GOVERNMENT OF
WESTERN AUSTRALIA

PSC Public Sector Commission

State of the WA public sector 2014

Measuring up

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Letter of transmittal

THE SPEAKER
LEGISLATIVE ASSEMBLY

THE PRESIDENT
LEGISLATIVE COUNCIL

I submit to Parliament my report, *Measuring up: The state of the WA public sector 2014*, in accordance with section 22D of the *Public Sector Management Act 1994* (PSM Act) and section 22 of the *Public Interest Disclosure Act 2003* (PID Act).

The report describes the state of public sector administration and management in accordance with the PSM Act and reports on the extent of compliance by public sector entities with standards and ethical codes.

The report also meets the obligation to report on the extent of compliance with the PID Act.

I intend to publish the report after it is laid before the House.

M C Wauchope
PUBLIC SECTOR COMMISSIONER
20 November 2014

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Preface

The role of the Public Sector Commission is to enhance integrity, effectiveness and efficiency through bringing leadership and expertise to the public sector. The Commission achieves this by balancing its policy, assistance and oversight roles to assist with public sector renewal and capability development.

State of the WA public sector 2014 – Measuring up, addresses the requirement for the Public Sector Commissioner to report annually to Parliament, under the *Public Sector Management Act 1994*, on the state of administration and management and the extent of compliance with standards and ethical codes. It also covers the Commissioner's reporting obligations under the *Public Interest Disclosure Act 2003* (PID Act) on the extent of compliance with the PID Act.

The report draws on a range of information sources including the Public sector entity survey (PSES), Public interest disclosure (PID) survey, Employee perception survey (EPS) and Human resource minimum obligatory information requirement (HRMOIR) data. The Commission makes every effort to ensure the integrity of public sector data but it relies on entities to provide accurate data. Further information regarding the Commission's evaluation framework can be found in 'Appendix A—Evaluation framework'.

This year's report benchmarks the WA public sector's performance against other jurisdictions for a variety of indicators. Further information regarding the Commission's benchmarking data can be found in 'Appendix B – Explanatory notes for benchmarking data'.

State of the WA public sector in summary 2014 – Measuring up provides a snapshot of information from the full report. Entities are also encouraged to access more detailed comparative data in *State of the WA public sector statistical bulletin 2014 – Measuring up,* to benchmark their performance.

Commissioner's overview

The Western Australian public sector has much to be proud of. Against a backdrop of fiscal constraint and increasingly complex policy and service delivery priorities, our public sector has continued to innovate, collaborate and deliver. Many of our areas of expertise have global implications, particularly food security and production, medical science, mental health, education, public policy and governance. Our leaders regularly engage with significant social and scientific challenges and our key initiatives have been applied successfully for the benefit of both the state and global community.

State of the WA public sector 2014 – Measuring up (the report), is a contemporary assessment of the public sector's performance which supports our objective of continuous improvement. This year I have applied a thematic approach to the report to assist Parliament, those in the sector and the broader community to understand where the sector 'is at', where we are going and how we are progressing on that journey.

The theme of this year's report emphasises how we compare with other jurisdictions and I am pleased to announce that our sector rates highly. This report highlights the key challenges and opportunities facing our sector, and showcases some of the good work occurring at the grass roots level. Navigating through significant rescaling while maintaining our capacity to deliver quality services to the community, is the most visible milestone and also our most urgent challenge. This will require building our capacity to manage change and boost productivity.

I believe it is imperative for the public sector to continue to build its own capability in this changing context. While public services are increasingly being delivered through alternative models such as partnerships with the private and not-for-profit sectors, ultimately effective service delivery requires a capable and responsive public sector.

Fiscal constraint is one certainty we face, with revenue sources becoming less stable and expenditure continuing to have upward pressure. In this equation, the critical cost drivers are our people. It is important we view our current and forthcoming limits as an opportunity to optimise our resources, build on existing good practice, foster innovation and collaboration and develop consistent and evidence-based practices. History shows that limiting our investment in professional development will undermine longer-term workforce planning. Accordingly, we must continue these activities with a greater emphasis on seeking efficiencies and 'a mind' for sharing our knowledge across the sector.

Key observations

My key observations on this year's trends and future directions for the sector follows, including a number of case studies showcasing the quality of work taking place across the sector.

Engaging employees

Employee engagement is the emotional commitment an employee has to the organisation and its goals. When employees are engaged, they use discretionary effort to go that extra mile. Each year, my organisation undertakes an independent assessment of the public sector workforce based on information from a range of tools to ascertain employee views on workplace issues. More recently, we have begun to identify the workplace factors that are strong drivers of employee engagement and productivity.

This research has highlighted that the most important factors in increasing engagement and productivity are the effectiveness of our senior leaders, and having employees with the right skills, in the right job, at the right time. The findings demonstrate we need to be much more strategic about the employment relationship as a whole, from the decisions made prior to recruitment through to cessation of employment.

With this in mind, we need a different approach to designing roles and attracting people with suitable skill sets. It is essential we have a strong sense of what the future may look like and that we recruit for skills, values and attributes capable of meeting the sector's changing priorities. More than ever, increasing the mobility of our employees enabling them to move easily from one role to another, within or between agencies, is essential to match our priorities and respond effectively to emerging trends. This requires a fundamental shift in public sector culture and one which we intend to pursue into the future.

Building capability

Aligned with strategic recruitment is the need to be much more considered in how we develop our people, that is, ensuring we have a strategic connection to join the 'capability dots'. This is based upon the notion that well developed employees should be more capable and confident in their roles, and their performance should be monitored, supported and managed to achieve better outcomes.

With tightening budgets, it is often professional development funds which are reallocated for other purposes. The 'here and now' imperatives take over culminating in critical investment in the future being curtailed. We have seen this approach taken in our public sector over the last two decades, most notably resulting in the age profile of our senior leaders. So now, more than ever, is the time to focus on the future.

Over the year ahead we will be working with entities across the sector to promote graduate programs, traineeships and internships to strengthen our reputation as an employer where young people can find rewarding jobs and develop meaningful careers.

Central to this is reinforcing the sector's demonstrated commitment to improving employment and development opportunities for Aboriginal and Torres Strait Islander peoples and people with disabilities. I am pleased that Aboriginal employment levels in the WA public sector continue to outperform all other states, except for the Northern Territory. Although this is a positive result, there is still work to be done. Knowing more about the systemic barriers faced by these employees will provide a more robust basis for future policies and strategies. Through the newly established Centre for Public Sector Excellence, we will continue to work with entities to build career pathways and provide development opportunities for disadvantaged employee groups over future years.

Valuing performance

It is no surprise that a significant driver of performance is an employee's understanding of what is expected of them in their role, and how the work they undertake relates to their entity's objectives. Effective performance management helps build that understanding and align employees' performance with their entity. Our public sector has long been required to implement performance management, however in common with other jurisdictions, it is an area where there is scope for improvement.

Transforming an entity's culture to optimise performance is a long term process of embedding good practice and changing mindsets. It requires every employee to understand that managing performance and building capability are responsibilities they share with their manager. In the coming year we will look to develop, in consultation with the sector, values to underpin the accountability framework of the *Western Australian public sector code of ethics,* and agencies' codes of conduct.

Increasing collaboration

Collaboration between the public sector and not-for-profit and private sector organisations can deliver excellent results for our community. It is widely accepted that public sector service delivery in our state, across Australia and internationally, has changed to a 'mixed' model.

One such collaborative partnership is the Department of Housing's Shared equity EOI program, which provides low income Western Australians with the opportunity to purchase a home. By sharing up to 30 per cent of the purchase price of a property with the Department of Housing, and borrowing the remaining through a SharedStart loan from Keystart Home Loans on a two per cent deposit, dreams of home ownership have become a reality. These loans have been directly linked to a major construction project to maximise and capitalise on partnerships with industry. In acknowledgment of this successful partnership, the project was the overall winner for the 2014 Premier's Awards for Excellence in Public Sector Management.

Leading in the regions

Approximately one in four of our public sector employees work in the regions, largely involving service delivery roles across a range of diverse agencies. These varied functions, in addition to the geographical sprawl of this state, make service delivery and leadership development in the regions critical and highly complex. As the face of their entity in the local community, regional leaders require well-developed management skills, the ability to interpret policy, and an understanding of the cultural considerations and social factors relevant to their region.

There are many entities actively working to build regional leadership and the capability of those responsible for regional management. When working with our regional colleagues throughout the year, I have been encouraged by their resourcefulness and resilience and their willingness to share their knowledge and experience with others. Earlier this year, we conducted a regional leadership study through consultation with our regional and metropolitan colleagues. This work culminated in the publication of *Leading for the regions —a resource for agencies*. This resource offers ideas and discussion points for entities across areas such as employee capability and development, performance management, succession planning and the particular challenges unique to regional areas.

Looking ahead

The effectiveness of our public sector fundamentally depends on public trust in its integrity as an institution and its capacity to look after the public interest. It is my belief that a values-based culture is at the heart of a high-performing and trustworthy public sector. A culture in which employees are expected and encouraged to act ethically, in which ethical behaviour is modelled for them by their leaders and peers, is one in which the public can have confidence.

Overall, data suggests the ethical culture in our sector is sound. Nevertheless, over the past year we have seen an increase in public scrutiny of the private use of public resources and the effective management of the receipt of gifts, benefits and hospitality, as well as the management of sponsorships. These events are a reminder that the risks to the integrity of our sector are real and cannot be ignored. It is my view, that while the vast majority of our employees do not engage in deliberate misconduct, the ethical health of our sector depends upon each public officer's commitment and capacity to do the right thing.

The delicate balance of my role and the accountability relationships I have between chief executive officers and government ministers, is unique within Australian jurisdictions. Earlier this year the Parliament, through its Public Accounts Committee, confirmed 'that a reasonable balance is being struck' between an operationally independent public sector that is still sufficiently responsible to the policy priorities of the Government of the day.

