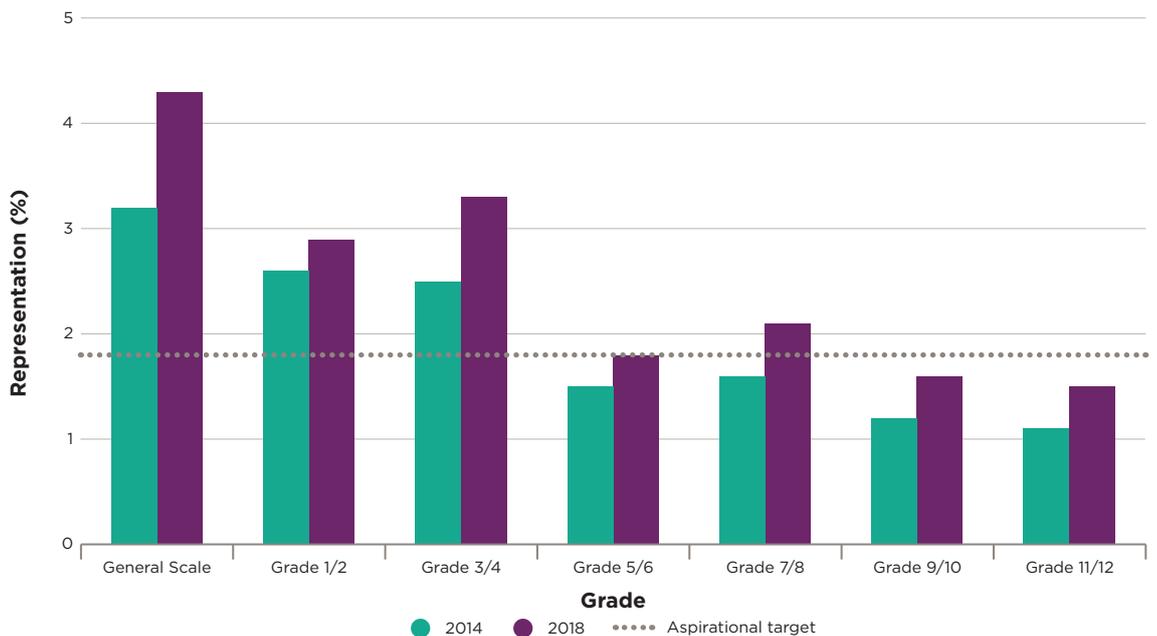
Source: Workforce Profile (2014, 2018)

Gender representation by grade, 2018 vs 2014



Source: Workforce Profile (2014, 2018)

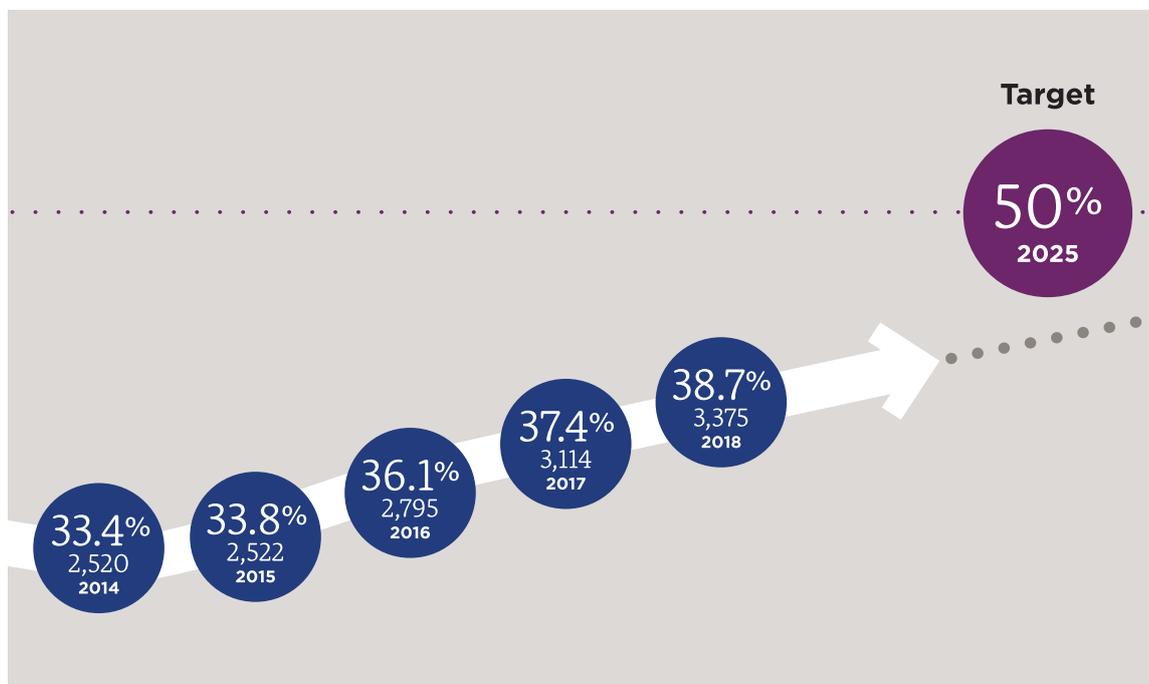
Aboriginal and Torres Strait Islander representation by grade (non-executive), 2018 vs 2014



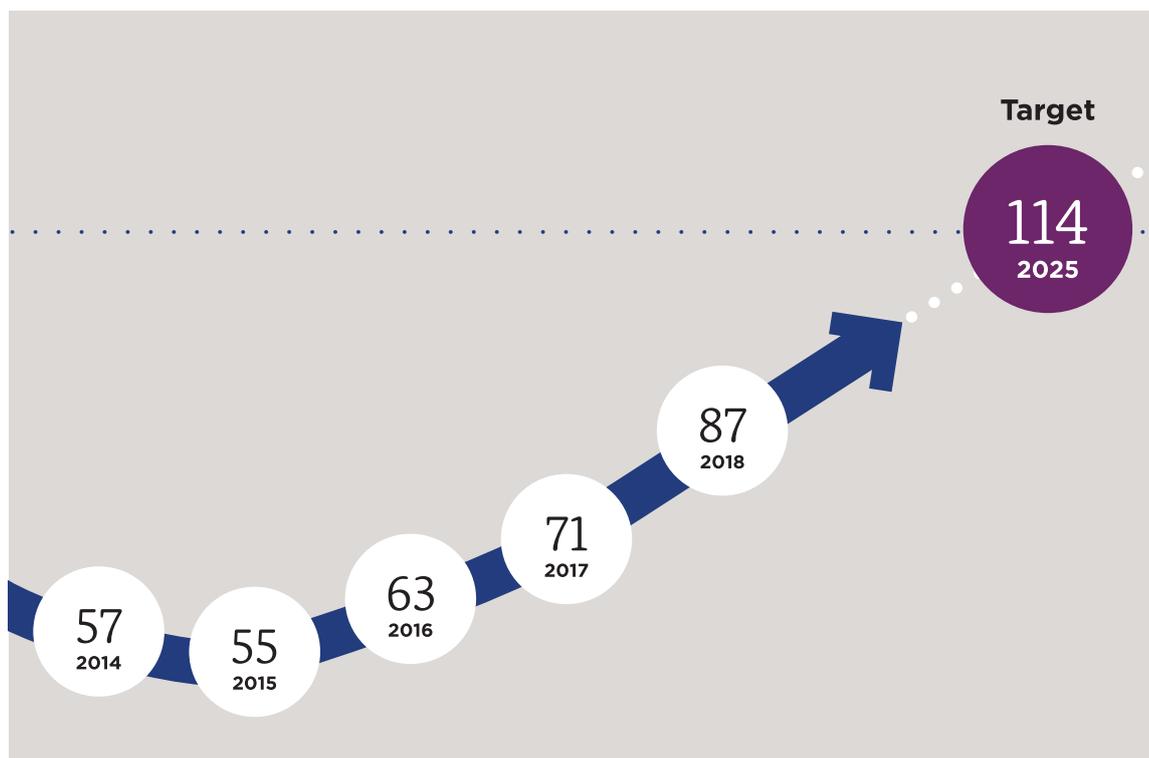
Source: Workforce Profile (2014-2018)

Progress on the Premier's Priority to drive public sector diversity, 2014-2018

Women in senior leadership

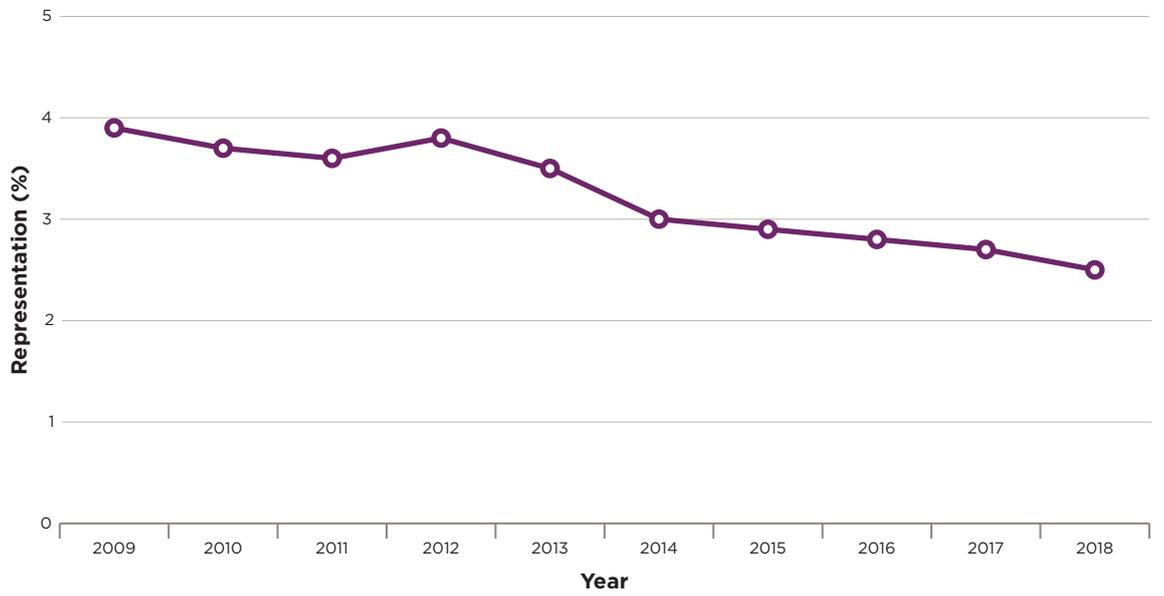


Aboriginal and Torres Strait Islander people in senior leadership



Source: Workforce Profile (2009-2018)

Representation of people with disability over time, 2009-2018



Our performance

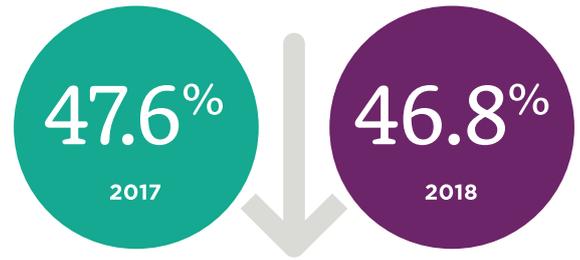
Left:
Source: NSW Treasury
Budget Statement
2017-18 (2018)

Government sector net worth

\$261.1bn

Right:
Sources: NSW Treasury
Budget Statement
2016-17 (2017); NSW
Treasury Budget
Statement 2017-2018
(2018)

Government sector employee-related expenses as a percentage of general government expenditure, 2018 vs 2017



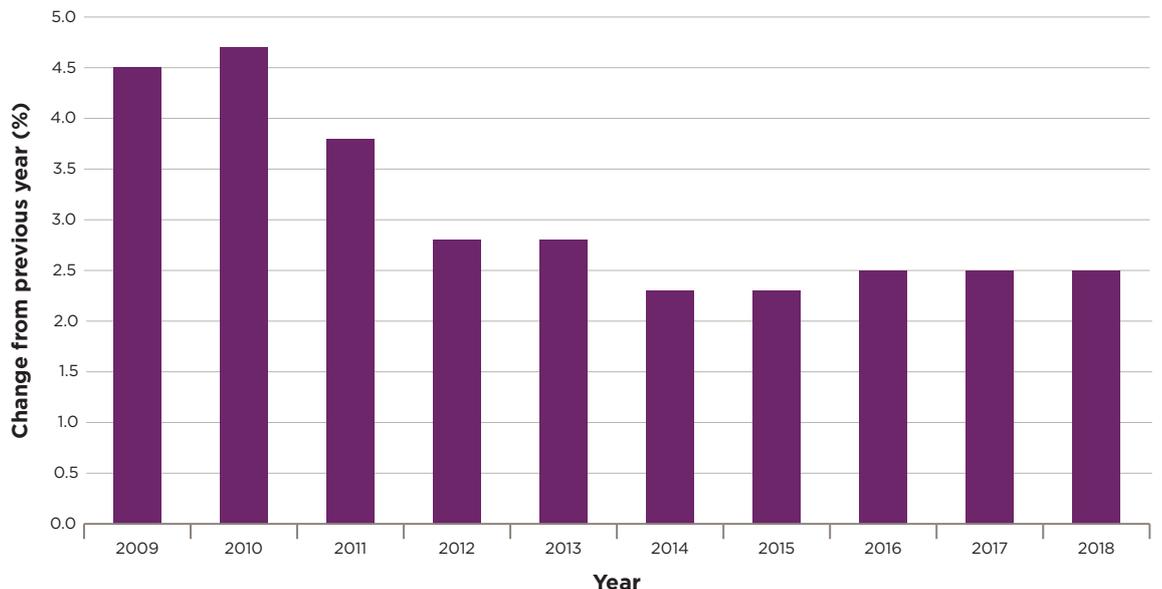
Source: Workforce
Profile (2017, 2018)

Median salary, 2018 vs 2017

\$85,782 a **\$2,093** or **2.5%** increase from 2017

Source: Workforce
Profile (2009-2018)

Changes in median salary, 2009-2018



Source: Workforce Profile (2018)

Median salary by gender

Note: The gender pay gap calculation follows the Organisation for Economic Cooperation and Development (OECD) method, and is defined as the difference between the median salaries of males and females, relative to the median salary of men. Employee salary means the full-time base remuneration of the role, regardless of whether the employee is working part time or full time.

\$85,782



for women

\$86,731



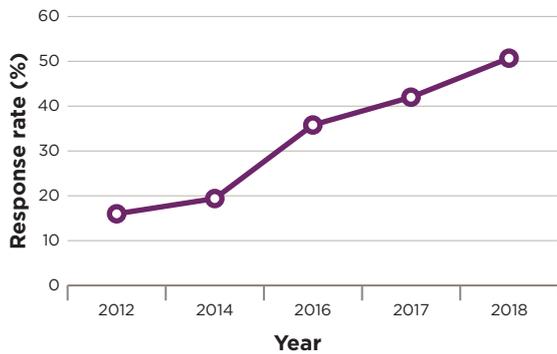
for men



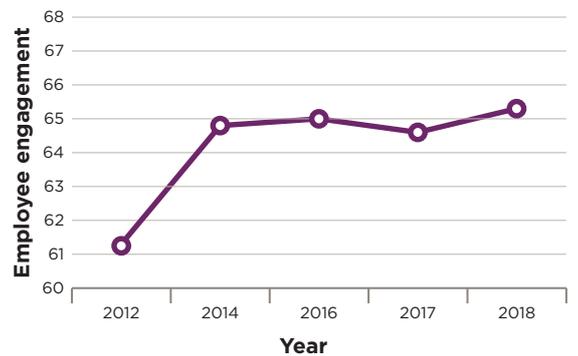
Source: People Matter Employee Survey (2012-2018)

A total of 170,832 public sector employees responded to the People Matter survey in 2018, equating to a response rate of 50.7%. This was an 8.7 percentage point increase on the previous year. The survey has seen substantial year-on-year increases in participation.

People Matter survey response rate, 2012-2018



Employee engagement, 2012-2018



Source: People Matter Employee Survey (2017, 2018)

Senior Leadership key performance indicator, 2018 vs 2017



The Senior Leadership Index tracks employee perceptions of senior leaders and is scored out of 100. Chapter 3, on leadership, contains further information about the index.

Performance Management key performance indicator, 2018 vs 2017



The Performance Management Index tracks employee perceptions of their experiences with performance management and is scored out of 100. Chapter 2, on acquiring and building capability, contains further information about the index.

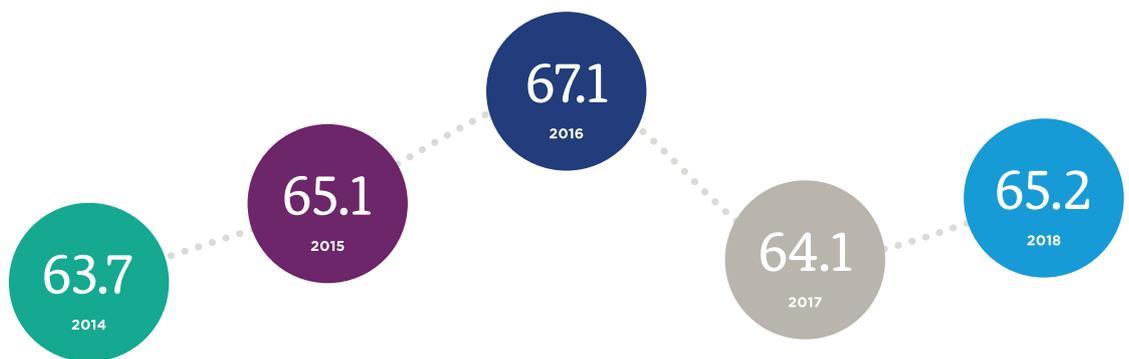
Source: Customer Satisfaction Measurement Survey (2017, 2018)

Customer satisfaction for consumers and businesses, 2018 vs 2017



Source: Workforce Profile (2014-2018)

Hours of paid unscheduled absence per FTE, 2014-2018



Source: People Matter Employee Survey (2018)

Employees who know how to address health and safety issues in their workplace



Chapter 2

Acquiring and building capability



Recruitment is an important and high-volume activity in the sector

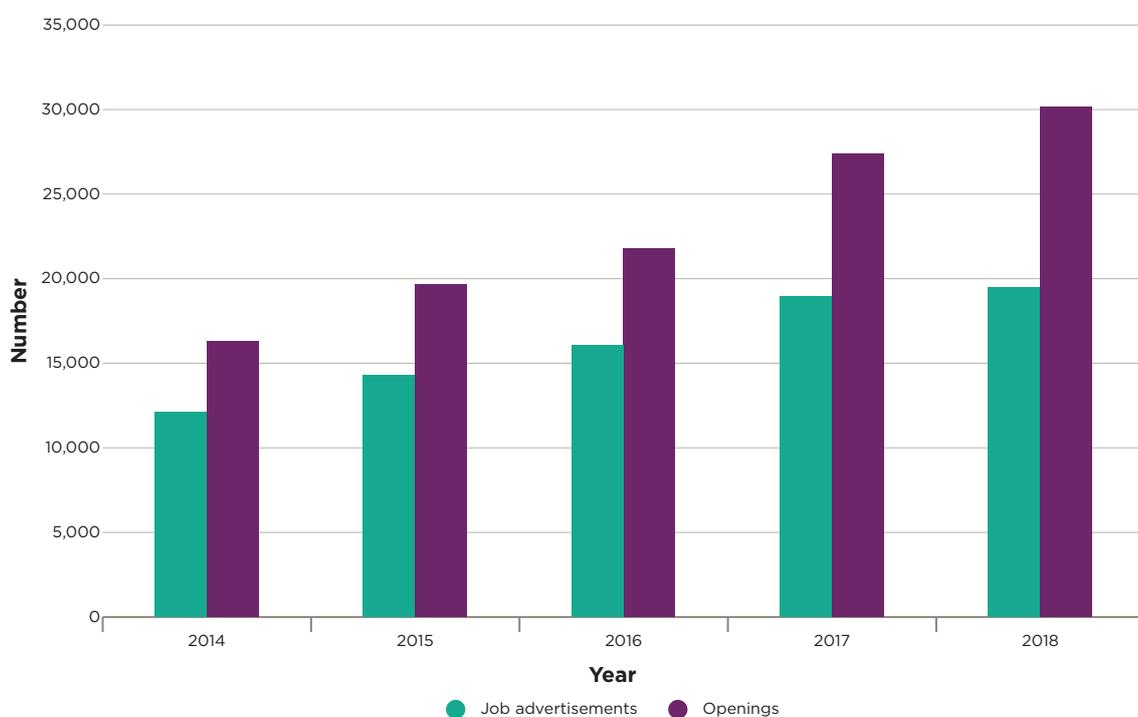
The number of job openings in the public sector has steadily increased year on year since 2014 (see Figure 2.1). This means leaders and managers must make many crucial recruitment decisions each year in an effort to find capable, high-performing employees.