The year ahead is likely to bring fundamental changes to the legislation governing misconduct. It is envisaged the transference of the minor misconduct function from the Corruption and Crime Commission to the Public Sector Commission will strengthen the integrity, accountability and performance of our sector. This shift will allow the Commission to continue transitioning from its broadly regulatory functions to providing more engaging and enabling services for agencies. We have done this with success in the past and I have every confidence we will use this opportunity to do our business differently as we evolve.

I conclude with acknowledging the dedication and professionalism of the state's public sector and I look forward to working with the sector to respond to emerging opportunities and challenges over the year ahead.

M C Wauchope
PUBLIC SECTOR COMMISSIONER
20 November 2014

The public sector at a glance

The Western Australian public sector is dynamic, made up of a rich mosaic of diverse backgrounds and life experiences. At a glance, our workforce spans occupations from community workers in Kalumburu to rangers in Torndirrup National Park. This year, 80 employees worked in locations such as Christmas Island, Cocos Islands, China, Japan, India, Indonesia, Singapore, and the United Arab Emirates. The oldest permanent employee works as a gardener/handyperson and the youngest employee works as a dental clinic assistant.

As of June 2014, there were 137 944 employees in the WA public sector, representing 108 999 full-time equivalents (FTE). There was a decrease in employment of 1.4 per cent over the year. With the exception of Queensland and Victoria, this was the largest decline across jurisdictions. In comparison, the WA population increased by 2.5 per cent and the broader WA workforce by three per cent.[1]

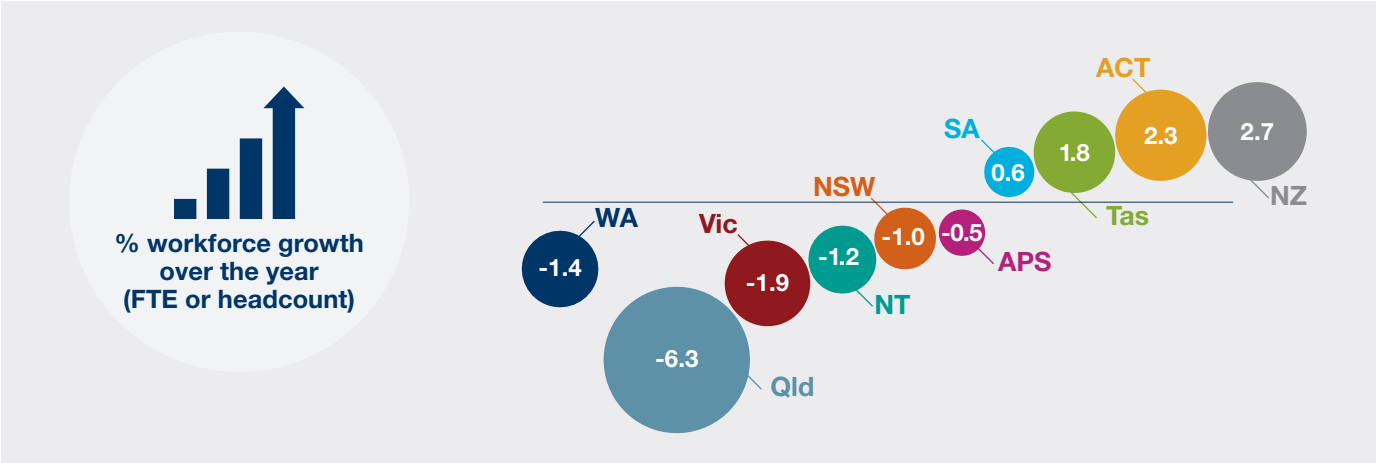
In 2014, the public sector had a higher proportion of 'professionals' (49 per cent) than the broader WA workforce (20.2 per cent).[2] This representation in the sector was similar to other jurisdictions. However, the WA public sector had a lower proportion of managers (7.2 per cent) than the broader WA workforce (12.1 per cent). The representation of managers in the sector decreased slightly this year from 7.8 per cent.

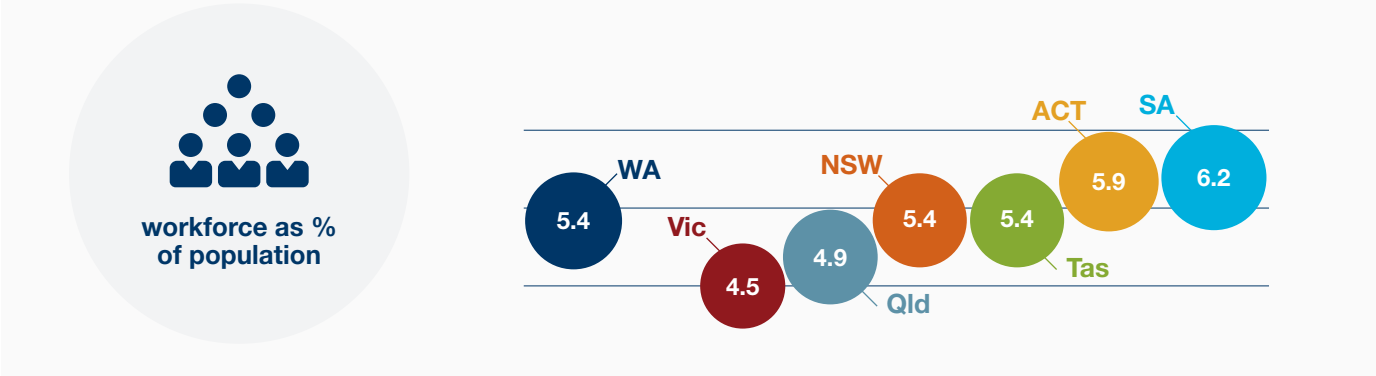
The following figures benchmark WA's performance in 2014 against other jurisdictions where reasonable comparisons can be drawn. Appendix B provides references to information sources and other considerations.

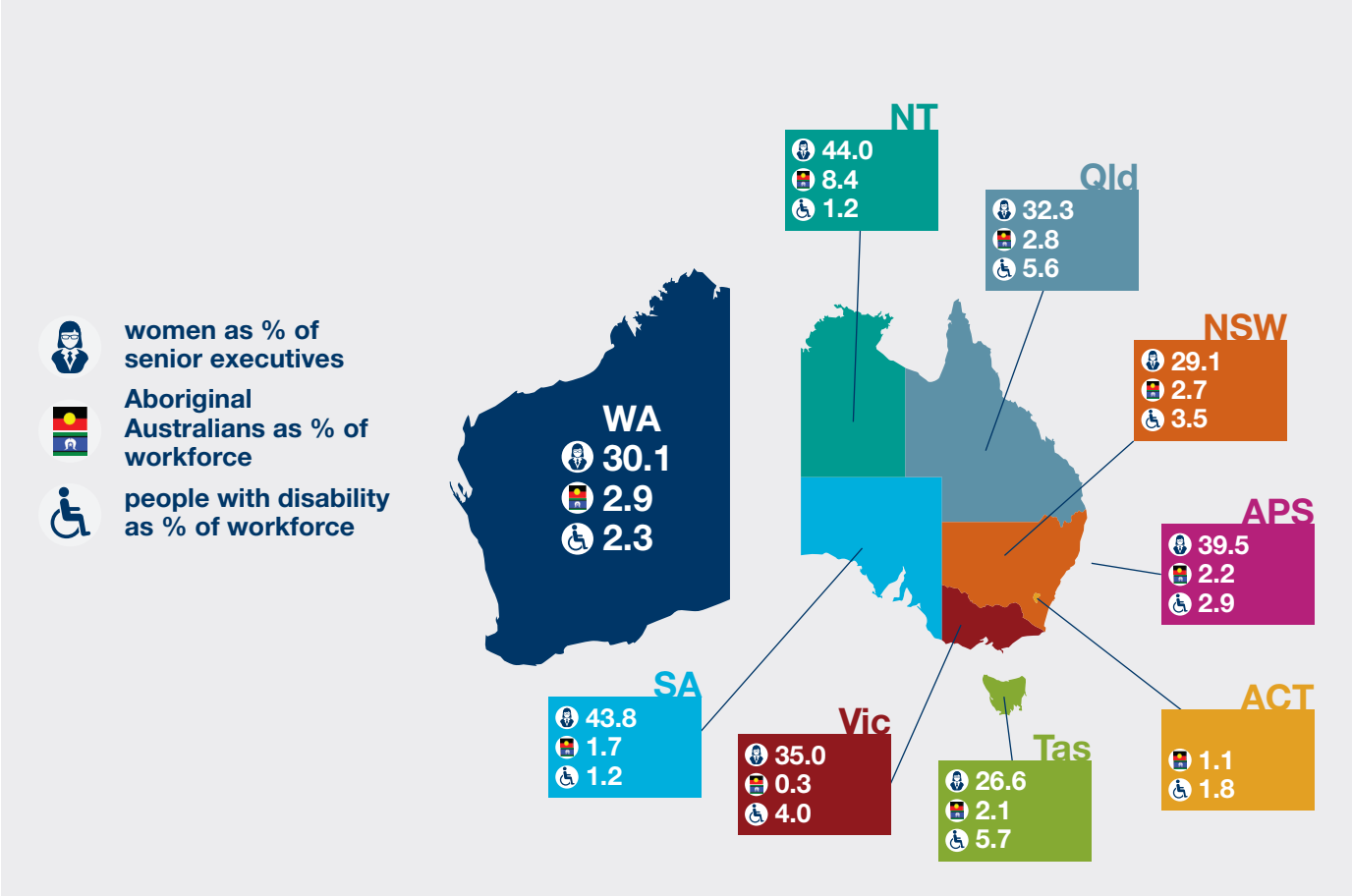
On the following pages you will see, by graphical representation of the sector, a new addition to the report. These indicators are intended to track the state of the sector in future years.

1 Australian Bureau of Statistics (ABS) 2014, *3101.0 – Australian demographic statistics, March quarter 2014*; ABS 2014, *6202.0 – Labour Force, Australia, September 2014*

2 ABS 2014, *6291.0.55.003 – Labour force, Australia, detailed, quarterly, May 2014*

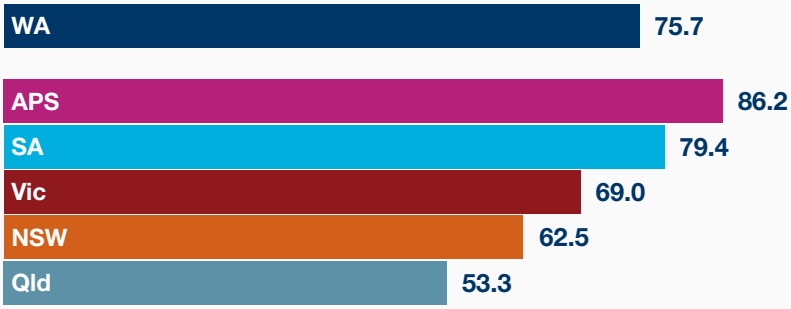

% workforce growth over the year (FTE or headcount)
WA
-1.4
Qld
-6.3
Vic
-1.9
NT
-1.2
NSW
-1.0
APS
-0.5
SA
0.6
Tas
1.8
ACT
2.3
NZ
2.7


workforce as % of population
WA
5.4
Vic
4.5
Qld
4.9
NSW
5.4
Tas
5.4
ACT
5.9
SA
6.2

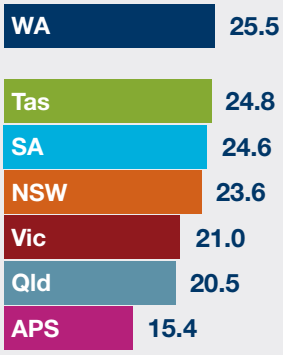

women as % of senior executives
Aboriginal Australians as % of workforce
people with disability as % of workforce
WA
30.1
2.9
2.3
NT
44.0
8.4
1.2
Qld
32.3
2.8
5.6
NSW
29.1
2.7
3.5
APS
39.5
2.2
2.9
ACT
1.1
1.8
SA
43.8
1.7
1.2
Vic
35.0
0.3
4.0
Tas
26.6
2.1
5.7

professionals as % of workforce

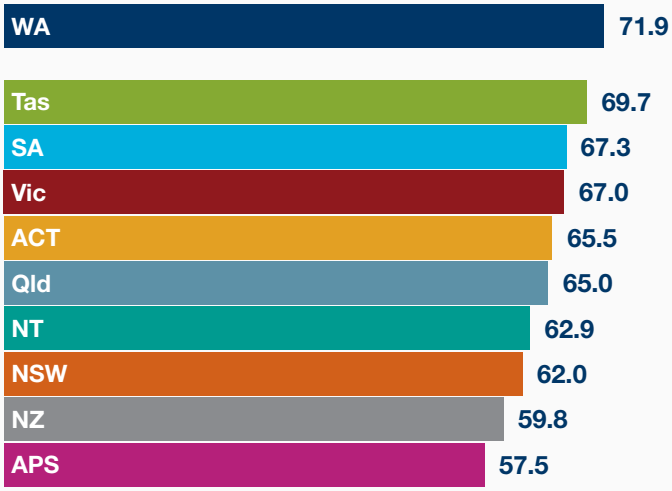
working in metropolitan areas as % of workforce



aged 55 years and over as % of workforce



women as % of workforce



1 Building leadership and employee engagement

As public sector leaders guide their entities through increasingly complex social, fiscal and service delivery challenges, identifying and building the capability of current and future leaders becomes more critical. Not only is strong leadership a key component of good public sector governance, it is also a strong driver of employee engagement. This chapter discusses the approaches taken by public sector entities to promote capable leadership and a healthy workplace culture.

State of the WA public sector 2014 – Measuring up (the report) is the first report by the Public Sector Commission to test the drivers and outcomes of employee engagement in the public sector. In 2013/14, public sector employees continue to be satisfied with, and committed to, their job during a time of change.

Fostering strong leadership

Responsiveness and agility is increasingly important during times of fiscal constraint. Western Australia's public sector faces ongoing challenges in designing better policy and programs, while ensuring public value. The state's population continues to expand, fuelling increasing demand for government services and infrastructure in both urban and regional WA.

Leadership development has become more critical to ensure entities effectively achieve government priorities. Managers are responsible for the ongoing administration and management of the workforce and other resources. However, as leaders, they also inspire staff to be high performing, productive and innovative.

Mr Richard Sellers, Director General of the Department of Mines and Petroleum, is one such leader who has made a strong contribution during a period of considerable growth in the resources industry, as highlighted in the following case study.

Leadership excellence – Department of Mines and Petroleum

In 2014, the Institute of Public Administration Australia WA awarded their 'Patron's Award' to Mr Richard Sellers, as an individual leader who has made a significant contribution to the state.

Mr Sellers was appointed as the Director General of the Department of Mines and Petroleum (DMP) in June 2009. In this role, Mr Sellers oversees DMP which acts as WA's lead agency in attracting private investment in resource exploration and development, and most importantly, is a progressive and robust regulator for the minerals and petroleum sector. As a leader, Mr Sellers is a visionary who makes considered and complex decisions. His insistence on consultation and transparency in decision making, together with his willingness to implement innovative business methods, have been key factors of his stewardship of DMP during the busiest growth period of WA's resources industry.

In judging the category, the co-chair of the judging panel, Public Sector Commissioner, Mr Mal Wauchope, remarked that 'Mr Sellers has made an outstanding contribution to the public sector, establishing a positive legacy for the future of the organisation and the state'. Ms Sue McCarrey, also co-chair of the judging panel, stated 'His vision and the projects undertaken underpin that DMP is an organisation of best practice. He has achieved clear improvements across the agency including increased service efficiencies, transparency and benchmarking'.

Congratulations are extended to Mr Sellers for achieving a cultural shift in the organisation through strong leadership.

The Public Service Medal is awarded twice a year by the Governor-General and recognises outstanding service by government employees in the areas of leadership, service excellence, innovation and improvements to productivity. The following showcases the WA recipients on this year's Australia Day and Queen's Birthday honours lists.

WA Public Service Medals awarded in 2014

Australia Day, 26 January

Ms Elisabeth Harris PSM

For outstanding public service as Chief Executive Officer (CEO) of Challenger Institute of Technology.

Ms Harris is the first female CEO of the Challenger Institute of Technology. Under her leadership, Challenger has adapted rapidly to the changing demands of the economic environment, built partnerships with over 500 industry and community organisations, and developed commercial training partnerships internationally in 13 countries. A great believer in continuous learning, Ms Harris has driven a learning culture focus within the organisation, significantly growing the collective capability of her 1000 strong workforce. Ms Harris has more recently developed a comprehensive Corporate Social Responsibility program—Challenger Cares, enabling staff and students within Challenger to work on projects in Cambodia, India and locally. Ms Harris was a 'Telstra business woman of the year' award winner in 2009 and led Challenger Institute to be awarded the Large Training Provider of the Year Award in the 2012 Australian Training Awards.

Mr William Preston PSM

For outstanding public service to the Department of State Development, WA.

Mr Preston has worked for the Departments of State Development (DSD) and Mines and Petroleum (DMP), and their predecessor departments, since 1982. His extensive knowledge of commodity markets has been particularly valuable to their business, and his excellent analytical skills and professional advice have assisted the understanding and resolution of complex matters and disputes. Mr Preston has a particularly strong understanding of the WA iron ore sector, the iron ore market, and its relationship to the Chinese steel industry. This has been highly valued in building the business relationship between China and the WA Government over the last 10 years. Mr Preston is involved in an advisory role on mineral commodity sectors, general project development advice and undertakes training in major project facilitation processes. His work has empowered staff to excel in delivering DSD's major projects.

Mr Ian Smith PSM

For outstanding public service to the provision of health services in WA over many years, particularly in rural and remote regions.

Mr Smith has served WA Health with distinction over many years, most significantly in improving health services and the welfare of people living in rural and remote regions in WA. For the majority of his career, Mr Smith has worked in the WA Country Health Service (WACHS) holding senior management roles, including the Pilbara, Kimberley, South West and Great Southern in rural WA. In 2010, Mr Smith was appointed as CEO of WACHS, and during 2013, was appointed CEO of the South Metropolitan Health Service until he retired in 2014. Mr Smith is a practical and hardworking leader who has led multiple capital infrastructure projects, including Albany Hospital, and has championed the implementation of the Southern Inland Health Initiative by the Departments of Health and Regional Development.

Queen's Birthday, 6 June

Mr Ian Cowie PSM

For outstanding public service, particularly to the City of Gosnells.

Mr Cowie is currently the CEO of the City of Gosnells, a position he has held since 2009. The City has a budget of over $100 million and employs over 600 people. Mr Cowie has used his vast experience of legislative requirements and practical knowledge of the local government sector to make the City a very effective organisation, and has led numerous ventures to improve the City's sustainability and deliver outcomes through his commitment to the future needs of the community. Mr Cowie has been proactive in diversifying revenue sources and commercialising the approach taken by the City. Under his guidance, the City has become an expert in land development and has completed a number of sub-divisional developments, which have generated significant revenues.

Ms Melissa Vernon PSM

For outstanding public service in improving the access and quality of health services for people living in rural and remote areas of WA.

Ms Vernon has worked at WACHS for over 25 years, and has served in various senior leadership roles during her distinguished career. In her current position as Executive Director, Primary Health and Engagement, Ms Vernon is responsible for primary health care, telehealth and community and consumer engagement in health in rural WA. She has been instrumental in achieving improved partnerships with primary care organisations as well as primary health and telehealth service access. A significant achievement by Ms Vernon was the introduction of District Health Advisory Councils in 2004. These councils are comprised of local community and consumer members and provide invaluable local insight and advice to WACHS on local health service improvement and planning.