With this in mind, the PSC commissioned a comprehensive assessment of the effectiveness of reforms introduced by the GSE Act four years ago relating to recruitment practices, job mobility and workforce management. Completed in June 2018, the Review of NSW Public Service Recruitment Reforms (the Recruitment Review) emphasised the importance of sound, evidence-based recruitment decisions.

Figure 2.1 Job advertisements and openings, 2014–2018¹

Source: Recruitment data collection (2014–2018)

Note: This data is only for agencies that use the I Work for NSW e-recruitment system (notable exceptions are agencies in the Health and Industry clusters).²



In 2018, almost half a million people (449,106) applied for roles in the public sector, and 22,773 of them were hired. These figures indicate the significant amount of public resources required to fill roles, and the scale and nature of interactions between the public sector and potential employees. With such frequent job vacancies and so many interactions with candidates, the sector has a great opportunity to improve the consistency and efficiency of recruitment processes; the effectiveness of candidate and employee selection; and candidates' satisfaction with the recruitment process.

1. A job advertisement may advertise one or more openings, which is why there are more openings than advertisements.
2. In 2016, the last year in which the PSC collected all of the Industry cluster's recruitment data, the cluster accounted for 10.8% of all job advertisements, 8.5% of openings and 7.5% of submitted applications. Further, according to the Workforce Profile, the Health cluster had close to 11,000 commencements (including internal and external hires). If these numbers continued into 2018 the number of applications would exceed 500,000.

Recruitment practices are improving but are not yet optimal

The independent Recruitment Review was undertaken by Lynelle Briggs AO, the former Australian Public Service Commissioner. This multi-perspective, future-focused review investigated agency maturity and the barriers agencies face to successfully embed the GSE Act reforms in recruitment, mobility and other areas of workforce management (for example, in workforce planning, diversity and inclusion, and data analysis). The Recruitment Review included a survey of Public Service secretaries and agency heads, interviews with secretaries and stakeholders in 'deep dive' clusters (Planning and Environment, Finance, Services and Innovation, and Justice) and comparisons of recruitment practices in other high-performing public sectors.

The review found that agencies generally regard the GSE Act reforms as effective. The reforms have delivered high-quality recruits and when applied effectively can shorten hiring time. The review also recommended delivering the full potential of the GSE Act reforms by:

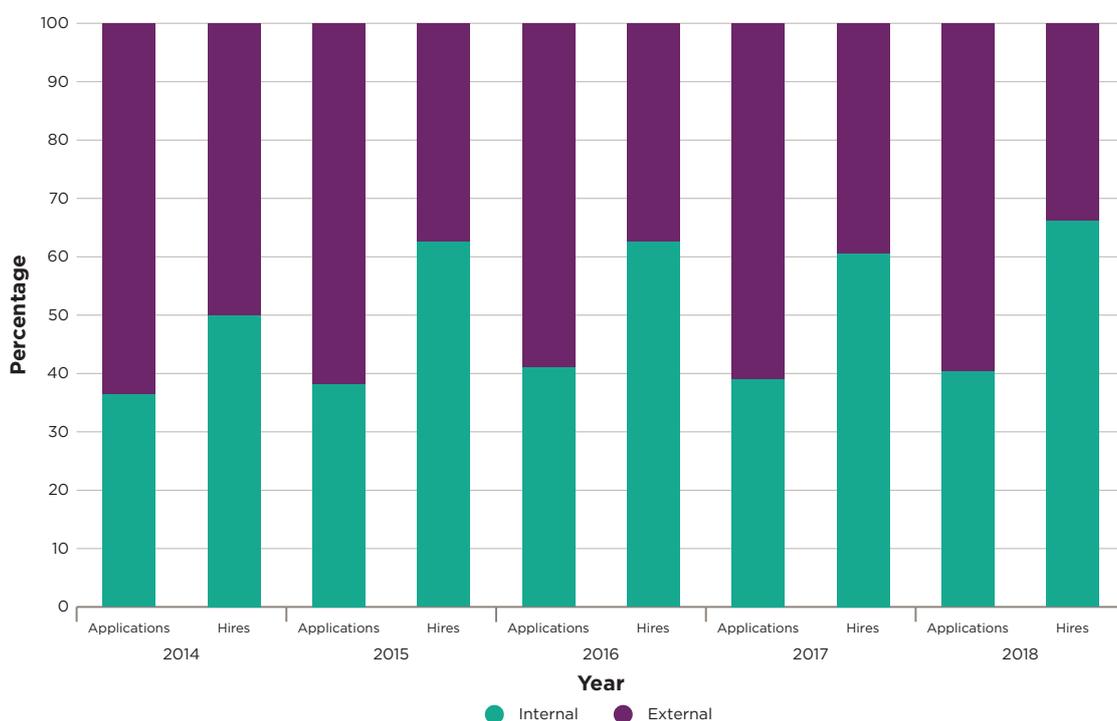
- fostering a workforce for the future: hiring more graduates; refining the Capability Framework to ensure it is fit for the needs of the future; and investing in training programs to fulfil emerging capability requirements
- improving technology and data: reviewing e-recruitment systems and ensuring they are consistent across the sector; sharing useful information about candidates; and finding ways to collect better data for workforce planning
- driving more robust recruitment decision-making: simplifying rules and consolidating practical guidance material; streamlining assessment standards; and developing recruitment expertise among human resources (HR) and hiring managers
- enabling mobility: curating mobility rounds for top talent; simplifying mobility provisions in legislation; centralising talent pool management for ease of use and accessibility; and helping employees understand that they do not own specific positions
- providing positive experiences for candidates: minimising the effort involved in applying for a role and improving communication with candidates throughout the process; improving onboarding and induction; encouraging more external interest in working in the sector; and improving the quality of feedback to unsuccessful candidates from hiring managers.



A survey of 45 Public Service agencies conducted as part of the Recruitment Review highlighted the lack of data in the sector about candidates' experiences of the recruitment process. The survey of secretaries and agency heads revealed only five agencies assessed the satisfaction of successful candidates, and only two assessed the satisfaction of unsuccessful candidates. Additionally, data shows that in 2018 around two-thirds of applications were from external applicants, but only around one-third of hires were from outside the sector (see Figure 2.2). Clearly, further work needs to be done to understand candidates' views of the recruitment process and whether current recruitment practices deter new talent from entering the sector.

Figure 2.2 Internal and external applicants and hires, 2014–2018

Source: Recruitment data collection (2014–2018)

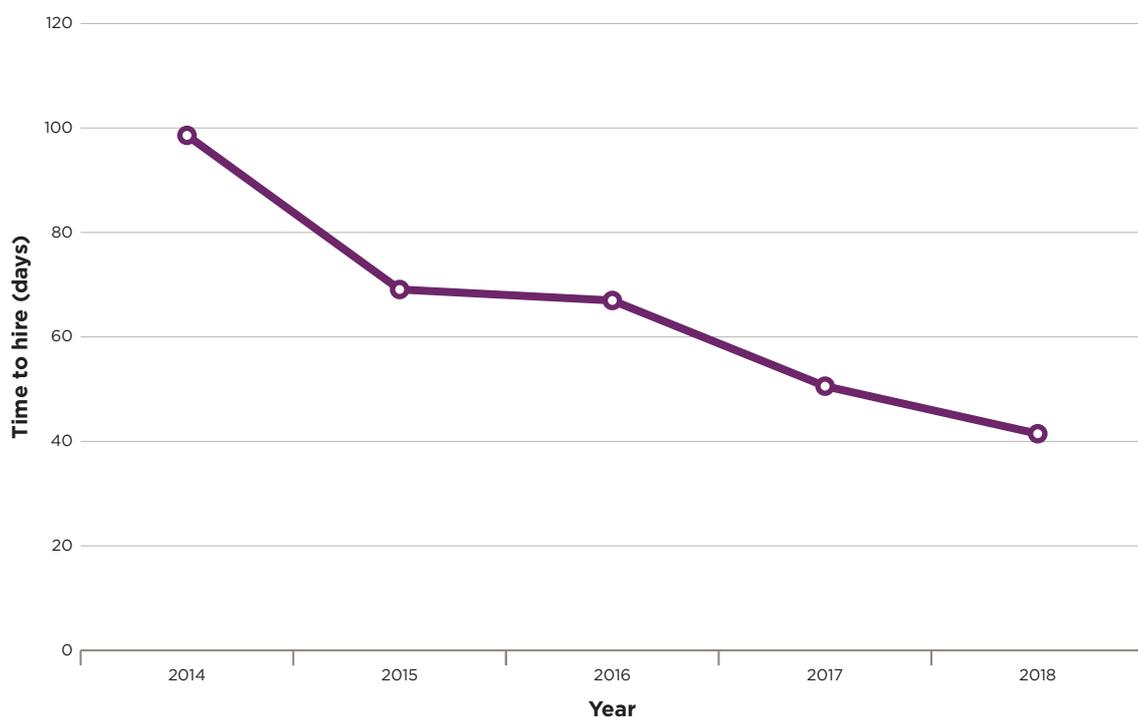


While there is a lack of data about candidates' experiences, the People Matter survey provides insights into how current public sector employees perceive recruitment practices. Their responses indicate they are less confident in the way recruitment decisions are made than in the outcomes of the decisions. Across the sector, only 37.3% of employees had confidence in the way recruitment decisions were made in 2018, although 53.7% of respondents thought their organisation selected capable people.

One metric used in several areas of the sector is time to hire, which captures the efficiency of recruitment decision-making processes. Time to hire is defined as the time (in days) between the date of the last submitted application and the date the successful candidate is offered the role (weekends are included). Average time to hire for recruitment activities involving single openings continued its decline from 2017 to 2018, to a low of 41.5 days (see Figure 2.3). However, there is room for improvement, with a quarter of single-opening recruitment activities still taking more than 57 days. Bulk recruitment and talent pools³ can make the recruitment process even more efficient. However, more work is needed to maximise the benefits.

Figure 2.3 Average time to hire for roles with single openings, 2014–2018

Source: Recruitment data collection (2014–2018)



3. A talent pool is a group of pre-assessed talent that can be easily accessed to fill applicable roles across the sector.



The NSW Government Graduate Program attracts and retains talent

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

Table 2.1 NSW Government Graduate Program applicants and placements, 2016–2018

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

The Graduate Program continues to expand, with placements increasing from 25 in the 2016 inaugural program to 168 in 2018, including 16 roles in the Central West and Hunter regions. Candidates from diverse disciplines and backgrounds have taken part in the program. With 19 of a potential 92 agencies registered to participate in the 2019 Graduate Program, there is still great scope to grow and extend participation to more agencies.

Table 2.2 NSW Government Graduate Program diversity outcomes, 2016–2018

Group	Applications received (%)	Successful placements (%)
Females	49.3	56.5
Males	48.5	42.5
People with disability	3.0	2.7
Aboriginal and Torres Strait Islander people	0.6	1.3

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

The Graduate Program achieved success with its inaugural cohort, whose mobility has been tracked over time. Retention is high, with 20 out of 25 graduates remaining employed in the sector and progressing rapidly in their careers. Ninety percent of them have been promoted beyond their starting role at Clerk Grade 3/4, with the majority (13 individuals) progressing into a role two grades higher, at a salary equivalent to Clerk Grade 7/8, by June 2018. Most are employed as policy analysts, or program or project administrators.

Agencies that participate in the Graduate Program receive long-term benefits. Half the continuing graduates from the 2016 cohort returned to their home agency after completing the program, while 80% are employed in an agency in which they completed a rotation during the Graduate Program.

Good performance management links employee goals to organisational outcomes

To deliver high-quality services to the community, employees need to feel connected to the broad outcomes the public sector is striving for. Agencies that exemplify good practice make this link in a formal way, with employee performance management directly traced upwards to broader organisational strategy.

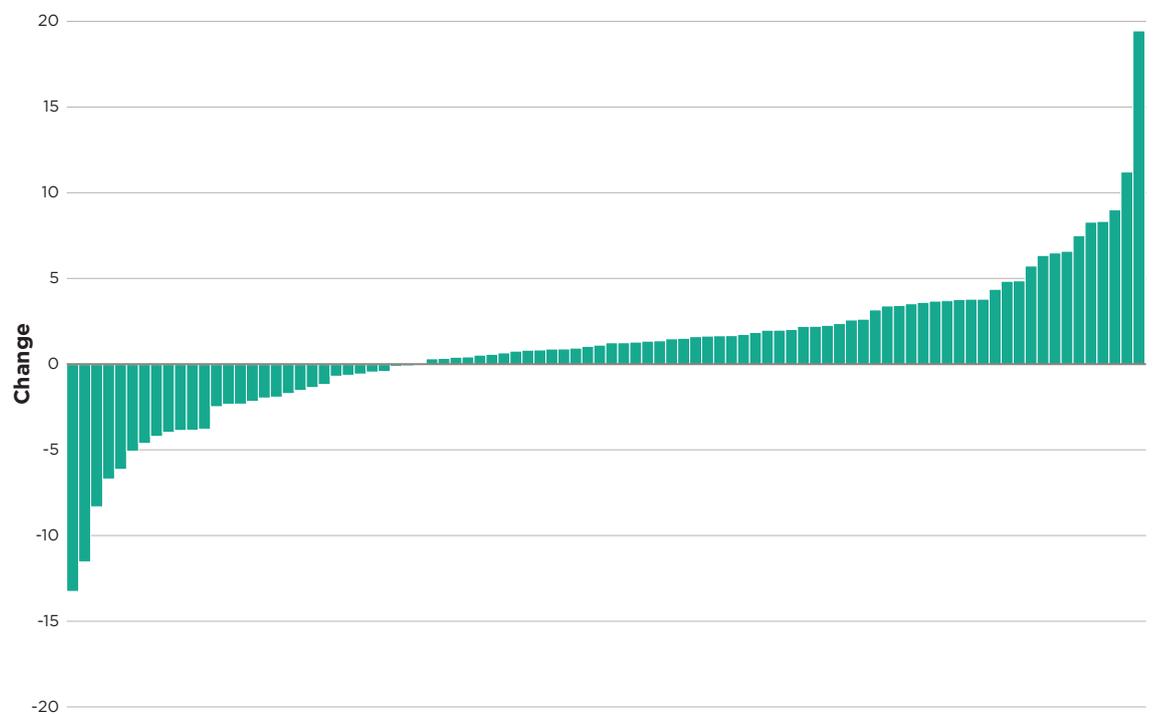
Employee perceptions of performance management, as measured by the People Matter survey, improved between 2017 and 2018. Two-thirds of agencies improved their scores on the Performance Management key performance indicator (KPI), a measure of the quality of performance management (see Figure 2.4).

Figure 2.4

Change in the Performance Management KPI for agencies, 2018 vs 2017

Source: People Matter Employee Survey (2017, 2018)

Note: Each column represents an agency.



While it is encouraging to see an increase of nearly three percentage points in the number of employees who say they have a performance and development plan (see Table 2.3), there is still scope for better performance management across the sector. Managers should set clear performance goals and standards so that employees know what is expected of them. They should also ensure that feedback is timely and targeted, so employees can best deliver on what is expected of them.

Table 2.3 Employee perceptions of performance management, 2018 vs 2017

Question	2018 (% positive)	Change from 2017 (pp)
I have a current performance and development plan	70.6	3.1
I have informal feedback conversations with my manager	76.1	1.1
I have scheduled feedback conversations with my manager	58.3	1.7
In the last 12 months I received useful feedback on my work to enable me to deliver required results	64.9	1.9
My performance is assessed against clear criteria	56.4	2.4

Source: *People Matter Employee Survey (2017, 2018)*

People managers have some way to go in providing constructive feedback and managing poor performance. According to 22.8% of employees who responded to the 2018 People Matter survey, their manager does not deal appropriately with employees who perform poorly. This is consistent with the finding from the Recruitment Review that public servants are frequently not aware of their current performance levels until they have missed out on above-level opportunities sought through formal recruitment. Better performance management systems and capabilities would allow employees to benchmark their performance before embarking on a time-consuming and resource-intensive recruitment process.

Recognising the emerging maturity of the sector in performance management, the PSC is revising the Public Sector Performance Development Framework to further drive performance management capability. Among other things, the revised framework will place an emphasis on managers conducting regular, constructive, two-way conversations with employees about performance.

Development builds capability for now and the future

'People development' is a key component of the Public Sector Performance Development Framework. The term refers to the collaborative process managers use to identify and develop employees' capabilities, with periodic progress reviews. Used effectively, this process helps employees address their capability gaps and take responsibility for their own development. Supporting employees' development helps build strong relationships between managers and employees, and helps employees identify and realise their career goals. Development programs need to be considered strategically and be integrated with an organisation's forward planning activities, including strategies for developing high-potential employees, managing talent, developing leadership or management skills, planning succession for critical roles, and workforce planning.

Despite the importance of career and capability development for both employees and agencies, in 2018 only 50.4% of employees were satisfied with the career development opportunities in their organisation (although this is up from 48.1% in 2017). Further, 26.8% of employees were dissatisfied with career development opportunities in their organisation, and 64.7% of the dissatisfied employees were looking for a new role elsewhere in the sector at the time of the survey. This could indicate that lack of development is a key motivator for employees seeking new opportunities. It also provides a reason for agencies to more actively embed sector mobility in their program of development activities. If this segment of employees is looking for development and/or career movement, there is then a case for agencies to consider coordinated mobility as development (that is, activities such as rotations and job swaps), to meet employees' and agencies' needs.

Mobility provides a refresh but needs to be transparent

Two out of five (or 40.7%) of the respondents to the 2018 People Matter survey were looking or thinking about looking for a new role within the NSW public sector but outside their current workplace, to broaden their experience. Almost a third of respondents (32.3%) felt there were no barriers to their career progression. Those who did feel there were barriers, cited personal or family considerations, a lack of visible opportunities and a lack of promotion opportunities as the main reasons. Despite employees' desires to move to new roles or agencies, 2018 Workforce Profile data shows that only 1.7% of employees (or about 6,000) moved between agencies in the public sector, only a slight increase on 2017's figure of 1.6%.

While there is limited data on within-agency movements, anecdotal evidence in the Recruitment Review suggests that these types of movements may be more common. The Recruitment Review also found that deep cultural issues need attention to enable greater mobility between and within agencies. This includes addressing:

- a perception by public servants that they own their job, rather than being appointed to a level and role (only 12 out of 45 agencies surveyed for the Recruitment Review said their employees understood they do not own a position)
- complicated rules governing the circumstances in which employees may be moved
- an over-reliance on temporary employment arrangements, where agencies appoint external employees for short periods, rather than looking to existing internal staff that may be appropriate for the job.

However, the Recruitment Review did not consider in depth the impact that a significant rural and remote workforce will have on the NSW public sector achieving optimal rates of mobility. There are obvious geographic difficulties in driving mobility within this segment of the workforce. This lack of potential to move was evidenced in the 2018 People Matter survey, which found that employees in regional and remote NSW were less likely to look for a new role than those located in Sydney, mainly for personal, family and geographic reasons. Even so, many barriers to sector mobility can be overcome through forward-looking organisational and role design that draws on flexible working practices and modern technology.

Mobility benefits employees and organisations alike because it helps employees broaden their understanding of their organisation's objectives and their organisational context; build networks and reduce silos; and develop new skills.⁴ When used strategically, mobility can help boost productivity by reducing the drop-off in engagement that occurs with increased tenure. Data from the 2018 People Matter survey reveal that between-agency moves can reduce the effect of sector tenure on engagement (see Figure 2.5), and within-agency moves (to new roles) can reduce the effect of agency tenure on engagement (see Figure 2.6). However, these moves need to be open and transparent. A joint analysis of People Matter survey and Recruitment Review survey data found that greater internal mobility is associated with less employee confidence in the way recruitment decisions are made. Leaders and managers will need to challenge these negative perceptions if mobility is to become the norm.

4. Zin, Shamsudin and Subramaniam (2013)

Figure 2.5 Relationship between tenure in sector and agency, and employee engagement

Source: People Matter Employee Survey (2018)

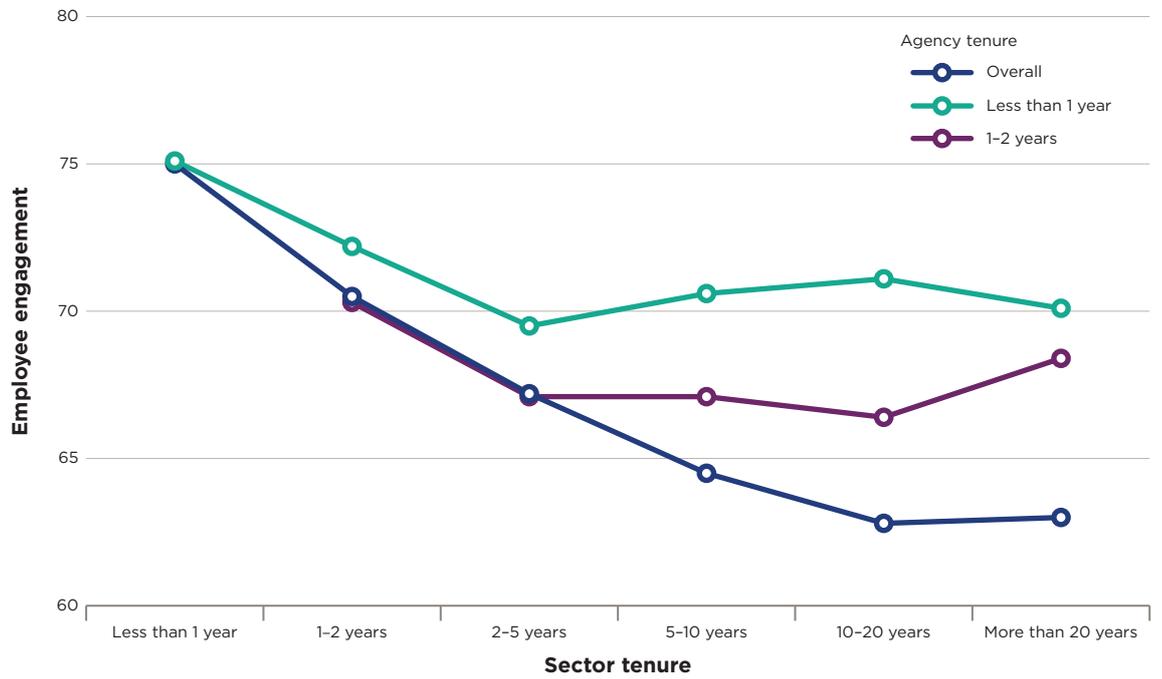
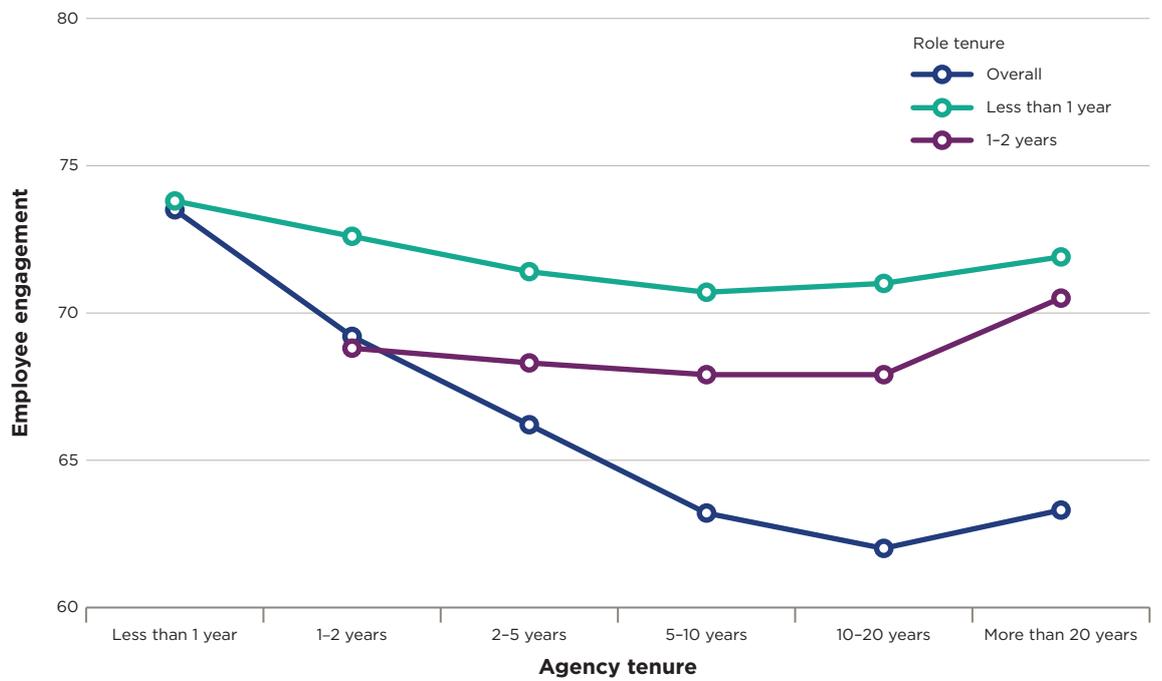


Figure 2.6 Relationship between tenure in agency and role, and employee engagement

Source: People Matter Employee Survey (2018)





Encouraging career development and transparent mobility at Service NSW

Service NSW employs more than 2,000 people to enable it to provide statewide access to government services, from applying for a driver's licence to registering a birth. The agency's executive leadership recognised that to attract the best talent and build a world-class team and culture, it needed a workforce strategy focused on developing and future-proofing employee capabilities. Critical role gaps and recruitment needs, such as backfilling due to staff movements, led management to consider a longer-term, strategic recruitment and mobility solution. Service NSW's Development Opportunity Portal, built in partnership with the Department of Finance, Services and Innovation (DFSI), provided that solution.

The portal provides opportunities for employees to develop their capabilities, gain experience and take ownership of their careers. At its core, the portal is an internal noticeboard of development opportunities that helps connect hiring managers with staff members from across Service NSW. Among the opportunities featured are temporary above-level arrangements, short-term project work, role swaps and secondments. The portal will be expanded in the future to include activities such as shadowing.

Hiring managers register development opportunities and vacancies on the portal, which are then advertised to all Service NSW and DFSI employees. Employees can progress their careers by expressing interest in moving to a different role or taking advantage of a short-term opportunity. To complement this process, employees regularly have meaningful performance and development discussions with their managers to talk about and plan for career progression. These discussions ensure that development and mobility are planned for and transparent.

The portal has enabled Service NSW to backfill critical role gaps for short periods, identify talented and motivated employees early, and engage employees by helping them build and develop their professional experience and skill set. While the portal is still in its early stages, employees and managers have responded positively to it, and all signs point to better workforce agility and mobility across the agency. More than 50 opportunities in roles from Grade 2/3 to director were posted in the first six months, with up to 30 applicants showing their interest in some jobs.

Enabling job mobility, improving recruitment practices, and supporting and developing employees will become increasingly important as the public sector workforce shifts to meet current and future demands. Chapter 6 explores some of the challenges and opportunities that lie ahead.

Chapter 3

Strengthening leadership



Leadership continues to matter

Leadership is central to delivering high-quality services to the community. It influences all the factors that characterise a high-performing organisation and is fundamental to achieving positive workforce outcomes across the sector. The quality of leadership in the public sector has been a particular focus for the NSW Government for many years, and two years on from the publication of the *State of the NSW Public Sector Report 2016* entitled *Leadership Matters*, it is time to take stock of how the sector is progressing in this area.

As a starting point, *Leadership Matters* identified areas for improvement: change management; collaboration; communicating direction; listening to and involving employees in shaping organisational thinking and practice; and performance management. Since then, the quality of leadership has improved markedly in such areas as performance management (see Chapter 2) and encouraging customer-oriented service (see Chapter 4). Other areas, such as collaboration (see Chapter 6), have some way to go. This, in part, shows the complex nature of leadership – people who lead well must communicate effectively, manage change and inspire others to achieve their very best. There is work to be done but this presents the very positive message that a focus on effective and appropriate leadership is being acknowledged by staff members (see Table 3.1).

Table 3.1 Employee perceptions of the qualities of senior leaders, 2016–2018

Question	2016 (% positive)	2017 (% positive)	2018 (% positive)
I believe senior managers provide clear direction for the future of the organisation	47.0	47.8	49.5
I feel that senior managers effectively lead and manage change	43.3	44.2	45.8
I feel that senior managers model the values of my organisation	47.6	48.5	50.1
Senior managers encourage innovation by employees	48.8	48.5	50.1
Senior managers promote collaboration between my organisation and other organisations we work with	52.2	50.8	52.3
Senior managers communicate the importance of customers/clients in achieving our business objectives	60.1	60.5	61.7
I feel that senior managers keep employees informed about what's going on	43.8	45.0	47.4
I feel that senior managers listen to employees	39.0	40.8	43.4
Senior managers in my organisation support the career advancement of women	54.4	58.2	60.3

Source: *People Matter Employee Survey (2016–2018)*

A single, leaner, flatter and more mobile senior leadership within the Public Service was a core element of the GSE Act. The transition of all Public Service senior executives to the new four-band employment arrangement formally concluded in February 2017 and saw this cohort shrink from 2,178 to 1,939 from 2014 to 2017, and the removal of around 1,400 senior officer positions.

The number of Public Service senior executives increased to 2,051 in 2018. This was largely due to extensive infrastructure development, structural change and growth in service delivery to citizens. The size of this cohort will be closely monitored over the coming years.

The *Government Sector Employment Legislation Amendment Act 2016* (NSW) (GSELA Act) aligned the employment arrangements of executives in the Health Service, Transport Service and Police Force with those in the Public Service. The Health Service transitioned to the new senior employment arrangements in January 2017, the Transport Service in July 2017 and the Police Force in October 2017. The alignment means that the NSW government sector can share the benefits of GSE Act reforms designed to create a more agile and mobile executive with enhanced career opportunities and able to deliver better frontline services to the people of NSW.

The Leadership Academy is producing high-quality leaders

The NSW Government views a successful leader as one who can:

- take action with a view to long-term progress, by staying focused on delivering for the people of NSW
- place public interest above personal interest and work with transparency to enable public scrutiny
- live the public sector's values to create a culture of respect, inclusion and wellbeing
- find new and better ways to do things by encouraging innovation, engaging with stakeholders and taking considered risks
- predict and respond to change
- foster high performance by encouraging continuous learning, and through clear and impactful communication, strategic leadership, performance management and people development
- provide professional, politically neutral advice to the Government while upholding the law, institutions of government and democratic principles
- maximise the use of public resources
- create positive and productive workplaces by being aware of their leadership shadow.

The Leadership Academy was introduced in 2015 to build capability in these areas. It provides structured, need-based development at key career transition points for high-performing and high-potential leaders. To date, 298 people have completed the Academy's four programs (see Table 3.2). Analysis of the 2016 pilot cohort showed that participants were, on average, three times more likely to secure a promotion than those in a comparable group of employees.

Table 3.2 Successful Leadership Academy participants, 2016–2018

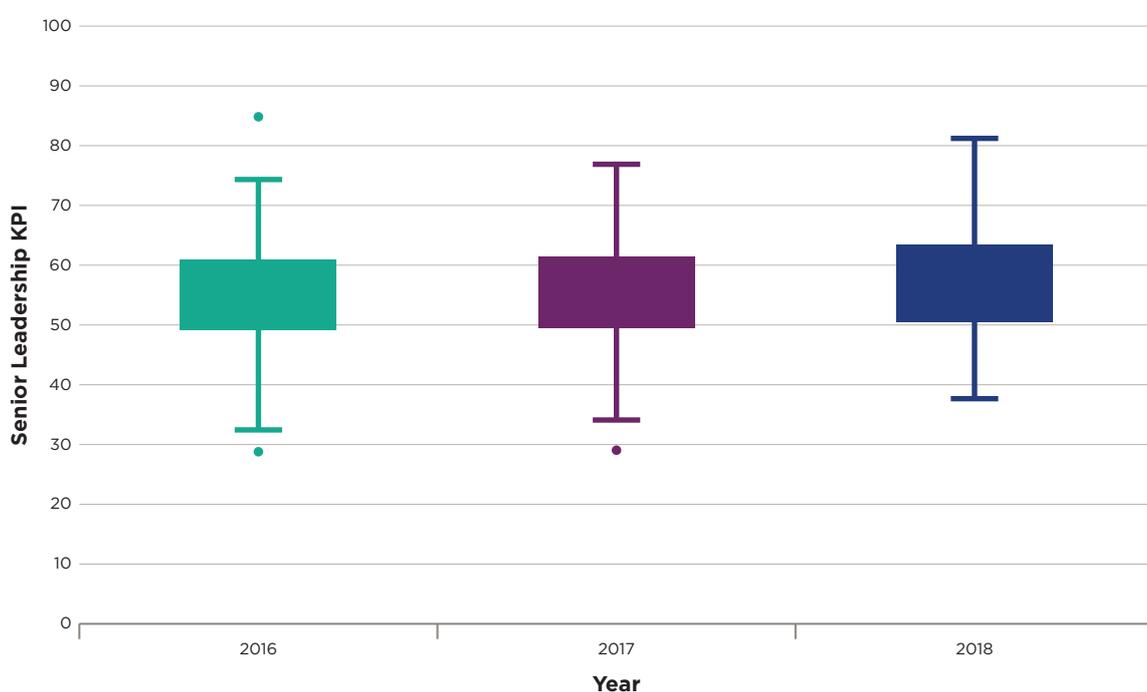
Program	2016	2017	2018	Total
Leading a Sector	2	-	2	4
Leading an Agency	11	9	11	31
Leading Executives	16	34	33	83
Leading Managers	18	66	96	180
Total	47	109	142	298

Views of leaders are improving

People Matter survey scores indicate that work to reform leadership and build executive capability is resulting in overall improvements. Although employee perceptions of senior managers are, relatively speaking, still not very positive, they have shifted in the positive direction since 2016. The Senior Leadership KPI, which is an aggregate of several questions from the People Matter survey, provides a consolidated measurement of leadership performance. The picture across the sector is that agencies are improving but that there is substantial scope for leaders to shift the way they set direction, execute strategy, shape culture, manage change and drive results (see Figure 3.1).

Figure 3.1 Senior Leadership KPI for agencies, 2016–2018

Source: People Matter Employee Survey (2016–2018)



Further evidence of general improvements in senior leadership comes from the 2018 People Matter survey, in the form of a narrowing of the typically observed 'proximity effect'. The proximity effect is where employees are most positive about their own work and teams, and progressively less positive about their first line manager, senior managers and organisation. The 2018 results showed that this effect has narrowed. The difference between employees' perceptions of their immediate surroundings and work team, and their view of senior managers has narrowed, demonstrating more consistent perceptions within organisations. This is a validation of, and a case for, more effective communication and welcoming employee feedback on future directions and work programs.

Notably, perceptions of senior managers were more positive in smaller agencies and workplaces where employees are more likely to interact with senior leaders. This may not always occur in larger organisations, especially in those with geographically dispersed workforces. However, this is not to say perceptions of senior leaders cannot be positive in these larger organisations. Senior leaders in larger organisations need to rely on middle managers to ensure their leadership is visible, and that messages cascade down through their organisations and employees feel included.⁵ It is much harder to fulfil organisational strategies if many employees do not think their leaders provide clear direction on the future of the organisation, manage change well or keep them informed about what is going on.

5. Jensen, Moynihan and Salomonsen (2018)

Leaders need to motivate and better support managers

Senior leaders will lead more successfully if they equip managers to deal with the challenges of leading and managing people. Anecdotal evidence collected by the PSC during consultations with the sector indicates that managers are finding it difficult to implement flexible work arrangements in their teams, efficiently and effectively facilitate recruitment and mobility, and deal with difficult people-management issues. This plays out in the People Matter survey results.