Mr Zbigniew (Ziggy) Wilk PSM

For outstanding public service to regional WA and excellence in operations at a senior level in the energy industry.

Mr Wilk has held various senior management roles at Horizon Power since its inception in 2006. Since 2013, he has been the General Manager of the North West Interconnected System Business which extends across the Pilbara. The work of Mr Wilk has been instrumental in shaping Horizon Power to provide quality, safe and reliable power to more than 100 000 residents and 9000 businesses, including major industry, across regional WA. Mr Wilk began his association with the electricity industry in 1984 as an engineer and eventually became Manager of the Pilbara Power Division of Western Power. In his six years in this position, he was instrumental in the development of a regional power model and driving the formation of Horizon Power. The blueprint for Horizon Power was based on the Pilbara Power business model that Mr Wilk managed.

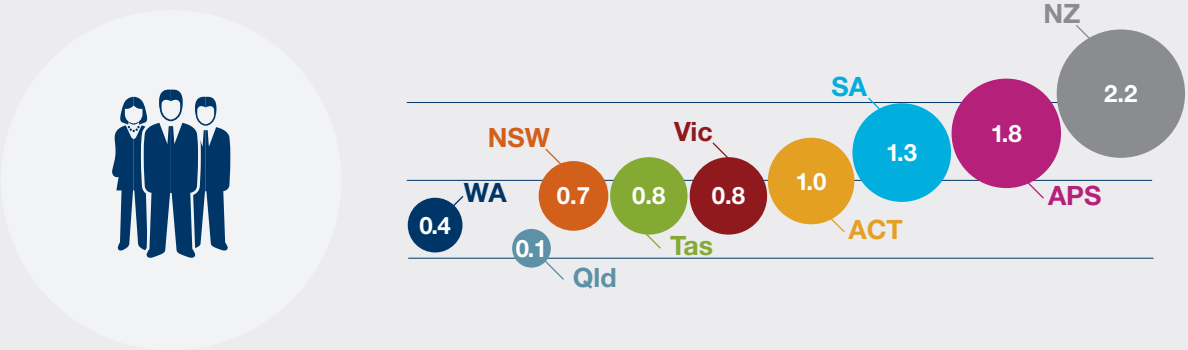
The senior leadership group

The WA public sector employed 509 senior executive service (SES) leaders (including CEOs and other senior executives) at 30 June 2014, compared to 510 last year.[1] These officers form the key executive leadership group.

As described in section 42 of the *Public Sector Management Act 1994* (PSM Act), the SES is capable of providing high level policy advice and undertaking managerial responsibilities, as well as promoting the efficiency of the public sector and individual entities.

In WA, the SES made up 0.4 per cent of the public sector workforce in June 2014, which was similar or lower than available senior executive statistics for other jurisdictions, as shown in Figure 1.1.

Figure 1.1 Senior executives as a proportion of the public sector workforce (percentage) across jurisdictions, 2013 and 2014



Sources: Employee perception survey (EPS) and other inter-jurisdictional publications (see Appendix B)

In 2014, SES employees in WA were:

- aged between 32 and 70 years (average age was 53)
- more likely to be male, although representation has decreased somewhat over the last decade (70 per cent in 2014, compared to 77 per cent a decade ago)
- generally experienced in working for the public sector, with an average length of service of nine years.

1 Source: Human resource minimum obligatory information requirement (HRMOIR) workforce data

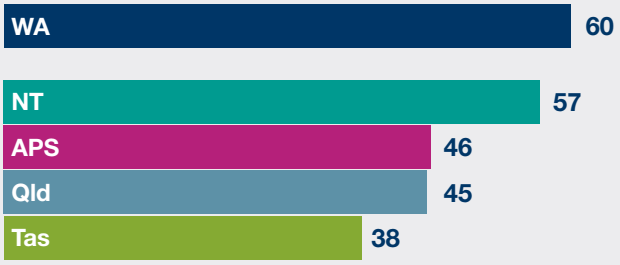
Senior leadership effectiveness

One element of effective leadership is considered to be 'walking the talk' in the workplace. Employees look to their leaders for guidance and leading by example is fundamental to gaining trust and inspiring productivity. This and other capabilities can be measured by seeking feedback from staff.

Generally, respondents to the Commission's 2014 Employee perception survey (EPS) reported their entity is well managed (65 per cent) and communication between senior managers and employees is effective (65 per cent).

In a new EPS question this year, 60 per cent agreed senior leaders in their entity provide effective leadership. This was higher than the available comparisons from the Australian Public Service, Queensland, Tasmania and Northern Territory, as shown in Figure 1.2.

Figure 1.2 Employee perceptions of leadership effectiveness (percentage) across jurisdictions, 2011, 2013 and 2014



Sources: EPS and other inter-jurisdictional publications (see Appendix B)

Employees look to leaders as a source of information and guidance, particularly during times of change. Increasing the visibility of senior leaders and the frequency and amount of communication may help to improve employee perceptions of organisational management.

Leading change, setting direction and devolving decision making

During 2013/14, there were a number of machinery of government changes that directly affected several thousand public sector employees, through abolishment, establishment and renaming of some entities.

More broadly, significant changes prompted by government policy have occurred, such as over 1000 voluntary redundancies across the sector during 2013/14 and amendments to the PSM Act, which will introduce the ability to invoke involuntary severance where surplus employees are unable to be redeployed elsewhere in the sector.

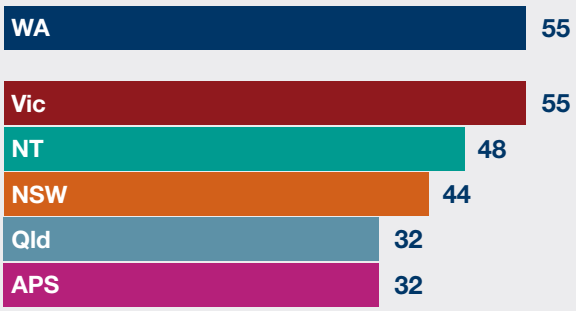
A new voluntary redundancy scheme targeting a further 1500 employees and an additional one per cent efficiency dividend have recently been announced, among further savings measures introduced for 2014/15, in response to the impact of falling iron ore prices on the WA Government budget.

In February 2014, in a spotlight series conducted by the Commission, chief executives reflected on the machinery of government changes that had occurred over the preceding year. Participants identified key elements of successful change management, such as demonstrating decisive leadership, being able to develop and communicate a clear vision and purpose for the organisation, and maintaining relationships with staff.

From left: Commonwealth Public Service Commissioner Stephen Sedgwick, Western Australian Public Sector Commissioner Mal Wauchope, and New South Wales Public Service Commissioner Graeme Head at 'The Shape of Things to Come: The Public Service Commissioners' Perspective session' facilitated by Deborah Kennedy at the Western Australia Institute of Public Administration Australia 2014 International Conference.

This year, EPS respondents were asked for the first time their views on change management in the workplace. A little over half (55 per cent) agreed change is well managed in their entity, suggesting there may be opportunities to improve the quality of communication and relationship management where changes are occurring. However, where comparable data was available, the level of agreement in the WA public sector (55 per cent) was similar to, or higher than, that in other jurisdictions, as shown in Figure 1.3.

Figure 1.3 Employee perceptions of change management (percentage) across jurisdictions, 2011 to 2014



Sources: EPS and other inter-jurisdictional publications (see Appendix B)

As well as managing change, key leadership capabilities include setting and communicating direction and effectively devolving decision making. These capabilities appear to be well developed in the public sector this year with reference to the following EPS questions:

- 91 per cent of respondents indicated they understand how their work contributes to their entity's objectives
- 81 per cent reported they have the appropriate authority (i.e. the necessary delegations, autonomy and level of responsibility) to do their job effectively
- 64 per cent felt their input is sought and considered about decisions that affect them.

A change in executive leadership may drive cultural and organisational change. At the Department of Corrective Services, the Commissioner, Mr James McMahon DSC DSM, has provided new leadership and direction for the organisation, with a focus on cultural change, as highlighted in the following case study.

Driving change through inspirational leadership at the Department of Corrective Services

Mr James McMahon DSC DSM became the Commissioner of the Department of Corrective Services (DCS) in October 2013. Mr McMahon is a former Commander of Australia's elite Special Air Service Regiment, and has significant business acumen as a result of working as the Chief Operating Officer for the consulting firm, Azure Capital, and establishing Chauvel Group, among other endeavours.

Mr McMahon has been tasked with spearheading cultural change in the WA corrections environment. He has established an Office of Reform within DCS to ensure that an overarching narrative frames the corrections reform agenda, takes account of competing priorities, and enables fresh insights to shape service delivery.

Mr McMahon stated, 'The corrections reform agenda is focused on creative and dynamic solutions that ensure the safety of the community, the security of facilities, the safety of staff, and the rehabilitation of prisoners, offenders and detainees'. Some of the key achievements of the reform program so far include:

- the creation of a Youth Justice Board to plan, develop and implement innovative solutions to youth offending in the community
- the creation of a Prison Team, within WA Police's Serious and Organised Crime Division, to ensure a more coordinated approach to disrupting criminal activity within the prison environment
- personal visits to community centres and facilities across WA to gain insights from prison officers, youth custodial officers, community corrections officers and youth justice officers
- the establishment of a Knowledge Management Directorate responsible for transforming data, statistical information and research findings into intelligence
- the establishment of an operations centre to coordinate prisoner movements, classifications and mitigate risks in a 24/7 working environment
- the formulation and release of a vision, mission and values for all officers to guide how officers work with each other and develop a shared understanding of the purpose of activities.