In 2018, first line managers had lower levels of engagement than executives, managers of managers, and non-managers (see Figure 3.2). They also tended to give less positive responses than the other three groups to a survey question asking if they received the support necessary to do their best at work (see Figure 3.3). This result needs to be understood and addressed as first line managers play a key role in engaging and supporting their teams, which will be difficult to do if they do not feel engaged and supported. There is an opportunity for senior leaders and HR to work more closely to ensure managers have the right capabilities and support to lead their teams.

Figure 3.2 Employee engagement by seniority

Source: People Matter Employee Survey (2018)

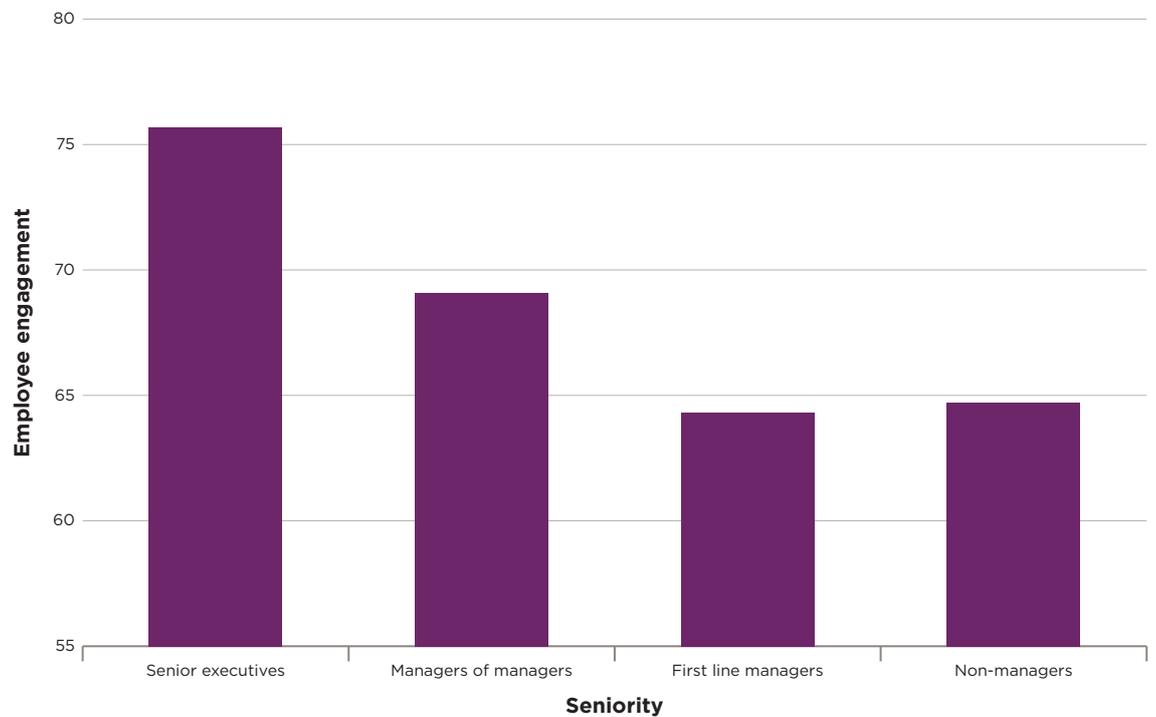
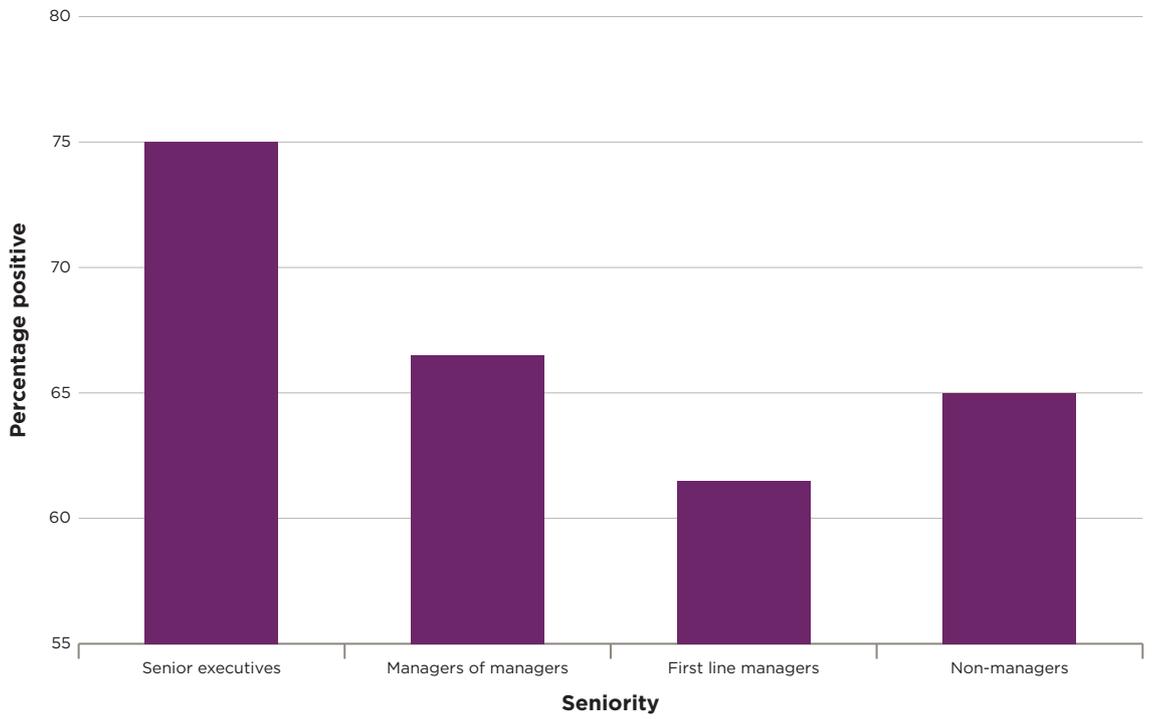


Figure 3.3 Employee perceptions of whether they get the support to do their best at work by seniority

Source: People Matter Employee Survey (2018)



Chapter 4

Creating positive workplace cultures



Values underpin the sector's culture

A positive workplace culture is one in which customer service, initiative, individual responsibility and achieving results are strongly valued. This sentiment is captured by the government sector core values of integrity, trust, service and accountability. Employees' perceptions of how well their agencies uphold these values improved slightly from 2017 to 2018 (see Table 4.1). This increase suggests stated values and actual values have become better aligned across the sector, but there is room for improvement in areas such as individual accountability.

Table 4.1 Employee perceptions of adherence to public sector values, 2018 vs 2017

Value	Question	2018 (% positive)	Change from 2017 (pp)
Integrity	I feel that senior managers model the values of my organisation	50.1	1.6
Trust	People in my workgroup treat each other with respect	74.7	0.4
	My manager listens to what I have to say	75.6	1.1
	I feel that senior managers keep employees informed about what's going on	47.4	2.4
	I feel that senior managers listen to employees	43.4	2.6
Service	My workgroup strives to achieve customer/client satisfaction	86.2	0.9
	Senior managers communicate the importance of customers/clients in achieving our business objectives	61.7	1.2
Accountability	My manager encourages people in my workgroup to keep improving the work they do	73.6	1.6
	I believe senior managers provide clear direction for the future of the organisation	49.5	1.7
	My organisation focuses on improving the work we do	69.4	0.9
	People in my organisation take responsibility for their own actions	48.5	1.8

Source: *People Matter Employee Survey (2017, 2018)*

Positive workplace cultures built on sound values and principles help to increase employee engagement and reduce unproductive workplace behaviour such as incidents of workplace bullying.⁶ These two issues, as indicators of a healthy culture, are discussed below.

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

Employee engagement is steady

When the first People Matter survey was conducted in 2012, around 16% of the sector or 60,799 employees responded. Subsequent efforts to promote the value of the survey to employees and agencies, and to show employees that their opinions are taken seriously, resulted in a response rate of over 50% for the first time, in 2018 (see Table 4.2). Perhaps most impressive is the 24.2% increase in the number of responses from employees in frontline roles that occurred between 2017 and 2018. Survey participation among frontline employees tends to be lower than among non-frontline employees due to differing work circumstances.

Table 4.2 Employee engagement and People Matter survey participation, 2012-2018

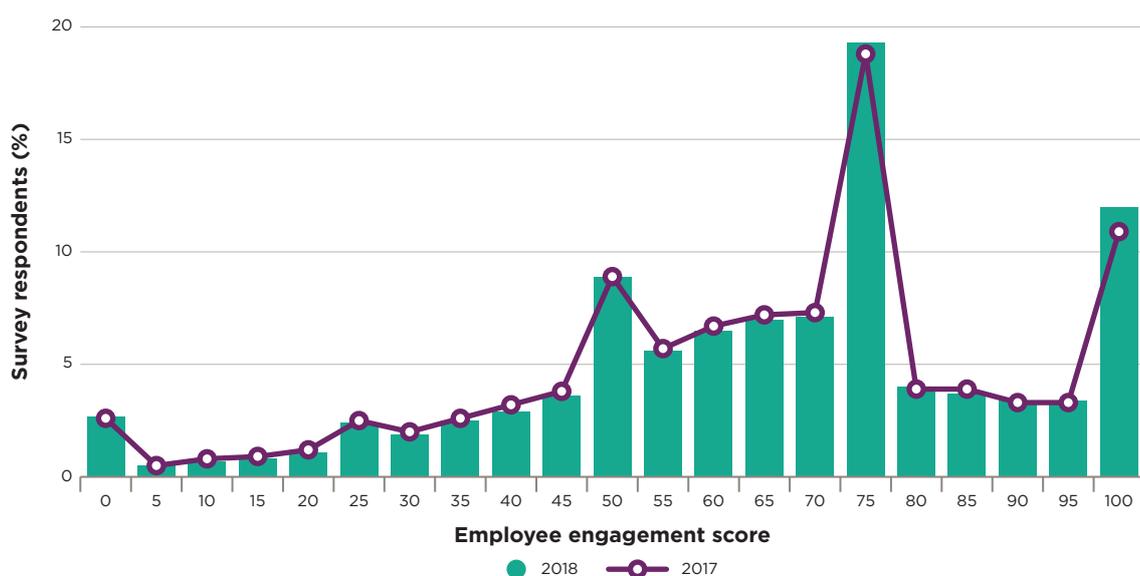
	2012	2014	2016	2017	2018
Employee engagement	61.3	64.8	65.0	64.6	65.3
Number of People Matter survey responses	60,779	73,550	127,191	140,063	170,832
People Matter survey response rate (%)	16.0	19.4	35.8	42.0	50.7

Source: People Matter Employee Survey (2012-2018)

Despite the survey having its largest reach ever, employee engagement remained steady from 2017 to 2018. However, there was a small but perceptible increase in the number of high-range engagement scores – that is, scores of 75 or more (see Figure 4.1). On the other hand, there was very little change at the lowest reaches of the engagement scale – for scores of 25 and below – with almost one in five employees indicating that they are not engaged with their organisation.

Figure 4.1 Employee engagement distribution, 2018 vs 2017

Source: People Matter Employee Survey (2017, 2018)

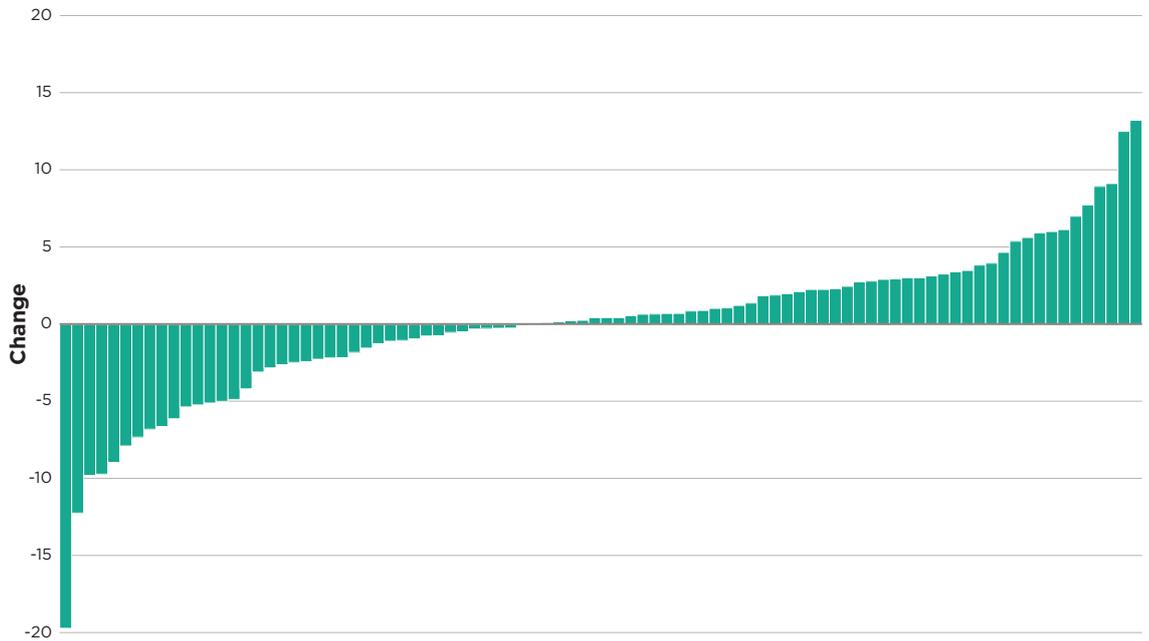


The slight but positive shift in employee engagement is also evident when looking at agency averages (see Figure 4.2). More than 50% of agencies improved on their 2017 engagement scores, though there were some significant downward movements in some agencies.

Figure 4.2 Change in average employee engagement by agency, 2018 vs 2017

Source: People Matter Employee Survey (2017, 2018)

Note: Each column represents an agency.



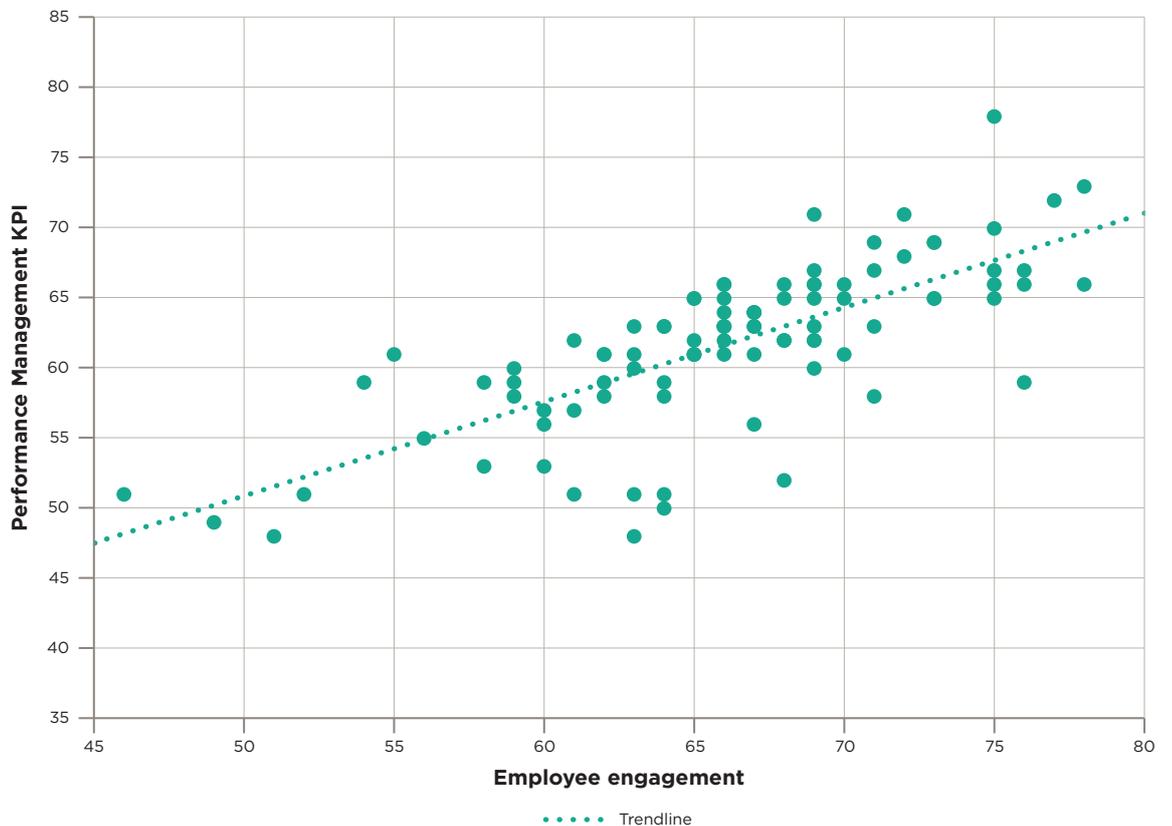
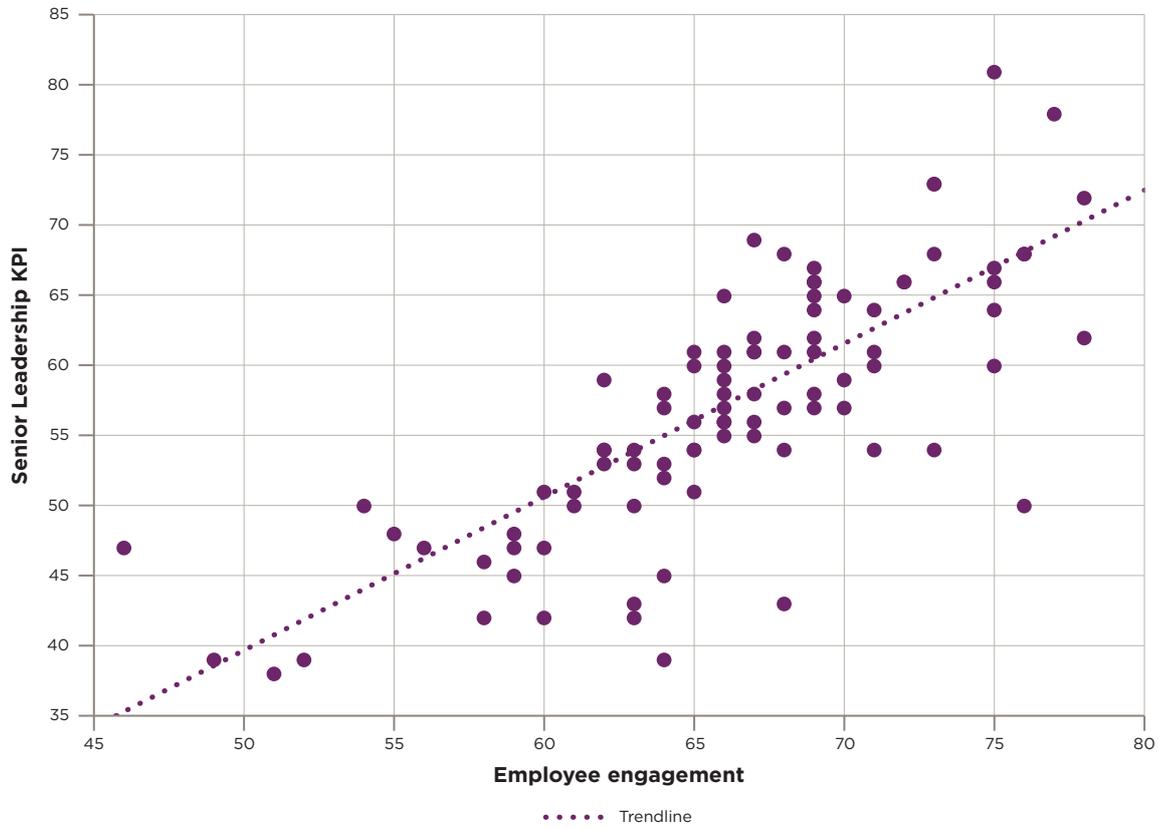
Employee engagement is measured using five questions that help assess feelings of pride, attachment, motivation and inspiration, and an employee’s willingness to recommend their organisation as a great place to work. Engagement scores are influenced by factors including access to development opportunities, supportive management, and access to flexible work arrangements. As demonstrated in Figure 4.3, agency engagement scores are also closely related to their scores on the Senior Leadership and Performance Management KPIs, suggesting that compelling leadership and sound workforce management practices can help employees better connect with their organisations.



Figure 4.3 Relationships between employee engagement and other KPIs

Source: People Matter Employee Survey (2018)

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



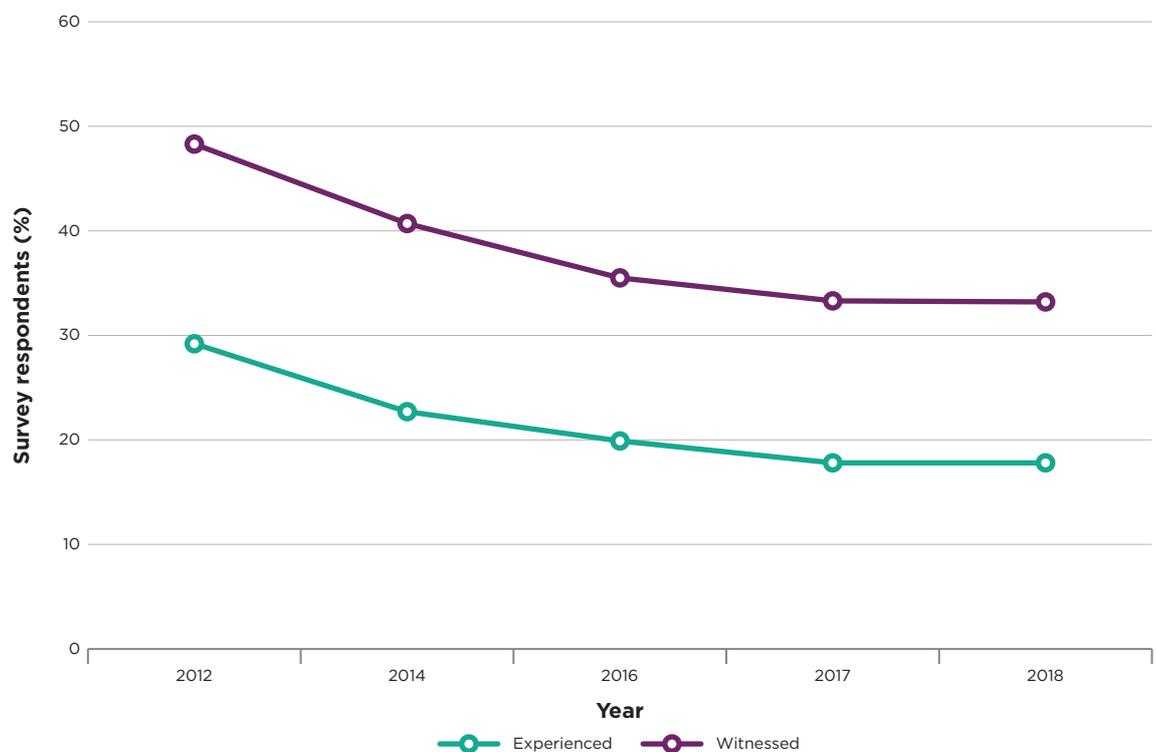
Targeted initiatives can help increase positive, productive workplace behaviour

Bullying has harmful impacts on individuals, their colleagues and their families, and results in significant costs to organisations and the broader community.⁷ The Public Service Commissioner saw the high incidence of bullying revealed by the 2012 People Matter survey as a call to action. Almost one-third (29.2%) of survey respondents reported they had experienced at least one instance of bullying in the 12 months leading up to the 2012 survey. This rate dropped to a low of 17.8% in 2017 after concerted efforts across the public sector. However, the downward trends in rates of self-reported experienced and witnessed bullying have stalled, with the figures sitting at 17.8% and 33.2%, respectively, in 2018 (see Figure 4.4).⁸ Working with the sector to encourage positive and productive workplace behaviour, and therefore decrease bullying, will remain a key focus of the PSC over the coming years.

Figure 4.4

Rates of self-reported experienced and witnessed bullying, 2012–2018

Source: People Matter Employee Survey (2012–2018)



7. Safe Work Australia (2017); Vega and Comer (2005)

8. While the downward trends in the rates of self-reported experienced and witnessed bullying likely reflect true decreases in bullying across the sector since the inaugural People Matter survey, they may also be partly due to an increase in the survey response rate over the years (from 16.0% in 2012 to 50.7% in 2018). Specifically, the higher the response rate, the more representative the survey sample, and the more likely the rates of reported bullying reflect the true extent of bullying across the sector.

A definition of ‘bullying’

In the 2018 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 and has been used in the People Matter survey since 2014.

As a single group, fellow workers overtook managers and senior managers as the most common perpetrators of bullying incidents reported by People Matter survey respondents in 2017 (see Table 4.3). The relative share of bullying incidents attributed to this group increased further between 2017 and 2018, while the relative share of incidents attributed to the other two groups decreased. However, managers and senior managers collectively are the most common perpetrators of bullying. As such, sector leaders need to do more to ensure the messages of the PSC’s 2017 Respect. Reflect. Reset. campaign and other similar initiatives are known throughout their organisations and understood to apply to all workplace relationships.

Table 4.3 Top three sources of the most serious self-reported bullying incidents, 2016–2018

Source	2016 (% of incidents)	2017 (% of incidents)	2018 (% of incidents)
A senior manager	22.5	21.6	21.3
Immediate manager/supervisor	25.5	24.4	23.1
A fellow worker at your level	24.7	26.8	27.2

Source: *People Matter Employee Survey (2016–2018)*

Results from the 2018 People Matter survey suggest, however, that anti-bullying campaigns may need to be supplemented with more targeted, local practices and processes to further drive down rates of bullying across the sector. These targeted strategies should consider the demographic and work characteristics associated with a higher risk of being bullied. For instance, women and people from other specific demographic groups are still over-represented in the cohort of surveyed employees reporting at least one experience of bullying. In 2018, the rate of experienced bullying was 18.7% for women compared to 14.3% for men.

Regarding other demographic differences (see Table 4.4), employees with a diagnosed mental health condition experienced bullying at a much higher rate than the broader workforce in 2018, at 34.3%, as did employees with disability, at 29.6%. Aboriginal and Torres Strait Islander employees were one of the few diversity groups to experience an increase in bullying from 2017 to 2018. The rate increased by 2.3 percentage points, bringing it to a very high 25.8% and resulting in a reversal of the improvement that had occurred for this group between the two preceding years. 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 and differing valid perceptions of what constitutes bullying on the part of those experiencing it.⁹

9. Fevre, Robinson, Lewis and Jones (2013); Harder, Wagner and Rash (2016)

Table 4.4 Rates of self-reported experienced bullying for select groups

Group	Survey respondents (%)
Males	14.3
Females	18.7
People who speak a language other than English at home	14.2
Aboriginal and Torres Strait Islander people	25.8
People with disability	29.6
People with a diagnosed mental health condition	34.3
People identifying as LGBTI+	22.8
Veterans	22.0
Public Sector	17.8

Source: *People Matter Employee Survey (2018)*

Work and workplace characteristics also warrant attention in a discussion of bullying because they appear to affect the prevalence of bullying. For example, in 2018, employees in frontline roles were 1.4 times more likely to experience an incident of bullying than employees in non-frontline roles (the rates for these two groups were 20.3% and 14.6%, respectively). While frontline workers are exposed to an additional potential source of bullying – the public they serve directly – most of the incidents were attributed to fellow workers, managers and senior managers. There are other factors, in addition to direct contact with the public, that are having an impact on the prevalence of bullying.

Heightened stress might be one such factor, with the added pressures faced by frontline workers making it more difficult to regulate emotions compared with their peers in non-frontline roles.¹⁰ The difference in stress experienced by the two groups is evident in the 2018 People Matter survey results. When asked if they could keep their work stress at an acceptable level, 65.8% of non-frontline workers agreed they could, whereas only 54.5% of frontline workers could. Stress is just one of the organisational and cultural factors identified by the PSC as being related to bullying. Others include senior leadership support, role clarity and performance management. Information on these indicators, and the related data, can be found on the PSC's Workforce Dashboard, which all public sector agencies can access. The PSC is investigating innovative methods to help sector leaders understand what is driving unproductive workplace behaviour and its impacts on individuals and organisations.

10. Hauge, Skogstad and Einarsen (2007); Xerri, Farr-Wharton, Brunetto and Lambries (2016)

Improving the customer experience is a continuous journey

The NSW public sector has a diverse customer base. Some agencies serve hospital patients, some serve students, and others serve the employees of other public sector agencies, such as by helping managers with recruitment, providing technology or in framing policy. The sector provides services for individuals and businesses alike, but ultimately, the people of NSW should be, and are, at the centre of everything the sector does.

The Customer survey assesses satisfaction with NSW Government service delivery. It considers the expectations and satisfaction of individuals and businesses who interact with the Government to obtain services, as well as their comparisons of NSW Government services to other service industries. The primary finding of the 2018 survey is that customer satisfaction has been maintained across 2017 and 2018, following a positive uplift in 2016. The gap between perceptions of the NSW public sector overall and the airline industry – which is traditionally the highest performer in terms of customer satisfaction – also has decreased. This represents the positive momentum in improving satisfaction with government services.

A large percentage of respondents (86.2%) to the 2018 People Matter survey said their workgroup strives to achieve customer (or client) satisfaction, although employees tend to rate the performance of their teams quite positively on many areas of performance. Fewer employees (61.7%) are positive about senior managers' ability to communicate the importance of customers and clients to business objectives. However, it is worth noting that this question scored the highest – by a substantial amount – of all the questions relating to senior managers. This suggests that messaging around the importance of the customer is permeating through agencies.





HealthShare NSW is improving the experiences of patients and Health cluster agencies

HealthShare NSW is a shared services organisation with more than 6,500 employees. It supports the delivery of NSW Health's patient care through its linen service, payroll and financial services, procurement, food and patient support, and patient transport services.

Its efforts to ensure its customers are at the centre of everything it does has resulted in year-on-year improvements in its customer satisfaction results – from 4.9 out of 10 in 2015 to 6.2 out of 10 in 2018. To help its workforce connect with customers and better understand their needs and expectations, HealthShare NSW has:

- emphasised the importance of customers in its organisational strategy
- selected several key performance indicators – customer satisfaction, customer engagement and net promoter score – and consistently measured performance against these metrics. It does this using surveys, some of which are administered immediately after a customer interaction
- collaborated with customers and service lines to develop personas, customer journey maps and empathy maps that reflect customers' behaviours, needs and concerns. These tools have been well received by employees, helping them to shape and direct customer conversations and better anticipate the needs of those they serve
- rolled out an agency-wide communications and recognition program that focuses on customer experiences and the importance of the workforce in delivering outcomes. It sends monthly newsletters to all employees, and the Chief Executive recognises exceptional customer service with handwritten thank you cards.

HealthShare NSW worked to identify and define its customer base, even though this was not easy because of its diverse service lines. But by defining its base, it was able to streamline many of its initiatives, such as creating customer journey maps and personas. Its high-level tools are designed to be easily adapted to the specific needs of different parts of the business while being detailed enough to derive insights and outline individual actions that may be needed.

The organisation's journey to improve the experiences of patients and healthcare agencies is ongoing. Over the coming months, it is aiming to expand the scope of its data analysis to combine qualitative and quantitative data at specific points along customer journeys. It also wants to continue to map key customer journeys to ensure seamless end-to-end services, and incorporate digital tools and channels into business practices.

Results for its key performance indicators are expected to improve even more as the workforce becomes increasingly customer-oriented and engaged with serving health workers and the broader community.

Agencies cannot be complacent when it comes to customer experience because the public's expectations continue to change. Customers will increasingly demand personalised services that meet their unique needs while being delivered en masse.¹¹ Today's customers already expect that they should be listened to with empathy and that anything they need to know, do or expect is easy to understand. These expectations will provide opportunities to transform and improve the way the public sector interacts with individuals and businesses across NSW.

The sector is focused on delivering enduring outcomes

Past editions of this report explored the topic of productivity, specifically the challenge of measuring productivity in delivering public value. A highly productive public sector produces a large amount of goods and services (outputs) while using small amounts of labour, capital, technology and other resources (inputs). In line with this view, public sectors around the world – NSW's included – have traditionally measured inputs and, to a lesser extent, outputs with lesser consideration of the impacts, or outcomes, of programs and initiatives.

However, this is starting to change. Agencies are making efforts to identify and quantify outcomes, track progress towards them, and evaluate the success of programs and initiatives. A new focus on outcomes is evident in NSW Treasury's move from program budgeting to outcome budgeting. While the former puts activities and initiatives at the centre of the budget process, the latter puts citizens at the centre. Led by Treasury, clusters identified 46 State Outcomes that the NSW Government wants to achieve for its citizens, and developed KPIs for each outcome. Cluster budgets are tied to the outcomes and indicators. This approach helps ensure that agencies and service providers coordinate and collaborate with each other to make optimal use of resources, and that services are targeted towards the needs of NSW communities. It also encourages the public sector to strive to deliver more tangible, meaningful and enduring results to the public.



11. CSIRO (2016)



Delivering on the Premier's Priorities

The Premier's Priorities were introduced in 2015 as a way of focusing on key issues affecting the citizens of NSW. Since then, agencies across the state have made great progress towards delivering on the 12 Priorities. A key ingredient in achieving the Priorities is the use of Deliverology, a method of managing implementation that originated in the UK.

The NSW Premier's Implementation Unit (PIU) works with agencies to help them deliver on the Priorities through:

- a focus on performance – ensuring accountability by routinely reviewing progress, data collection, monitoring and problem solving
- data-informed decision making – gathering and analysing data and evidence to identify opportunities and focus implementation efforts
- fieldwork – engaging with frontline staff members to understand what works and gain insights on what will make a difference
- a small number of targeted actions and high-impact interventions.

One of the Premier's Priorities is 'Protecting our kids'. Each year, Family and Community Services (FACS) works with more than 10,000 at-risk children to help them reach their case plan goals and live in safer, more stable homes. The Priority aims to decrease the percentage of children and young people re-reported at risk of significant harm by 15% by 2020 (from a baseline of 40.4% in 2015).

FACS, supported by the PIU, has made significant progress towards this target. As at June 2018, the rate was 36.2%, meaning that more than 500 children across NSW were in safer, more stable homes than a year earlier. While there is always more to do to ensure children and young people are safe from harm, this is a very meaningful and tangible improvement in the lives of vulnerable individuals and their families.

Figure 4.5 Percentage of children and young people re-reported at risk of significant harm, 2014-2018



This has been achieved through FACS implementing six key statewide interventions, developed through data analysis and working with frontline child protection workers. These interventions include intensive training, coaching and support in key practice tools, rolling out practice guidelines for closing cases, and weekly group supervision to support reflective practice and continuous improvement among caseworkers.

Chapter 5

Fostering diversity and inclusion



Inclusion unlocks the benefits of diversity

Diversity refers to the seen and unseen characteristics that make every one of us different. A diverse NSW public sector workforce is one that reflects the depth and breadth of differences between people who live in NSW.

Inclusion, a related concept, is the act of enabling genuine participation and contribution, regardless of seen and unseen differences. Acts that facilitate inclusion help employees to feel safe to be themselves to work. Diversity and inclusion go hand in hand: the benefits of diversity are unlocked by ensuring that employees feel accepted, valued and listened to.

The PSC recently asked NSW public sector employees what diversity and inclusion means in the NSW public sector and why it's important.¹² A strong story emerged with the following key themes:

- Diversity and inclusion are personal and can be challenging at times.
- Everyone in the workforce can benefit from greater diversity and inclusion.
- Progress will require genuine support, starting from the top.
- Employees deliver greater benefits for the people of NSW when everyone is able to contribute.
- Everyone has a role to play in building a diverse and inclusive workplace.

When workforce diversity and inclusion are valued there are many benefits. Among them are improved performance and productivity, more innovative problem solving, greater employee attraction and retention, and better customer service. In a recent analysis, the PSC found that agencies with highly inclusive workplaces (as measured through questions in the People Matter survey) had significantly lower rates of paid unscheduled absence compared to agencies with less inclusive workplaces.

On a positive note, scores on all inclusion-related questions in the People Matter survey improved from 2017 to 2018 (see Table 5.1). Of concern, however, is that about a quarter of employees do not think their agency values and respects individual differences. It is important to consider that inclusion does not happen automatically. Positive actions, such as making workplaces physically accessible and fostering psychological safety, are required to create spaces in which everyone can freely participate and contribute.



¹². More details of this analysis, as well as a discussion of the broader benefits of diverse and inclusive workplaces, can be found in *Diversity and inclusion in the NSW Public Sector: A conversation*.

Table 5.1 Employee perceptions of workplace inclusion, 2018 vs 2017

Question	2018 (% positive)	Change from 2017 (pp)
I am provided with the support I need to do my best at work	64.6	1.3
My manager listens to what I have to say	75.6	1.1
My manager encourages and values employee input	72.1	1.5
Senior managers in my organisation support the career advancement of women	60.3	2.1
My organisation respects individual differences (e.g. cultures, working styles, backgrounds, ideas)	75.6	1.4
Personal background is not a barrier to success in my organisation	75.1	1.1
I am able to speak up and share a different view to my colleagues and manager	67.1	0.7

Source: *People Matter Employee Survey (2017, 2018)*

To be successful, the sector's approach to diversity and inclusion needs an active commitment and ongoing conversation. It will also require recognising people's unique identities and experiences. There is still much more work to be done to ensure that the sector's workforce reflects the diversity of the communities it serves. Initiatives aimed at increasing the participation of under-represented groups, including women (in senior leadership roles), Aboriginal and Torres Strait Islander people, and people with disability, will continue to be the focus of attention.