Mr McMahon commented, 'These measures are focused on the future and contribute to greater organisational integrity and accountability. It is about evolutionary change—an incremental, decentralised change—that over time produces a broad and lasting cultural shift'.

Developing public sector leaders

The *State of the sector 2012* noted that entities reported ongoing challenges in recruiting and retaining high quality leaders. Entities were attempting to meet this challenge by identifying and developing leadership capability.

Around 8000 public sector employees, representing 7.2 per cent of the sector's workforce, had a managerial role[2] at June 2014 (compared with 12 per cent in the wider WA workforce[3]) – this includes employees from immediate supervisors to CEOs. The proportion of the public sector workforce with a managerial role (7.2 per cent) is similar to 11 years ago (7.8 per cent). The effectiveness and development of this cohort within the workforce is important because lower level managers often move into the roles of senior leaders when they retire or leave the sector.

Eighty-six per cent of entities reported through a new question in the Commission's 2014 Public sector entity survey (PSES) that leadership development programs were made available to their staff during 2013/14. In a new EPS question this year, the majority (60 per cent) of respondents felt they had adequate opportunities to develop leadership skills, although one-quarter disagreed.

Over a number of years, many public sector employees have participated in the Commission's key development programs, delivered in partnership with the Australian and New Zealand School of Government, Australian Institute of Management WA-University of WA Business School, Murdoch University and Curtin University.

As part of its commitment to building skills and expertise to support a capable, future-focused and sustainable public sector, the Commission launched the Centre for Public Sector Excellence (the Centre) in October this year. A CEO advisory board was established by the Commissioner to provide support and guide the development of this initiative. The board's membership is diverse and brings together skills and perspectives from a range of service delivery areas and jurisdictions, including Commonwealth and local governments.

In collaboration with the advisory board, three new leadership initiatives were developed. 'Leadership excellence' for executive leaders, 'Leadership essentials' for emerging leaders, and 'Management essentials' for future leaders will be offered by the Centre in the year ahead. Recognising their wealth of expertise, public sector senior leaders will facilitate the programs.

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2 Managerial roles as per *1220.0 – Australian and New Zealand standard classification of occupations, first edition, 2006*. These roles are defined as having responsibility to plan, organise, direct, control and review the day-to-day operations and major functions of organisations either personally or through departmental managers and subordinate executives.

3 Australian Bureau of Statistics 2013, 'E13_aug96 – Employed persons by occupation, state, sex, age', *6291.0.55.003 – Labour force, Australia, detailed, quarterly, May 2013*

This approach will promote performance development beyond the training room and reduce the reliance on external providers. The Centre is currently developing 'Embedding 70:20:10', a publication to help entities understand the 70:20:10 learning framework[4] and introduce it to their workforce. By making better use of workplace, social and structured learning, this framework has been shown to be more effective and efficient than traditional off-the-job learning approaches.

Succession management

As highlighted in previous 'State of the sector' reports, entities are facing potential workforce challenges associated with the ageing population. In June 2014, 25.5 per cent of public sector employees were aged 55 and over (compared to 24.7 per cent in 2013). As the average retirement age during the past year was 63 years, a substantial proportion of the workforce may retire in the next five to 10 years, representing a need for corporate knowledge management and transfer.

Through the 2014 PSES, larger entities were asked whether they employ succession management initiatives to help meet this challenge within their entity. Of these entities:

- 64 per cent have identified critical roles or people
- 63 per cent have identified and documented the capabilities required for critical roles
- 42 per cent have identified potential successors and assessed them against the required capabilities
- 42 per cent have put in place targeted capability development strategies for potential successors.

Only seven per cent had no strategies in place, indicating most entities are preparing to meet the challenges of an ageing workforce.

4 Jennings, C. 2013, *70:20:10 framework explained*

Developing regional leaders

Around one-quarter of the public sector workforce is located outside the Perth metropolitan area. In order to better understand the regional employment profile and the unique challenges faced by regional leaders, the Commission undertook a regional leadership study in 2013.

From left: Malinda Nixon and David Barton from the CinéfestOZ film festival with South West Development Commission Chief Executive Officer Don Punch.

The study identified that, although regional and metropolitan leaders require similar capabilities, there are nuances which make regional leadership unique and increasingly complex, such as:

- being the face of their entity within the community and often carrying greater responsibility for decisions made
- increased occupational safety and health considerations caused by geographical isolation, such as travel fatigue
- needing to interpret policy to fit their regional context
- managing the cultural considerations relevant to their region.

The study, which included significant consultation with leaders at the local level, culminated in the publication of *Leading for the regions – A resource for agencies*, which identifies a number of ways to efficiently build leadership capability. The approach is grounded by the 70:20:10 blended learning model and provides options such as exchange visits, secondments, job shadowing, professional development assistance, networking, stretch assignments and work-based projects.

Good practice must be recognised and leaders, regardless of location, are encouraged to drive their own development, share knowledge and build lasting networks. The Commission, through the Centre, is working with the SES to tap into current mechanisms that will enable the sector to share knowledge and information to build and sustain regional leaders.

Supporting women in leadership

Improving the representation of women in management positions continues to present a challenge for public sector employment. This is not an issue confined to the public sector; in 2012, only 9.7 per cent of executive management positions in Australia's top 200 companies were held by women.[5] However, the representation of women in senior public sector positions is increasing. The proportion of women in the SES has substantially increased from 22.6 per cent in 2004 to 30.1 per cent in 2014.

Research undertaken by the Commission has revealed that having significant numbers of women in senior roles encourages and sustains other women. The Commission continues to encourage entities to diversify at the senior leadership level in order to add value to effective service delivery. In the coming year, the Commission will focus on opportunities for women to progress their careers in the public sector.

5 Equal Opportunity for Women in the Workplace Agency 2012, *2012 Australian census of women in leadership*

Western Australia's first female Governor
Her Excellency the Honourable Kerry Sanderson AO

On 20 October 2014, Mrs Kerry Sanderson AO was sworn in as WA's thirty-second Governor, the first female appointed to the role. The Australian businesswoman, and former public servant, said she was pleased to have been given the opportunity and is looking forward to engaging with people across the state.

When asked how she felt about being the first female appointed to the role, Her Excellency said she did not distinguish between men and women: 'I think both do very good jobs in different ways'. Her Excellency admitted she might be considered a role model, but would continue to work as usual.

The Hon. Colin Barnett MLA, Premier of WA, congratulated Her Excellency on her new role and commended her previous work. 'Mrs Sanderson has had a distinguished career in the public sector and is widely respected throughout the community for her business acumen, her commitment to science and learning, and her active involvement in the work of several charities.' Prior to her appointment, Her Excellency was the independent chairman of the State Emergency Management Committee and has held several non-executive director positions in the commercial sector. Her Excellency was also WA's former Agent General in London, Deputy Director General of Transport for WA, and Director of the WA Treasury's Economic and Financial Policy Division. Her Excellency served as the Chief Executive Officer of the Fremantle Port Authority for 17 years where, under her leadership, trade through Fremantle Ports grew substantially.

Her Excellency has also held positions on numerous boards and associations, including Gold Corp, the Board of the Australian Trade Commission (Austrade), the Council of Curtin University, the Board of Agricultural Research WA, the Rio Tinto WA Future Fund, the Fremantle Hospital Medical Research Foundation, Australian Logistics Council and the President of Ports Australia.

In 2004, Her Excellency was named an Officer of the Order of Australia (AO) in the 'Queen's Birthday Honours list' for service to the development and management of the port and maritime industries in Australia, and to public sector governance in the areas of finance and transport. In 2005, Her Excellency was the inaugural inductee to the 'Lloyd's List Shipping and Transport Hall of Fame' and was awarded an honorary degree—Doctor of Letters from UWA—for distinguished service through her work providing improved financial management business efficiencies. Her Excellency was also awarded the '1996 Telstra Western Australian Business Woman of the Year'.

Driving employee engagement

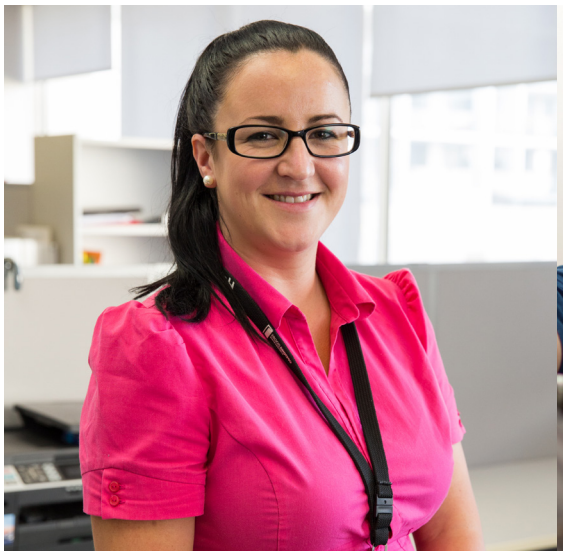
Employee engagement is a broad concept that generally encompasses an employee's satisfaction with, and loyalty and commitment to, their workplace. The level of employee engagement may be related to:

- individual productivity and organisational performance
- service quality
- customer and client satisfaction
- absenteeism
- innovative capacity
- employee retention.

Given the drive for improved efficiency, entities may benefit considerably from increasing their focus on employee engagement, with the staff salary bill representing a large proportion (around 39 per cent) of the WA general government sector operating expenses in 2014.[6]

Employee engagement may also impact on the rate of presenteeism, or staff attending work when they are not able to be fully productive. Presenteeism is more likely when there is workplace uncertainty, such as during organisational restructures and redundancy schemes, and due to the economic climate. Presenting staff may affect the health and productivity of other staff.

The cost of presenteeism to the Australian economy has been estimated at almost $26 billion in the 2005/06 financial year.[7] It is therefore important that the public sector minimise any such impact through fostering a healthy workplace culture.