Progress towards equal representation of women in senior leadership needs acceleration

The Premier's Priority of increasing workforce diversity was introduced in 2015 with the aim of achieving the following goals by 2025 for the government sector:

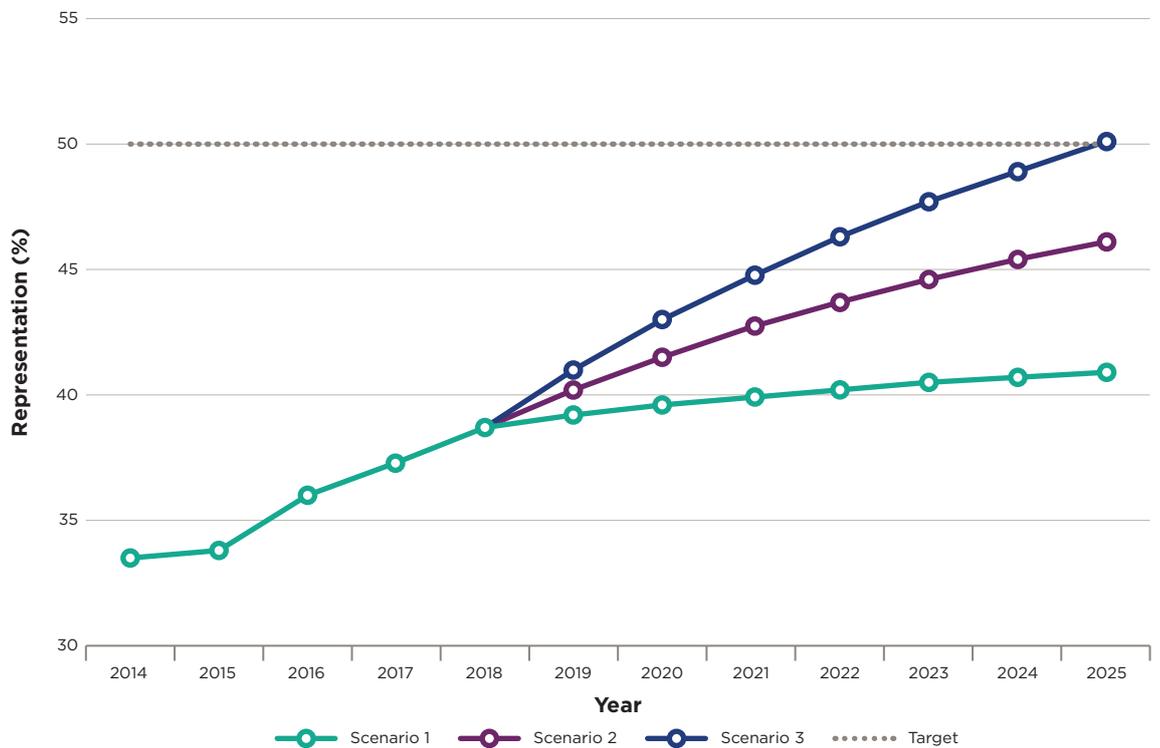
- increasing the representation of women in senior leadership to 50%
- doubling the number of Aboriginal and Torres Strait Islander people in senior leadership roles from a baseline of 57 (in 2014) to 114.

Women made up 64.9% of the non-casual public sector workforce and 65.8% of the non-casual government sector workforce in 2018. These percentages were similar in 2014, when the representation of women in the government sector's senior leadership cohort was only 33.4%. Representation reached 38.7% in 2018, an increase of 1.3 percentage points on the previous year. Significant efforts have been put in place to accelerate progress towards the 50% target, but the sector is at risk of not achieving it.

The PSC has used Workforce Profile data to forecast the likely level of representation of women in senior leadership in 2025 (see Figure 5.1). If the sector continues with its current hiring rate of roughly four female senior leader hires for every 10 senior leader hires in total (Scenario 1), the representation of women in senior leadership in 2025 will be 40.9%, far 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 46.1%. 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).

Figure 5.1 Projections to 2025 of women in senior leadership roles across the government sector

Source: Workforce Profile (2014–2018)



The sector constantly looks for new ways to reach the target. While individual clusters are making progress toward increasing the representation of women in senior leadership (see Figure 5.2), the collective effort of the sector is required to reach the 50% target by 2025. The leadership of the Secretaries Board is pivotal to making this happen. The Secretaries Board is deeply committed to driving change and to keeping each secretary accountable by regularly reporting and sharing their cluster's progress. For example, to create a consistent, foundational level of practice across the sector, the following immediate initiatives have been implemented to help achieve the target:

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

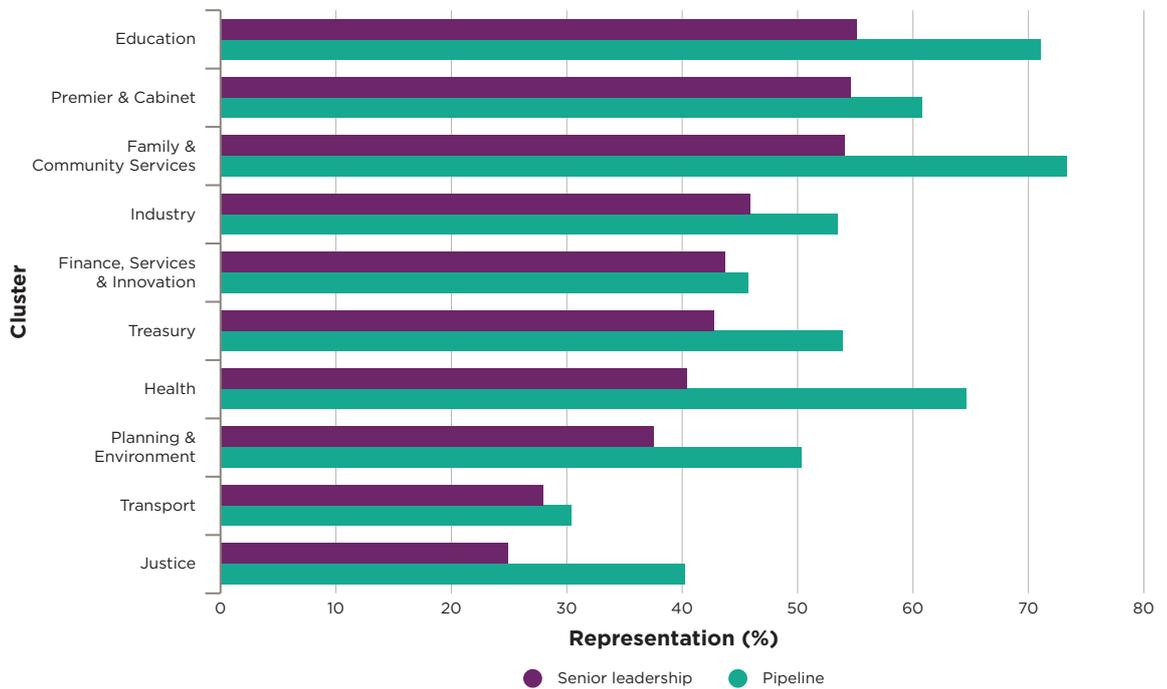
These initiatives appear to be working. For instance, a 2017 analysis of the gender ratio of applicants for senior roles showed there were 2.8 male applicants for every female applicant. This decreased to 2.1 males for every female in 2018. Given evidence that women are more likely to be successful than men when applying for senior roles, there is growing confidence that the sector can accelerate its progress toward the 50% target. Further, the percentage of female Band 2 senior executives exceeded the percentage of female Band 1 senior executives for the first time. This suggests women are progressing through the senior leadership ranks, creating momentum and role models for others to follow, and demonstrating a career path to the most senior levels of leadership.

To create sustainable change, longer-term initiatives have also been identified by the Secretaries Board. These initiatives include piloting career sponsorship programs and identifying recruitment (sourcing and selection) strategies to make executive roles more attractive to women. The sector also must find effective ways to build the leadership pipeline through mobility opportunities to increase potential leaders' experience and prepare them for leadership roles.

Figure 5.2 Government sector representation of women in senior leadership and the pipeline by cluster

Source: Workforce Profile (2018)

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 Department of Premier and Cabinet’s Behavioural Insights Unit (BIU) investigated the barriers to and enablers for women entering senior leadership. The unit analysed more than 1 million job applications, conducted in-depth interviews with 65 male and female employees in pipeline and senior leader roles, and surveyed 500 applicants for roles in the public sector.

The research showed that women continue to experience and report more barriers to their career progression compared to men. Barriers included the time required to apply for roles, gender-based discrimination, access to flexible work and the self-perception of not having the right skills and experience for senior roles. The research findings also point to strategies to remove barriers. Improving feedback on job applications, managers’ support and encouragement to take up flexible work, and increasing the confidence of women in applying for senior roles were identified as key enablers to increase the representation of women in senior roles. The BIU is partnering with the PSC and other agencies to test and improve strategies to increase the representation of women in senior roles using these insights.



Boosting the number of female leaders at the Department of Finance, Services and Innovation

Since 2015, the Department of Finance, Services and Innovation (DFSI) has made steady progress against the Premier's Priority for increasing the number of women in senior leadership. The agency's Executive Board has increased its female representation from none to 50%, while the number of women in all senior executive bands has also increased.

To achieve these improvements DFSI built diversity and inclusion initiatives into all aspects of the employee life cycle. Here are some examples:

- All senior executive appointments are confirmed by the Secretary, who takes an active interest and involvement in the quality and diversity of the cohort.
- The Executive Board has the benefit of statistics on the gender balance when considering executive appointments.
- A comprehensive talent management process for executive-level and Grade 11/12 employees considers development opportunities for female leaders in the talent pipeline, and how to retain them.
- An executive mobility program encourages employees to drive their own careers with the help of information about development opportunities across the agency. Fifty per cent of the executives who moved jobs during an initial mobility round were female leaders.
- Women account for 50% of participants in leadership development programs at all levels of the talent pipeline. One such program involves mentoring and coaching opportunities with other female senior executives.
- A Women's Employee Resource Group increases awareness and understanding of the benefits of a diverse and inclusive workforce.
- A Diversity Advisory Council advises the executive, supports initiatives to encourage a diverse workforce and an inclusive work culture, and reviews progress towards diversity targets.

DFSI is building on these initiatives by developing mentoring and succession planning programs, as well as a new leadership development program for talent in the pipeline.

The sector is a leader in Aboriginal and Torres Strait Islander employment

The sector's Aboriginal Employment Strategy 2014-17 came to term in December 2017. The aims of the strategy were to attract, retain and support the development of Aboriginal and Torres Strait Islander employees while improving Aboriginal cultural competency in workplaces across the sector. The strategy also set an aspirational target of 1.8% representation of Aboriginal and Torres Strait Islander people in all grades (see Table 5.2).¹³ A PSC evaluation showed that the sector is on track to meet the target by 2022. The evaluation also showed that the sector is doing well in many areas of the strategy.

Table 5.2 Aboriginal and Torres Strait Islander representation by grade (non-executive) and cluster

Salary range	Education (%)	Family & Community Services (%)	Finance, Services & Innovation (%)	Health (%)	Industry (%)	Justice (%)	Planning & Environment (%)	Premier & Cabinet (%)	Transport (%)	Treasury (%)	External to government sector (%)	Public sector (%)
General Scale	5.1	4.2	1.6	4.4	1.7	2.4	8.7	16.7	1.8	0.0	1.7	4.3
Grade 1/2	2.4	4.1	1.2	2.2	1.9	4.8	6.7	3.6	2.7	0.0	2.9	2.9
Grade 3/4	3.0	5.5	2.6	2.8	2.7	4.4	4.4	5.4	1.6	4.7	2.2	3.3
Grade 5/6	2.8	6.1	2.4	0.8	1.2	3.1	2.9	1.5	1.6	0.0	0.0	1.8
Grade 7/8	2.0	7.7	1.4	1.6	1.6	2.7	1.9	0.8	1.8	1.2	1.1	2.1
Grade 9/10	2.3	5.9	1.0	0.9	2.1	1.4	1.6	2.2	1.5	0.4	0.0	1.6
Grade 11/12	2.8	2.5	0.9	1.0	0.7	1.8	1.4	0.3	0.8	0.3	0.0	1.5

Source: Workforce Profile (2018)

Note: Shading indicates where the level of representation is equal to or greater than the 1.8% aspirational target.

The NSW Government is leading this space with practices such as setting ambitious targets at all levels, developing targeted Aboriginal employment initiatives and using a data-driven approach to monitor and evaluate performance.¹⁴ The Aboriginal Career Leadership Development Program and the Aboriginal Employment Development Program are leading practices that contribute to Aboriginal and Torres Strait Islander representation.¹⁵

13. The Premier's Priority target of having 114 Aboriginal and Torres Strait Islander senior leaders by 2025 applies to executive pay bands and was announced after the Aboriginal Employment Strategy's 1.8% aspirational target was introduced.

14. PSC (2018)

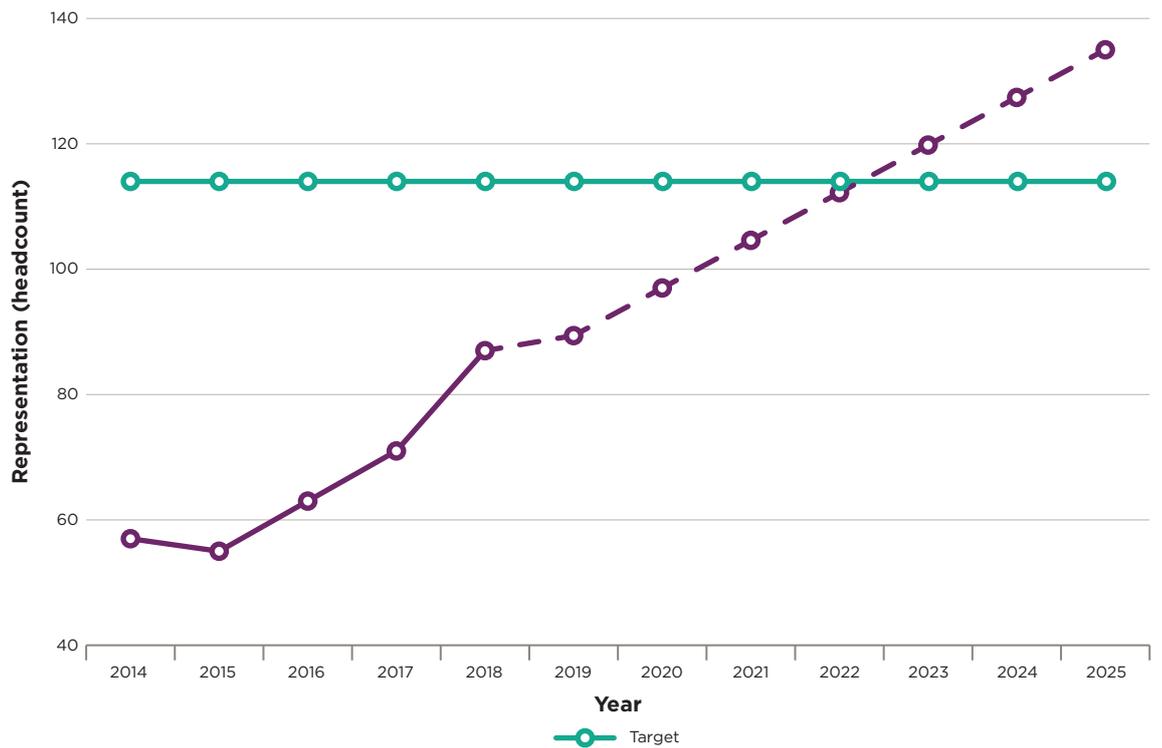
15. The Aboriginal Career Leadership Development Program facilitates career and leadership development for Aboriginal and Torres Strait Islander NSW public sector employees who aspire to leadership roles. The Aboriginal Employment Development Program is an entry point for Aboriginal people wishing to pursue a career with the NSW Government, and aims to attract new talent to the sector. It is a whole-of-sector initiative and available to all NSW public sector agencies who would like to consider Aboriginal candidates for Clerk Grade 3/4 vacancies.

Progress towards the Premier’s Priority target of having 114 Aboriginal and Torres Strait Islander senior leaders by 2025 is also strong. In 2018, 87 senior leaders in the government sector were of Aboriginal or Torres Strait Islander heritage, an increase of 30 from the 2014 baseline. If the sector continues to hire and promote Aboriginal and Torres Strait Islander employees into senior leadership roles at the current rate, the sector will likely hit the target earlier than expected (see Figure 5.3).

Figure 5.3

Aboriginal and Torres Strait Islander senior leadership projections to 2025 for the government sector

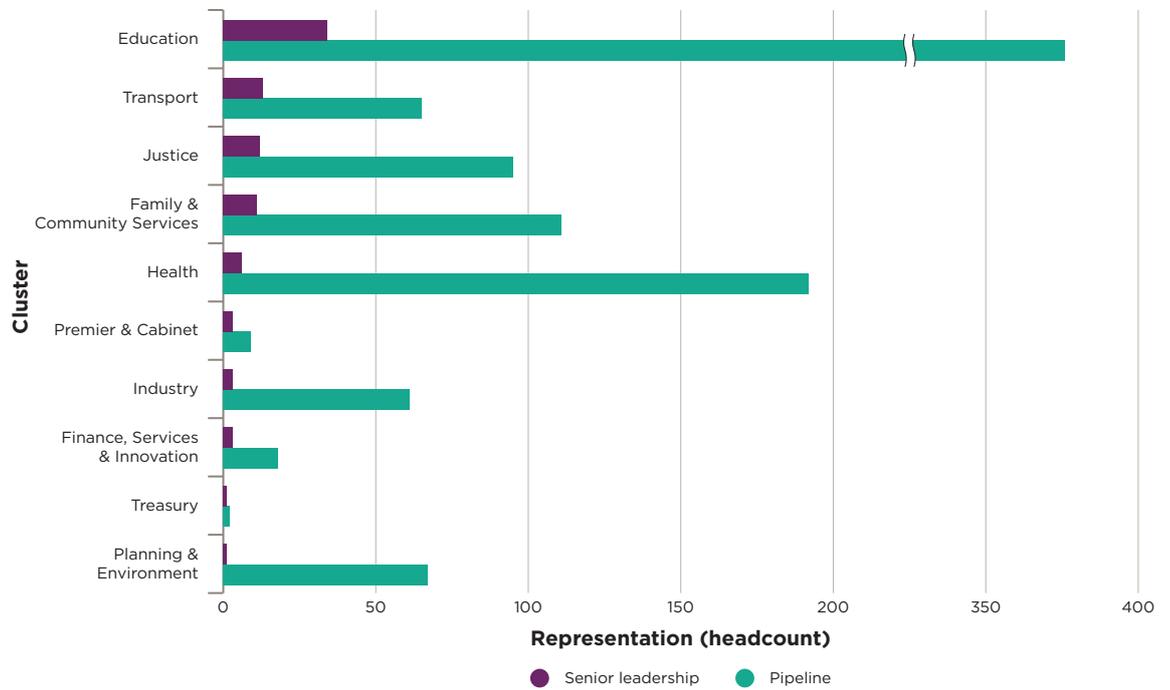
Source: Workforce Profile (2014–2018)



Not surprisingly, there is a significant relationship between the number of Aboriginal and Torres Strait Islander people in a cluster’s leadership pipeline and those in the senior leadership cohort (see Figure 5.4). To keep up momentum, agencies need to continue to grow the capability of Aboriginal and Torres Strait Islander employees and consider opportunities for mobility within the sector to take advantage of stronger pipelines in other agencies.