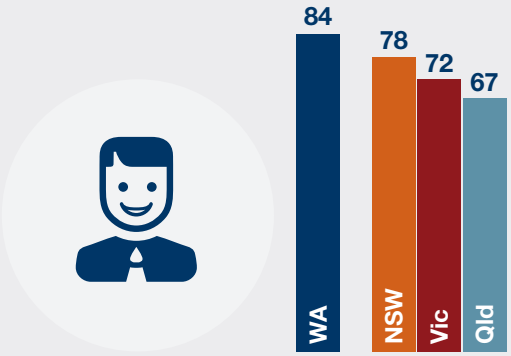
6 Department of Treasury 2014, *2013-14 Annual report on state finances*, p. 2
7 PricewaterhouseCoopers 2010, *Workplace wellness in Australia*, p. 4

Job satisfaction

Generally, public sector employees continue to be satisfied with their jobs. Job satisfaction has increased somewhat over time. In 2010, when this EPS question was first asked, 70 per cent of respondents were satisfied with their job.

Where comparable data was available, WA respondents to the 2014 EPS were most satisfied with their job, as shown in Figure 1.4.

Figure 1.4 Job satisfaction (percentage) across jurisdictions, 2013 and 2014

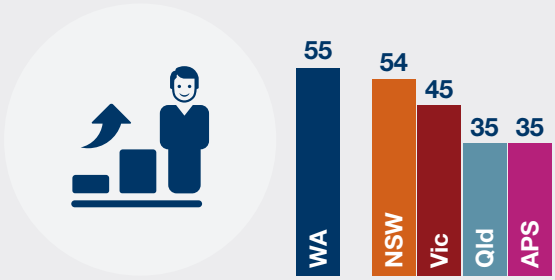


Sources: EPS and other inter-jurisdictional publications (see Appendix B)

Respondents to the 2014 EPS were generally positive about their employer and working in the WA public sector. WA often performed better in this area than other jurisdictions, where comparable data was available:

- four-fifths were proud to work in the WA public sector
- three-quarters were satisfied with their entity
- just over two-thirds (67 per cent) would recommend their entity as a great place to work (compared to 68 per cent in Victoria, 64 per cent in New South Wales and 57 per cent in Queensland)
- over half (55 per cent) were satisfied with opportunities for career progression in their entity (compared to 54 per cent in New South Wales, 45 per cent in Victoria and 35 per cent in Queensland, as shown in Figure 1.5).

Figure 1.5 Employee satisfaction with career opportunities (percentage) across jurisdictions, 2012 to 2014

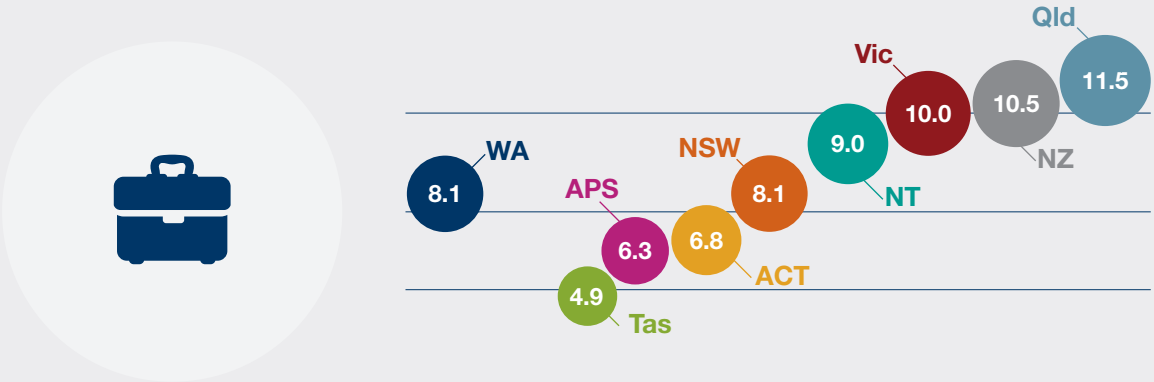


Sources: EPS and other inter-jurisdictional publications (see Appendix B)

WA also performed well this year in terms of retention indicators related to employee engagement:

- WA had the same permanent employee separation rate in 2014 (8.1 per cent from the entity[8]) as New South Wales, which uses a similar metric, in 2013. For most jurisdictions, this metric relates to permanent staff leaving the public sector, as shown in Figure 1.6.
- In WA, nine per cent of EPS respondents indicated in a new question this year their intention to resign or retire from their entity in the next 12 months, compared to 13 per cent in Queensland and 19 per cent in the Australian Public Service. In Victoria, 24 per cent reported they were actively looking for another job.

Figure 1.6 Employee separation rate (percentage) across jurisdictions, 2013 and 2014



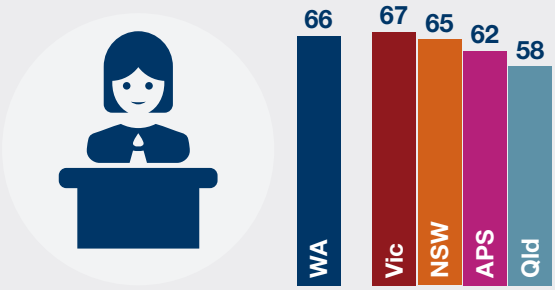
Sources: EPS and other inter-jurisdictional publications (see Appendix B)

8 Source: Human resource minimum obligatory information requirement (HRMOIR) workforce data

Employee engagement

The United Kingdom (UK) Civil Service regularly measures and benchmarks staff engagement. This year, the Commission initiated measuring employee engagement within the public sector sample completing the EPS.[9] The employee engagement score for the WA sample was 66 in 2014; this is similar to, or higher than, scores for other Australian jurisdictions, as shown in Figure 1.7.

Figure 1.7 Employee engagement across jurisdictions, 2013 and 2014



Sources: EPS and other inter-jurisdictional publications (see Appendix B)

Key drivers of employee engagement

Identifying the nature of workplace factors impacting on engagement enables the public sector to better understand workforce needs, and appropriately target efforts and resources for improving employee engagement.

The 2014 EPS asked employees to provide their views on a range of employee engagement related questions about their workgroup, immediate supervisor and senior leaders, as well as their experiences around ethical behaviour and support for career development, diversity and wellbeing in the workplace. Analysis of the results identified eight factors as having a statistically significant impact on employee engagement in the public sector sample (see Appendix C for further information).

9 Appendix C provides further information about how this is measured using the employee engagement index.

As shown in Figure 1.8, the three factors with the most effect on employee engagement for the 21 entities surveyed were:

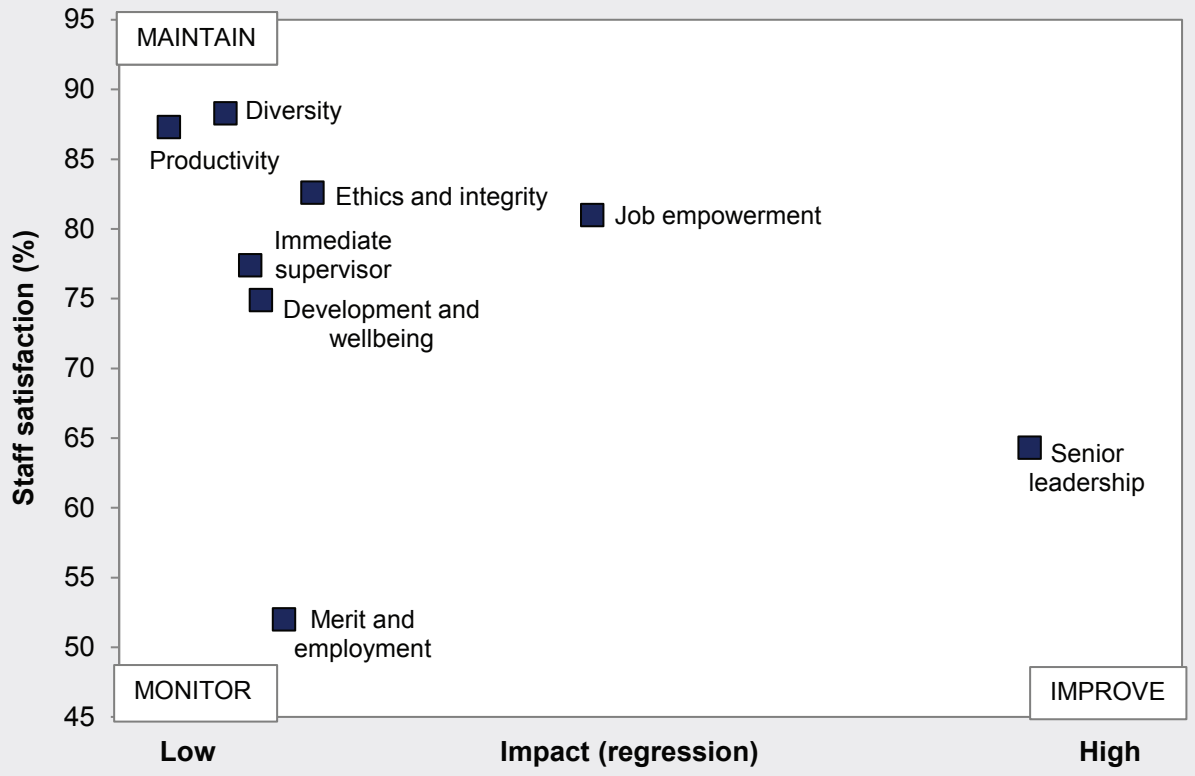
- 'Senior leadership'
- 'Job empowerment'
- 'Ethics and integrity'.

Figure 1.8 indicates that, while 'Senior leadership' had the greatest impact on employee engagement, satisfaction with senior leadership was moderate, representing an opportunity for improvement within the public sector sample. 'Job empowerment' and 'Ethics and integrity' were better performing, representing areas to maintain.

Another factor, 'Merit and employment', while not having a large impact on employee engagement in the sample, was still found to be important. This represents an area for the public sector to monitor in the future, given its lower satisfaction rating for the sample.

These findings, particularly around senior leadership, confirm the importance of managers in helping to create and sustain an engaged public sector and the significance of the Centre's work over the coming years to support the development of highly competent leaders.

Figure 1.8 Performance and impact of employee engagement drivers in a public sector sample, 2014



Source: EPS

Outcomes of employee engagement

As previously mentioned, employee engagement may impact on staff turnover, customer service and productivity, and performance overall. The 2014 EPS results were analysed to test outcomes of employee engagement in the public sector sample. Employee engagement for those reporting intention to leave in the next 12 months was significantly lower than for respondents with no intention of leaving their agency.

Employee engagement scores were significantly higher for respondents who felt recognised for their work (77, compared to 41 for those who did not) and satisfied with opportunities for career progression in their entity (79, compared to 46). Respondents who reported being subject to workplace bullying during the past 12 months had significantly lower engagement scores (45, compared to 69).

These findings confirm the notion that there could be significant organisational benefits achieved by focusing on employee engagement.

Key chapter findings

In the face of increasing demands on service delivery, and emerging social and fiscal challenges, it is important that the public sector maintains a focus on developing current and future leaders to ensure that challenges can be met now, and into the future.

Employees generally reported they have good leaders and communication between senior leaders and employees is effective. Across Australian jurisdictions, WA employees are among the most positive about their leaders.

Almost all entities make leadership development programs available in their entities. The Centre is progressing a range of new initiatives to promote opportunities for women in senior leadership and the development of regional leaders.

Higher engagement has been shown to increase productivity, retention and customer service, and therefore targeting workforce development efforts at the drivers of engagement may provide significant organisational benefits.

Staff reported being more satisfied with, and committed to, their workplace than employees in other jurisdictions. Employee engagement was most strongly driven by 'Senior leadership', 'Job empowerment' and 'Ethics and integrity'.

2 Sustaining a responsible and respectful workplace

Increasingly, the private and not-for-profit sectors are providing community services that were traditionally delivered by the public sector.[1] As a result, sustaining transparency and accountability is becoming ever more complex.

The accountability framework is embedded in the public sector through forging strong links between expected ideals and formal behaviour.[2] Employee behaviour can impact on the level of public trust so it is important that public sector staff are aware of their responsibilities and act in accordance with the community's expectations.

Overall, the public sector continues to be effective in promoting and sustaining integrity. Employee awareness of what constitutes ethical behaviour remains high, with disciplinary action representing occasional acts of poor judgment by a few employees, rather than systemic issues within the sector.

1 WA Information Commissioner 2014, 'Achieving transparency with blurred government boundaries', Australian Institute of Administrative Law, 2014 National Administrative Law Conference, Perth WA, 25 July 2014

2 Organisation for Economic Co-operation and Development 2000, *Trust in government: Ethics measures in OECD countries, Governance*, p. 11

The state of integrity and accountability

The United Nations has identified an ongoing issue for government is the importance of demonstrating the effectiveness of public administration integrity and accountability. Increasing access to information about government programs, activities and performance creates and reinforces the community 'watchdog' function.[3]

Transparency International's 'Corruption perceptions index' measures the perceived levels of public sector corruption in 177 countries. In 2013, the Australian public sector was ranked ninth least likely to be perceived as corrupt, which was better than countries such as Canada, United Kingdom, Japan and Germany.[4]

Supporting this result is the continued strength of the WA public sector in this area, with 84 per cent of respondents to the Public Sector Commission's 2014 Employee perception survey (EPS) reporting their entity actively encourages ethical behaviour by all employees. Other results for the WA public sector sample show:

- confidential information is only disclosed to appropriate people (79 per cent), with the School Curriculum and Standards Authority (SCSA) most likely to agree (89 per cent)
- purchasing decisions are not influenced by gifts or incentives (76 per cent), with employees from the Department of Education regional offices of Wheatbelt and Goldfields most likely to agree (87 per cent and 85 per cent respectively)
- conflicts of interest are identified and managed effectively (61 per cent, with an additional 25 per cent of respondents providing neutral responses), with SCSA again reporting highest agreement (78 per cent).

In 2013, research into community perceptions of corruption in the public sector was undertaken by the Australian National University. Based on his research, Professor Adam Graycar, Director Transnational Research Institute on Corruption, indicated to the Commission earlier this year that the WA community has significantly more confidence in the integrity of its state government than other Australian jurisdictions.[5]

3 United Nations 2005, *Integrity, transparency and accountability in public administration: Recent trends, regional and international developments and emerging issues*, p. 8

4 This draws on data from independent institutions, which specialise in governance and business climate analysis, over the past 24 months. Transparency International reviews the methodology of each data collection to ensure they meet quality standards. For further information, see the Transparency International webpage at: http://www.transparency.org/cpi2013/in_detail

5 Quote from Professor Adam Graycar in June 2014, author of 'Awareness of corruption in the community and public service: A Victorian study', *Australian Journal of Public Administration*, vol. 73, no. 2

Building awareness of ethical principles

Over the past year, there has been an increase in community scrutiny of the private use of public resources and the effective management of the receipt of gifts, benefits and hospitality. More recently, an emerging issue has been the management of conflicts of interest around government sponsorships. While most employees report their co-workers behave ethically, reinforcing expectations of appropriate behaviour and reviewing the decision making process continues to be important.

The first step to embedding integrity and accountability in the workplace is to raise awareness of ethical codes. Similar to last year's results, 82 per cent of 2014 EPS respondents reported they are familiar with the *Code of Ethics* and 91 per cent with their employer's code of conduct. The majority (81 per cent) also indicated they are aware of procedures in their entity for the offer and acceptance of gifts. While employee awareness of policies and procedures around conflicts of interest appeared lower at 68 per cent, a further 16 per cent of EPS respondents knew where to find these policies and procedures if needed.

These findings indicate most public sector employees know where to access information about the behaviour expected of them. However, engaging employees in the development and review of their entity's code of conduct may help them to better integrate these standards into the way they make decisions and respond to ethical issues as they arise.

The role that ethical codes play in shaping workplace culture is changing over time. The focus is shifting from documenting a comprehensive set of rules enforcing conduct to applying a values based code that inspires appropriate performance by employees and senior leaders.[6]

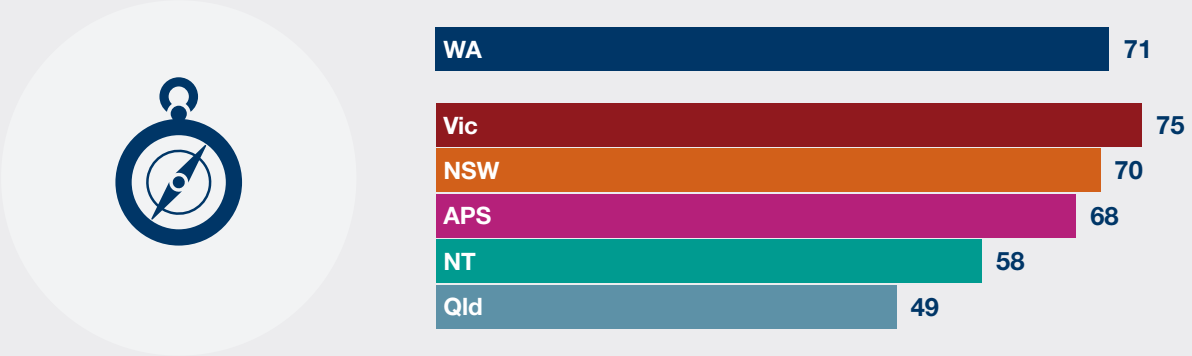
6 LRN 2006, *The impact of codes of conduct on corporate culture: Measuring the immeasurable*, p. 2

Leading by example

Role modelling of ethical behaviour by managers assists in raising staff awareness and supports a culture of accountability. Most 2014 EPS respondents indicated their immediate supervisor demonstrates honesty and integrity (85 per cent) and their senior managers lead by example in ethical behaviour (71 per cent). These results are similar to last year and indicate the sector's senior leadership is effective in promoting integrity and accountability and positively influencing employee behaviour.

Where comparison data was available, perceptions of ethical leadership were similar to, or better than, other jurisdictions, as shown in Figure 2.1.

Figure 2.1 Employee perceptions of ethical leadership (percentage) across jurisdictions, 2011 to 2014



Sources: EPS and other inter-jurisdictional publications (see Appendix B)

Leaders play a significant role in building awareness of ethical principles. However, reinforcing integrity and accountability in the behaviour of all employees continues to be important in response to increasing scrutiny of public sector performance.[7]

7 Center for Creative Leadership 2004, *Leadership development: Past, present, and future*, p. 31

Supporting ethical behaviour

With increasing efficiency demands on the public sector, the pressure is building for high performance in the face of multifaceted ethical issues.[8] Ethical dilemmas are surfacing more frequently in response to the increasingly complex operating environment.[9] As a result, codes of conduct need to be regularly reviewed to describe appropriate behaviour in changing environments. In a new question in the Commission's Public sector entity survey (PSES) this year, most public sector entities (92 per cent) reported their code of conduct has been reviewed within the last three years.

Government boards and committees operate in the context of unique integrity risks, as they oversight the management of entities or are responsible for decision making which may have a significant political or social impact. To support government boards and committees, the Commission has recently published *Board essentials*. This outlines board member responsibilities in the stewardship of major public assets and services. Further information is available in Chapter 4.

Integrity in recruitment

Embedding integrity starts with the recruitment and induction of employees into the public sector. The appointment of people is considered a high risk area for conflicts of interest. *More than a matter of trust: An examination of integrity checking controls in recruitment and employee induction processes* considered recruitment and induction practices for positions that carry a higher integrity risk. Some room for improvement was identified in the 2013 report, such as the need for assessment of integrity at key points in the recruitment and selection process.