Figure 5.4 Government sector representation of Aboriginal and Torres Strait Islander people in senior leadership and the pipeline by cluster

Source: Workforce Profile (2018)



Agencies commented to the PSC on the value of the recently completed Aboriginal employment strategy and signalled the importance of creating a new strategy. The new strategy, to be released in 2019, will recognise the sector’s achievements in Aboriginal and Torres Strait Islander employment while drawing attention to the need to improve the experiences of Aboriginal and Torres Strait Islander employees and retain their talent in the sector.

Issues with retention are reflected in the shorter agency tenure of Aboriginal and Torres Strait Islander employees compared to the broader sector (see Table 5.3), and a higher exit rate compared to the broader sector in all age brackets below 55 and overall (see Table 5.4). The sector must also reduce the bullying experienced by Aboriginal and Torres Strait Islander employees to ensure their experiences in the sector are positive and productive.¹⁶

16. Almost one in four experiences bullying according the 2018 People Matter survey, an increase of 2.3 percentage points on 2017.

Table 5.3 Median agency tenure for Aboriginal and Torres Strait Islander employees and the public sector, 2014–2018

Year	Aboriginal and Torres Strait Islander employees (years)	Public sector (years)
2014	7.1	8.9
2015	7.1	9.0
2016	7.3	9.3
2017	7.3	9.3
2018	7.4	9.0

Source: Workforce Profile (2014–2018)

Table 5.4 Exit rate for Aboriginal and Torres Strait Islander employees and the public sector by age over 2018

Age band	Aboriginal and Torres Strait Islander employees (%)	Public sector (%)
15 to 24	13.5	9.1
25 to 34	8.7	7.3
35 to 44	7.2	6.4
45 to 54	7.4	5.7
55 to 64	9.8	10.1
65 plus	15.5	20.5
Total	8.7	7.9

Source: Workforce Profile (2018)





Apprenticeship program makes a difference for Aboriginal and Torres Strait Islander people

Roads and Maritime Services (RMS) created the Southern Region apprenticeship program to increase Aboriginal and Torres Strait Islander representation in its workforce. The region covers 7% of NSW, encompassing the Illawarra, Shoalhaven, South Coast and Southern Highlands. It has relatively high unemployment¹⁷ and the level of Aboriginal and Torres Strait Islander representation was well below the target in RMS's *2020 Diversity and Inclusion Plan*.

Before the apprenticeship program was created, Aboriginal and Torres Strait Islander people made up just 1.3% of the Southern Region workforce. There were also no targeted employment strategies or programs for Aboriginal and Torres Strait Islander people.

The apprenticeship program, which is also offered to non-Aboriginal youth, offers the opportunity to gain on-the-job training and experience in a professional environment.

The Maintenance Delivery team used a holistic approach to implementation, including:

- collaborating within the leadership team during the planning stage, particularly when facing pushback
- overhauling the recruitment and engagement strategy, which included changing role descriptions used for advertising to target unconscious bias, and having Aboriginal representation on recruitment panels
- implementing excellent onboarding and staff development practices from the outset. These included a mentoring program for both Aboriginal and non-Aboriginal apprentices that connected them to the leadership team to achieve two-way learning
- promoting deep-seated cultural change through both a management commitment to make Aboriginal and Torres Strait Islander staff engagement a priority and the mentoring program.

The program has achieved a 100% retention rate to date and doubled Aboriginal and Torres Strait Islander representation in the RMS Southern Region workforce. It has been so successful that a similar program has been developed for female apprentices.

17. REMPLAN (2018)

Disability representation continues its downward trajectory

The downward trend in representation of people with disability within the sector continued from 2017 to 2018 to a low of 2.5%.¹⁸ In contrast to the broader sector, people with disability had a higher exit rate than entry rate, driving representation down (see Table 5.5). The underlying drivers of this difference will need to be identified and addressed if the government sector is to reach the new target set for representation of people with disability. In 2017, the NSW Government announced a target to increase the representation of people with disability to 5.6% by 2027 – more than double the current figure. The NSW Department of Family and Community Services and the PSC are working together, and in collaboration with the sector, to improve employment outcomes for people with disability across the sector.

Table 5.5 Movement rates for employees with disability and the public sector over 2018

	Commencement rate (%)	Exit rate (%)
Employees with disability	5.9	10.2
Public sector	8.9	7.9

Source: *Workforce Profile (2018)*

As in previous years, this year the percentage of people reporting disability was higher among respondents to the People Matter survey than among those who contributed to the Workforce Profile (see Table 5.6). This is likely because employees complete the survey in real time, whereas the data for the Workforce Profile comes from HR systems and may not be updated by employees to reflect changes in their disability status over time or as people move roles within the sector. Also noteworthy is that the People Matter survey recorded an increase in the number of people reporting disability compared with 2017, and the number of survey respondents who preferred not to reveal their disability status decreased 0.5 percentage points from 2017 to 2018. These changes may suggest that employees are starting to feel that their workplaces are becoming more trustworthy and inclusive of people with different needs.

Table 5.6 Disability statistics from the People Matter survey, 2016–2018

Group	2016	2017	2018
Respondents answered 'yes' to having a disability (%)	3.4	3.1	3.7
Respondents answered 'no' to having a disability (%)	92.9	92.7	92.7
Respondents answered 'prefer not to say' (%)	3.7	4.2	3.6

Source: *People Matter Employee Survey (2016–2018)*

18. The figure for the government sector is the same as for the public sector.



Disappearing data

The Workforce Profile collection is the key source of truth for all diversity statistics, including disability representation. Unlike the People Matter survey, the Workforce Profile collection is a census of all employees working in the public sector. However, it is suspected that at least some of the decline in disability representation is due to disappearing data.

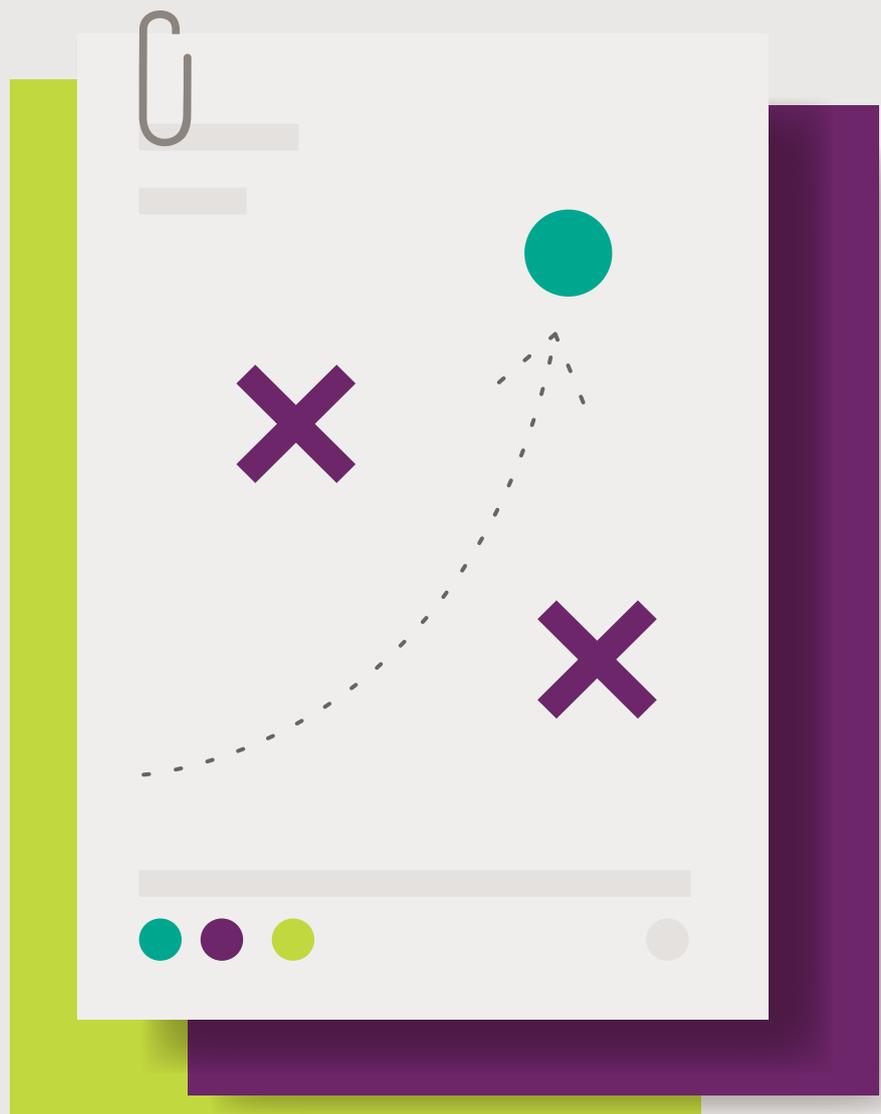
The PSC has found that diversity data that appears in one year's collection may be missing from the subsequent year's for various reasons, including the following:

- When an employee moves from one agency to another, their diversity data does not automatically follow them.
- When an employee's status changes, such as in relation to disability, it is not always easy to update their diversity data.
- When agencies update or change their HR systems, the diversity data is not always transferred from the old system to the new.

If the sector wants to set, track and achieve diversity and inclusion targets, or other outcomes, it needs accurate and timely data. Agencies need to ensure that employees update their data at least annually and take steps to prevent data loss. The PSC is working with agencies to improve this situation and consider how technology can best support continuity of data and what methods can be employed to encourage employees to maintain current and accurate information.

Chapter 6

Planning and arranging work



How work is planned and arranged is critical for aligning business, workforce and customer needs and priorities for the immediate and longer-term future. This includes creating a culture that supports strategic workforce planning and collaboration across internal and external boundaries to deliver better results for customers, and adopting flexible ways of working that benefit organisations and individual employees.

Flexible working works for everyone

Flexible working is about rethinking where, when and how people work, in ways that maintain or improve service delivery for the people of NSW.

In December 2017, the PSC released a strategic framework to guide agencies in making all government sector roles flexible on an 'if not, why not' basis by 2019, in line with the NSW Government's policy commitment. This framework recognises that, given the diversity of work in the sector, there is no one-size-fits-all approach, and different types of flexible working will suit different roles and operating contexts. Each arrangement will be unique to the workplace, the individual and the work required.

Flexible working arrangements provide significant benefits for both organisations and individuals. For organisations, it can reduce office space costs (in some circumstances), promote greater diversity and create a more compelling employee value proposition to attract and retain top talent. For example, the ability to rethink where work takes place can attract and retain employees beyond the typical geographic constraints. This becomes a powerful tool for agencies in meeting the commitment to boost the representation of Aboriginal and Torres Strait Islander employees at every salary level to 1.8% and double their number in senior leadership by 2025. Currently, most Aboriginal and Torres Strait Islander employees are located outside Sydney, yet there are few leadership opportunities outside the Sydney metropolitan area.

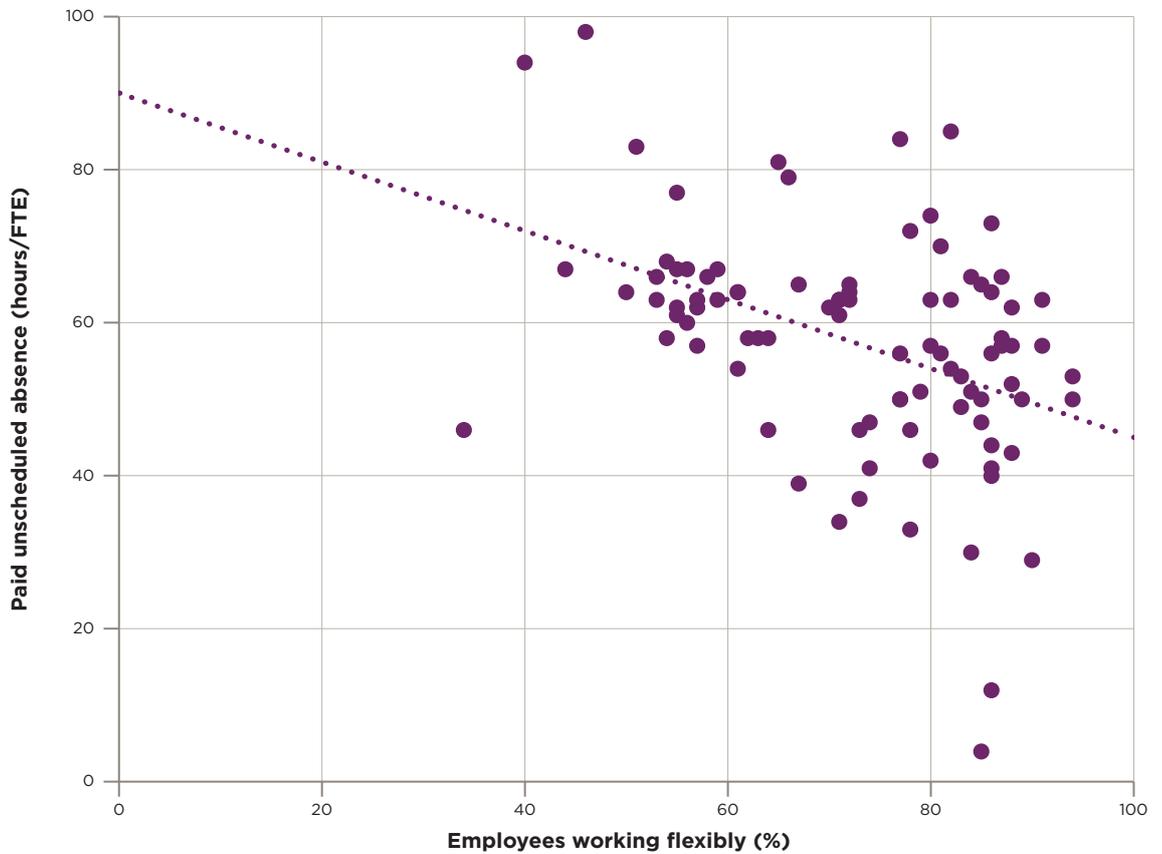
Rethinking how work is done, through arrangements such as job sharing, can help attract potential female leaders or employees with disability who may be capable of holding a senior role but need to consider other commitments or their health. In both instances, the sector needs to improve its job application rates, and more effectively convert its pipeline.

Finally, analysis shows that agencies that offer more flexible working opportunities have fewer unscheduled absences (see Figure 6.1). For agencies seeking to manage their input costs, this can drive efficiency when combined with potential office space savings.

Figure 6.1 Relationship between flexible work use and paid unscheduled absence

Sources: Workforce Profile (2018); People Matter Employee Survey (2018)

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



For employees, flexible working contributes to better work-life integration and improved wellbeing. Analysis of 2018 People Matter survey data shows that employees working flexibly are more engaged than those who are not (67.3 vs 62.7). They are more likely to be motivated to contribute more than what is normally required of them at work (75.2% vs 68.4%), and more likely to be able to keep their stress at an acceptable level (64.7% vs 53.5%). Even just having a manager who supports flexible working is enough to boost engagement, including for those who do not work flexibly for whatever reason (see Table 6.1).

Table 6.1 Relationship between flexible work and employee engagement

Work flexibly	Manager supports flexible working within team	
	Employees who disagreed or were unsure	Employees who agreed
No	53.8	73.6
Yes	53.6	71.7

Source: People Matter Employee Survey (2018)

Note: Values in cells are employee engagement scores.

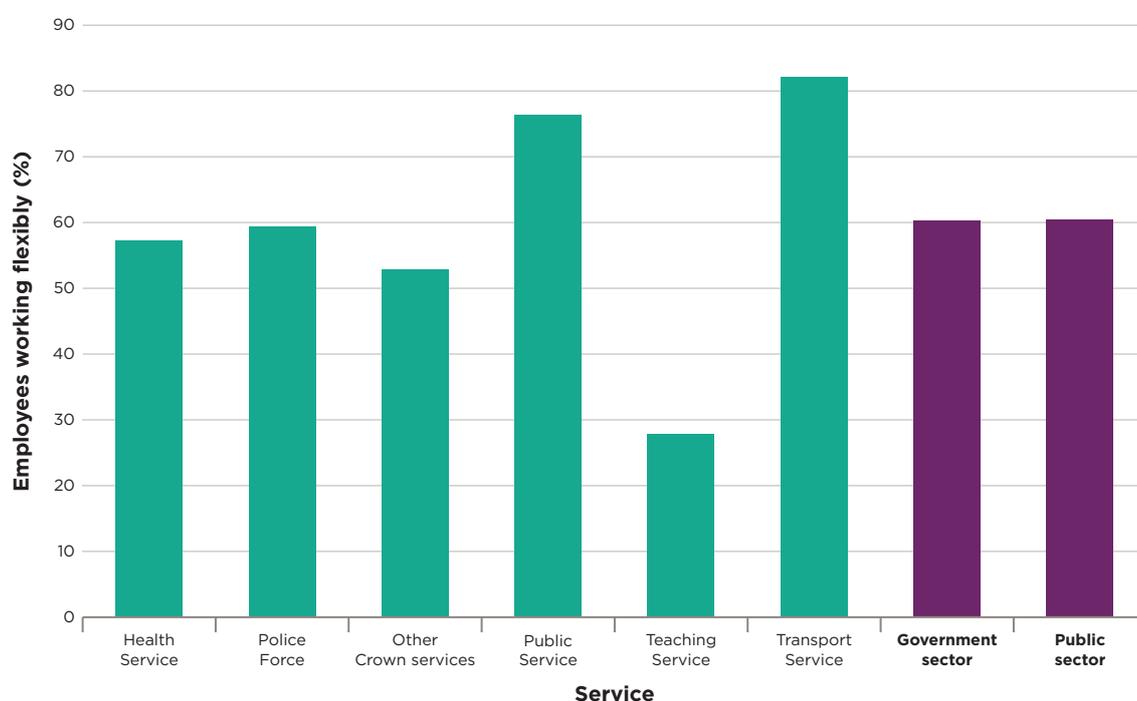
A self-assessment completed by agencies in March 2018 indicates the sector still needs to work on moving from its current, largely ad hoc approach to flexible working towards embedding this practice in the way agencies arrange their work. Although policy is in place, agencies report that processes remain largely reactive and focused on compliance. Agencies are only now getting their flexible work programs underway, which is reflected in the static scores for responses to questions about flexible working in the 2018 People Matter survey.

The use of flexible work practices in the government sector barely changed between 2017 and 2018, moving from 60.7% to 60.2% (see Figure 6.2 for a breakdown by service for 2018). However, there was a small increase (1.4 percentage points) in satisfaction with access to flexible working, to 58.7%. This suggests that promotion of the 'if not, why not' approach may be beginning to gain traction.

Figure 6.2

Use of flexible working arrangements by service

Source: People Matter Employee Survey (2018)



Consultations with the sector revealed the following challenges that need to be addressed before flexible working becomes the norm.

- **Communication and engagement:** Employees are not hearing managers and senior leaders promoting flexible working beyond 'flex time' or part-time work arrangements. To counter this, managers and senior leaders need to be exemplary role models of flexible working, by doing things such as discussing flexible working options with their teams.
- **Manager capability:** Historic biases perpetuate the idea that flexible working is only for certain people or roles, a perception compounded by managers' concerns about how best to build trust and ensure policies are applied fairly and equitably. While senior leaders generally agree that work should be outcomes-focused, some managers have historically been rewarded for managing by time spent at desk as an indicator of productivity, rather than by measuring outcomes.

- **Systems and processes:** Limited access to technology, and dated policies and processes can impede flexible working opportunities. Many employees find ways to work around these limitations, but the workarounds are not well known or promoted by HR teams.
- **Accountability and management:** Agencies have yet to introduce clear metrics and monitoring systems to measure their progress in implementing flexible working.

To assist with transitioning to a culture where the benefits of flexible working are realised, the PSC is undertaking work across the sector to support agencies to effectively meet this policy commitment, with a program work focused on four key areas: engagement, policies and tools, people leader capability, and measurement and governance. Agency progress toward this policy commitment will be monitored through a cross-sector governance committee.

Collaborative approaches help deliver on outcomes but are not yet widespread

Sharing resources and know-how between sectors and between agencies within the public sector enables the delivery of better citizen-centric public services. When executed well, the pooling of knowledge, ideas, skills, networks and assets can help use resources more efficiently, reduce risk, develop strong relationships, and encourage greater social trust and engagement.¹⁹

The public sector operates in a complex environment and must engage and work with partners and stakeholders from the private and not-for-profit sectors, other jurisdictions and the community. The drivers of cross-sectoral collaboration have been given impetus by the NSW Government's commissioning and contestability agenda. The shift of service delivery from the government sector to other sectors makes collaboration more important, and the required capabilities more complex.

However, collaboration remains a challenge for the sector. While 78.9% of 2018 People Matter survey respondents felt their workgroup works collaboratively as a team to achieve its objectives, only 48.7% felt there is good cooperation between teams across their agency. Employees' perceptions of how well their senior managers promote collaboration between their organisation and other organisations they work with was only slightly better, at 52.3%. These results are telling indicators of a broad need to strengthen collaboration capability and culture across the sector. For this to occur, leadership and management must recognise and promote the value of collaboration; support and enable cooperative efforts and initiatives; and design key systems and processes to support collaborative working. The transfer and secondment provisions of the GSE Act go some way in supporting agencies to move people to where they are most needed, but agencies will need to be increasingly creative in planning and arranging work to ensure that the workforce is best positioned to deliver on outcomes for the people of NSW.

19. PSC (2013)



Collaboration works: The Royal Commission response taskforce

The NSW Government took a collaborative approach to responding to recommendations from the five-year Royal Commission into Institutional Responses to Child Sexual Abuse. It put together a taskforce of representatives from various agencies to determine how the Government will acknowledge and act on the recommendations, which were handed down in the Royal Commission's final report in December 2017.

The Royal Commission's 409 recommendations covered a wide range of policy areas including child safe institutions, support and treatment, reporting and record keeping, and information sharing.

Adopting a highly collaborative, cross-sector approach, the NSW Government established a multi-agency taskforce that delivered a comprehensive response within a very tight time frame of six months. The collaborative approach was adopted from the most senior level down, with the Attorney General and the Minister for Family and Community Services sharing responsibility for delivering the response.

The taskforce was coordinated by the NSW Department of Premier and Cabinet. It consisted of seconded representatives from the Department of Premier and Cabinet, NSW Office of the Children's Guardian, NSW Department of Justice, NSW Department of Education, NSW Department of Family and Community Services, NSW Ministry of Health and NSW Treasury. The taskforce also sought advice and consulted with a wide range of stakeholders across government and non-government sectors to inform the response.

The *NSW Government Response to the Royal Commission into Institutional Responses to Child Sexual Abuse* was delivered in June 2018. This was thanks to a successful collaboration that unfolded as described below.

- The project was underpinned by good leadership, coordination and team planning. For example, work was divided into streams, each with an allocated lead from the line agency likely to steer the implementation.
- Taskforce members were supported by a robust governance framework that helped to clearly define roles, responsibilities and expectations. This allowed the taskforce to operate smoothly and report to relevant governing bodies including Ministers and the Council of Australian Governments.
- Taskforce members with a variety of skills and perspectives were seconded from home agencies to ensure a strong, comprehensive response. Their expertise ranged from service delivery and regulation to policy development and stakeholder engagement.
- Flexible secondment arrangements allowed taskforce members to work from various locations and remain connected with executive sponsors in their home agencies. This ensured that line agencies were kept abreast of activities and could review the work before executive sign-off from directors and ministers.
- Seamless communication and the free flow of information and data between different members of the taskforce helped to streamline the response process.

The success of the taskforce and its quick turnaround time highlight the benefits of collaboration in government. The approach helped build mutual trust, break down silos and foster joint ownership of the response.

Workforce planning is yet to shift from operational to strategic

The scale of change in workplaces in general requires us to think differently about the sector's workforce and the future needs of its stakeholders and citizens. Technological advances, changing customer and citizen expectations, and demographic shifts are just some of the forces affecting the evolution of the nature of work. Strategic workforce planning is key to an organisation's ability to plan for the future and deliver on its goals.

Strategic workforce planning is about understanding and planning for the effects of strategic and operational business imperatives on the workforce, including the organisation's strategic plan, environmental impacts and social dynamics. It typically covers a three- to five-year horizon to ensure that an organisation has the right people in the right roles at the right time at the right cost. It can be contrasted with operational workforce planning, which looks at the day-to-day, short-term demands of the business to determine resource allocation.

The maturity of workforce planning varies across the sector. In the Recruitment Review survey of 45 Public Service agencies, 32 agencies said they had an operational workforce plan for their whole agency or for pockets of the agency, but only 20 said they had a strategic workforce plan for the whole agency or pockets of the agency. Agencies said that the limited extent of workforce planning was due to a lack of resources, workforce planning expertise and data to inform the planning process.

Good strategic workforce planning is well integrated with business planning and used as a strategic business tool. It requires good stakeholder engagement across the organisation. Business units and functional areas should take a collaborative approach to monitor progress and revise as needed.

However, workforce planning is not without its challenges. It can be difficult to do if there is a lack of recognition or support among senior management; if an agency tries to do too much at once or focuses too much on day-to-day operational requirements; if accurate workforce, business and customer data is unavailable; or if siloed HR and business units restrict collaboration across the organisation. Evidence shows that these challenges are experienced across the sector, meaning that considered effort is required to ensure workforce planning is done well and consistently.





Strategic workforce planning at Fire and Rescue NSW involves all levels of the agency

The key to successful workforce planning at Fire and Rescue NSW has been in getting the buy-in and involvement of all levels and areas of the organisation. Even though HR facilitates the planning process, business areas are involved at every stage. Fire and Rescue's corporate workforce plan (nearing completion) is a living document that focuses on actions – the what, how and why. It has a three-year outlook and will be reviewed annually to ensure it is current and continues to align with the overall strategic direction and priorities of the agency.

Leaders of the agency view workforce planning as critical in delivering a round-the-clock, decentralised and diverse emergency service. The agency covers fire, rescue, hazardous materials, environmental protection, counter-terrorism, natural disaster and humanitarian relief, medical response, and prevention and education.

It has a varied workforce, comprising firefighters, and administrative, trade and professional personnel, including psychologists, engineers and logistics specialists. To ensure the perspectives and needs of all areas are considered, Fire and Rescue takes a three-layered approach to workforce planning:

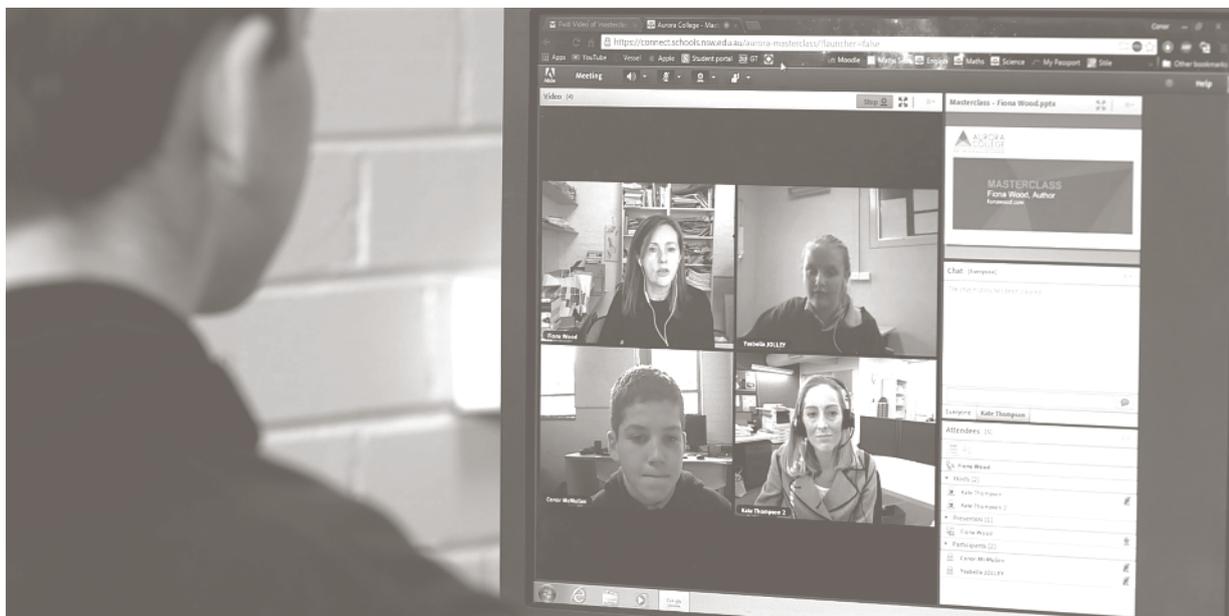
- The executive layer, which is the Workforce Planning Focus Group, comprises key Fire and Rescue executives. It reviews workforce indices and trends, considers workforce needs and commits to strategic directions at the outset, to inform planning requirements and priorities. It also assigns accountabilities and monitors progress, revising strategy as needed.
- The cross-functional layer, which is the Workforce Planning Action Group, is made up of middle management, subject matter experts and frontline workers. They come together following Focus Group meetings to develop an integrated approach to implementing the workforce priorities, actions and strategies handed down by the Focus Group. The Action Group discusses workforce issues, identifies potential remedies, and passes on advice and recommendations from frontline and support services to the Focus Group. While the Action Group has a core membership, including workforce data analysts, specific business owners and other experts can join meetings based on current and emerging needs. For example, IT experts may attend when technology is at the centre of a discussion.
- The localised layer is made up of directorate heads and management teams. Local management teams take ownership of local workforce issues and solutions, forecast local workforce needs, and communicate the agency's plans and strategies to workers. Management teams complete a workforce analysis questionnaire and simple planning template for analysis and endorsement.

Fire and Rescue is achieving a high level of engagement with workforce planning. Shared involvement has meant that its planning is contemporary, detailed and linked to business objectives and the Fire and Rescue Commissioner's strategic priorities. Shared understanding and ownership is bringing the agency's workforce strategy to life.

Sector leaders need to position the workforce for the future

Strategic workforce planning is only one tool of many that organisations need to cope with the unprecedented rate of change occurring in workplaces in NSW, Australia and around the globe. To be prepared to meet this challenge, the NSW public sector workforce must remain dynamic, flexible and agile. As the sector continues to operate in an increasingly complex and uncertain environment, senior leaders and HR will need to take an active role in preparing the workforce for the future. They will need to think strategically about sustainable, long-term solutions to challenges, and innovatively to maximise opportunities – all with an awareness of the environment shaping our future. Following are some of the megatrends affecting the way the sector works.

- **People:** Changes in the demographic makeup of NSW and Australia will have significant long-term effects on the NSW public sector workforce and the makeup of the public it serves. Australia's population is ageing, so the workforce is getting older.²⁰ The country's population growth is resulting in more people moving to urban centres.²¹ These and other demographic changes will directly affect public sector portfolios, such as by increasing the prominence of aged care and health planning for an ageing population, and transport and infrastructure planning for an increasingly urban population. As the demand for, and delivery of, government services change, the public sector will need to redesign roles to cater for these changes.
- **Modes of work:** As technology rapidly progresses and disrupts the landscape in which the sector operates, innovations such as the Internet of Things, big data, artificial intelligence, machine learning and automation will influence government service delivery and affect the skills workers need for the future.²² Evolving technology will mean that public sector employees can spend less time on repetitive, menial tasks. However, the sector will have to guard against marginalising members of the community who are less digitally connected, including the elderly and some people with disability.
- **The operating environment:** Many changes are occurring in our increasingly globalised and interconnected world. Some natural resources are becoming scarce, and environmental changes are resulting in challenges for urban planning. Further, citizens' and businesses' needs and expectations of public service delivery are being influenced by their interactions with the private sector.²³ As the pace of technological and digital change accelerates, public sector customers expect higher levels of convenience and responsiveness, and more adaptive services at reduced cost.



20. AIHW (2018)

21. Infrastructure Australia (2015)

22. CSIRO (2016)

23. CSIRO (2016); Government Skills Australia (2015); OECD and Shaping Future Governments (2017)



Distance not a barrier at Australia's first virtual school, Aurora College

Aurora College is a virtual high school that gives students in rural and remote schools in NSW the opportunity to be part of a selective school. Many of these students had fewer educational options than their urban peers. But they can now access personalised and future-focused learning without leaving home. This benefits the students, their families, communities, and even the teachers from Aurora and the students' home schools.

Before the NSW Department of Education established Aurora in 2015, high-potential rural students faced several challenges. These included lack of access to challenging learning via the state's selective schools during the critical early high school years and a limited curriculum when studying for the Higher School Certificate (HSC).

Previously, many students would either miss out on these opportunities or be forced to relocate – either on their own to boarding schools or with their families to regional hubs.

Now, teachers from across the state use flexible working models, web and video conferencing, and other technology solutions to deliver a broad and extensive curriculum in real time. This is supplemented by residential school classes where students can come together with their cohort to meet and connect. Those establishing Aurora worked closely with principals, teachers and parents of rural students to build a strong academic environment that can adapt to each student's development and learning needs.

Teachers in rural and remote locations have also benefitted, directly and indirectly. They can find it difficult to gain professional experiences, such as teaching HSC courses, and miss out on the expertise and mentoring of experienced peers. They also have fewer professional learning opportunities. Even though Aurora's teachers are physically separated by hundreds of kilometres, flexible working practices, teamwork and collaborative technology platforms can be used to plan learning and teaching at Aurora. Aurora's teachers also share their knowledge with other teachers at their home schools, collaborating with them to co-design lessons for students.

Aurora has produced material outcomes for students, their families and teachers across the state. One parent said, "Aurora College has encouraged [my children] to strive for greater heights with their school work", enhancing their work ethic and motivation to achieve.

The 2017 NAPLAN results for years 7 and 9 show the percentage of Aurora students who achieved a result in the top two bands at Aurora was significantly higher compared with all other NSW Government schools.

Educational opportunities are a key factor in families' decisions whether to live in rural areas. Given this, Aurora is providing wider benefits for members of rural communities, including employers.



The digital.nsw accelerator enables new ways of working in the public sector

As its name suggests, the digital.nsw accelerator (DNA) aims to increase the use of digital technologies to rapidly deliver high-value, high-impact, citizen-facing government services and projects. The DNA's emphasis is on driving systemic change and building new capabilities and skills within government.

The DNA was established in February 2018 and operates out of the Department of Finance, Services and Innovation. It focuses on co-designing public services by understanding the needs of citizens and solving problems that occur at any point in the customer journey. To achieve this, key stakeholders and subject matter experts from across the sector co-locate with the DNA's project delivery experts for between three and six months.

The DNA project teams use human-centred design, and lean and agile methodologies to compress the time taken for a new digital service or product to go from the idea stage to implementation.

While the digital components of the projects are important, the process considers end-to-end service design. The DNA and embedded partners undertake discovery research to find out about user needs and pain points, and the barriers to efficient and effective service. Team members then together conduct further user research to define problems, identify the best solutions and build the minimal viable product. Product releases are made as early as possible to allow further iterative testing with citizens.

Importantly, the home agency continues to own the service or product. The benefits of the DNA model include bringing the skills, capacity and experience gained through the agile service design process back to the home agency, enabling and supporting a local digital reform agenda. The approach also allows for cataloguing reusable components in the NSW Digital Design System, so they can be easily used in similar functions within other departments.

The DNA recently partnered with NSW Fair Trading to digitise the strata mediation application form. Through this project, a once manual, paper-based process that took three months from application to mediation is now available online. This makes the system far more efficient for applicants, case managers and mediators. As a scalable solution, the system may be adapted and enhanced for other mediation and case management applications. Here are some of the benefits:

- It now takes minutes to apply for mediation, and the process from application to finalisation takes just weeks.
- Mediators save two hours per day because they no longer have to manually enter applications.
- Case managers save time previously spent printing, scanning and saving applications.
- More accurate data capture has reduced the number of follow-up calls to applicants.
- Mediators and case managers use accurate real-time reports, allowing them to more effectively manage cases.

While the rate of change, the impact of new technology and citizens' future expectations of the NSW public sector are subjects of ongoing debate, there is no doubt about the importance of a considered and future-focused mindset to the public sector. The sector, as the single largest employer in Australia, can and should take steps to minimise threats and maximise opportunities. It must plan and prepare for emerging and as yet unknown changes and challenges. Leaders will need to think strategically and work as a collective to motivate employees and guide them through change. They will need to pair efficient recruitment and mobility processes with outcomes-based performance management and targeted development. This will become increasingly important, not only as new types of jobs emerge but also as the needs and expectations of citizens and businesses evolve and become more complex. Investing in capability, fostering a culture in which diversity and inclusion are paramount, and promoting flexibility and collaboration will help keep the workforce engaged and productive, enabling everyone to deliver their best work for the people of NSW.



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