This year, the Commission developed a 'Recruiting for integrity' workshop that has commenced delivery across the public sector. The workshop provides practical guidance on the selection panel's role in managing ethical dilemmas in recruitment.

8 International Journal of Training and Development 2009, *Organizational ethics education and training: A review of best practices and their application*, p. 78

9 Queensland University of Technology 2004, *Public sector managers and ethical dilemmas*, p. 2

Accountable and ethical decision making

Ensuring compliance is not the only important factor in building an ethical culture. The implementation of programs to inform employees on how to align their behaviour with codes of conduct and engage in ethical decision making is just as important.[10]

To achieve this, the 'Accountable and ethical decision making' (AEDM) program presents ethical dilemmas as case studies to promote internal discussion and communicate expectations of conduct. This year's PSES indicates that, in the last five years, 87 per cent of corporate executive members and 63 per cent of public sector employees have participated in this program. This result is similar to the previous year.

The Commission revised and updated the AEDM program in December 2013 and also developed a refresher session. Targeted at employees who have completed the AEDM program several years ago, the refresher session provides an avenue for employers to revisit key messages and discuss any changes in policies and procedures with employees.

10 Ethics Resource Center 2006, *Ethical culture building: A modern business imperative*, p. 7

Building confidence in reporting

Generally, public sector employees should report any information or incidents they believe are unethical where management is unaware or management is knowingly supportive of the conduct. Overall, 20 per cent of EPS respondents reported observing unethical behaviour during the past year (compared to 25 per cent the previous year).

Fifty-five per cent of EPS respondents who witnessed misconduct in the past year indicated they reported the behaviour at least some of the time (compared to 59 per cent in 2013). Those who did not report indicated this was because they do not think action will be taken, do not want to upset workplace relationships, and think it may affect their career.

Satisfying employees and the community that action has been taken to appropriately address any concerns, while balancing the privacy of those who have reports made against them and those who make reports, is an ongoing challenge for the public sector. The Commonwealth Government has recently released a discussion paper to seek the views of its staff and the public about the extent to which the outcome of a misconduct report should be disclosed.[11] The proposed principles in the discussion paper are:

- Entities should provide enough information to assure a reasonable person that the matter has been dealt with properly.
- Entities should provide enough information to assure employees and the public that complaints are dealt with fairly and effectively.
- Generally, the more harm done to the witness and the entity as a consequence of the misconduct, the more information should be provided.
- Before any disclosure is made, the views of the employee who is the subject of the report should be sought and taken into consideration.

11 Australian Public Service Commission 2014, *Privacy and transparency: Disclosing outcomes of misconduct complaints – A discussion paper*

In the 2014 PSES, entities reported employing a range of strategies to encourage misconduct reporting, similar to previous years. Table 2.1 shows the most common strategies were outlining a process to report unethical behaviour and publishing a commitment to reporting this behaviour.

Anonymity is important to some in reporting unethical behaviour. Strategies such as a confidential phone or email service can help build confidence in reporting. While only one third of larger entities reported having an anonymous service in place this year, 79 per cent of those with over 1000 FTE have a service available, covering over 85 per cent of the public sector workforce. Other entities are encouraged to consider how anonymous reporting could be enabled as appropriate, given the size of their workforce and the available resources.

Table 2.1 Strategies to encourage employee reporting of unethical behaviour, 2013/14

	Entities (%)
The way to report unethical behaviour is published in the entity's code of conduct or other policy	100
The chief executive has publicised a commitment to the reporting of unethical behaviour in the entity's code of conduct or other policy	99
The contact names for reporting unethical behaviour are accessible to employees	97
The entity's code of conduct or other policy contains a statement that victimisation of those reporting unethical behaviour will not be tolerated	93
The entity communicates to employees how to report unethical behaviour	82
Managers receive training in how to handle reports of unethical behaviour	82
A confidential phone or email service has been set up to encourage the reporting of unethical behaviour	33

Note: These strategies occurred either entity-wide or in some parts of the entities. Only larger entities were asked these questions this year.

Source: PSES

Management of unethical behaviour

From time to time, undesirable workplace behaviour may impact on public sector operations. Given the complexity of issues associated with this behaviour, there may be uncertainty as to which is the most appropriate pathway for managing behavioural issues. To assist entities in identifying and understanding the pathways, the Commission has released *Managing workplace behaviour: A guide for agencies*. This is supported by the Commission's delivery of 'Workplace behaviour: Is it discipline?' training sessions across the sector.

Disciplinary processes

Monitoring ethical breaches enables programs to be targeted to improve employee behaviour as necessary. The Commission works closely with entities to improve the sector's ability to manage any breaches. This includes the provision of advice and assistance on disciplinary processes.

The 2014 PSES indicated 49 per cent of entities completed disciplinary processes over the year. Where information was available, most of these entities (80 per cent) completed them within six months on average. Less than half (48 per cent) of completed processes found breaches, with close to half of these breaches under the *Public Sector Management Act 1994*.

For those processes around ethical codes specifically, there was a higher number of breaches reported this year (610), compared to the previous year (479). This was primarily due to a more than two-fold increase in processes undertaken within the Department of Education this year, which the department advised the Commission was in response to increased staff awareness of what constitutes misconduct and increased reporting of unethical behaviour.

However, extrapolating to the broader workforce, the number of breaches continues to represent a very low level of misconduct in the public sector, averaging four breaches of ethical codes for every 1000 employees, similar to last year. These results are considered to represent occasional acts of poor judgment by a few employees, rather than systemic corruption within the public sector.

Table 2.2 shows discipline processes for falsification of information/records, workplace theft and improper use of public resources were reported as most likely to find breaches. However, the highest number of reported breaches was in the area of workplace behaviour (such as disrespect and inappropriate language). These results confirm the observations of those EPS respondents who reported witnessing unethical behaviour over the last 12 months. Inappropriate personal behaviour, improper use of email and discrimination/harassment were most often reported by employees as witnessed in the workplace.

Table 2.2 Types of breaches of ethical codes, 2013/14

	Number of completed processes		% of total where breach of discipline found
	Total	Breach of discipline found	
Falsification of information or records	42	27	64
Workplace theft	38	23	61
Improper use of public resources (e.g. vehicles)	41	24	59
Improper use of internet or email	30	17	57
Failure to manage conflicts of interest	38	20	53
Inappropriate behaviour of employees during working hours	281	129	46
Inappropriate access of confidential information	26	12	46
Unauthorised disclosure of information	40	18	45
Fraudulent or corrupt behaviour	47	18	38
Inappropriate behaviour of employees outside working hours	32	12	38
Misuse of drugs or alcohol	13	4	31
Bullying	34	7	21
Inappropriate acceptance of gifts or benefits	1	0	0
Other elements (e.g. failure to follow proper process/policy/instruction, assault, neglect of duty)	234	96	41
TOTAL	**1290[(a)]**	**610[(b)]**	**47**

Note: A completed process can be counted against more than one type of breach.

(a) Includes 393 processes from the Department of Education where the department reported type of process could not be identified.

(b) Includes 203 processes from the Department of Education where the department reported type of breach found could not be identified. The department noted however that the majority were attributed to the area of 'inappropriate behaviour'.

Source: PSES

Table 2.3 shows the most common outcomes of breaches of ethical codes were written warnings (21 per cent of all outcomes) and reprimands (12 per cent). This was the same as the previous year.

Table 2.3 Outcomes of breaches of ethical codes, 2013/14

	Number of outcomes
Formal written warning	143
Reprimand	79
Counselling/dispute resolution	53
Termination of employment	38
No sanction due to cessation of employee	35
Improvement notice	20
No sanction imposed for other reasons	19
Learning and development	15
Performance management	14
Deductions from salary by way of a fine	14
Further employment contract not offered	7
Reduction in classification	5
Reassignment of duties	4
Reduction in salary	3
Employee transferred	2
Other outcomes (e.g. suspension, caution)	12
TOTAL	**671[(a)]**

Note: A completed process can be counted against more than one type of outcome.

(a) Includes 208 outcomes where entities reported the type of outcome could not be identified. Of these, 203 were from the Department of Education.

Source: PSES

Other issues

The Commission provides an advisory service to public authorities, their employees and members of the community. This service offers advice on a range of matters such as ethical codes, public sector standards and public interest disclosure.

This year, more than 2700 matters were responded to by this service. Telephone calls regarding human resource management issues, and in particular the *Employment standard*, were most frequent, followed by conduct, ethics and integrity matters, and principles of public administration and management.

Public interest disclosure

The role of a discloser is essentially that of an informant, serving a crucial role in detecting and reporting unethical behaviour. There is often a reluctance by employees to report or to do so in a timely fashion. Some of this may be due to the complexity of whistleblowing legislation or limitations in organisational systems.[12] However, similar to last year, 69 per cent of EPS respondents who knew about public interest disclosure (PID) processes indicated they would consider making a disclosure for any improper conduct in their workplace.

Disclosures

This year, a total of 52 disclosures were reported as received by public authorities[13] (compared to 51 in the previous year). Issues raised through the PID process continue to represent a very small proportion of all misconduct matters.

Of the received disclosures, 22 were assessed by public authorities as appropriate. The remainder were deemed inappropriate for reasons such as not meeting the definition of public interest information or not being made to a proper authority. As in previous years, most of the appropriate disclosures related to improper conduct (16), followed by matters covered by the Ombudsman (four) and substantial irregular or unauthorised use of public resources (two).

Five disclosures were referred to another body for investigation and three were not investigated as provided for under the *Public Interest Disclosure Act 2003*.

PID officers

This year, most public authorities (87 per cent) reported designating at least one occupant of a specified position to receive disclosures. The contact details of more than 250 PID officers are published in the Commission's *PID officer contact directory* to assist people who are considering making a disclosure.

Public authority strategies

Sixty-three per cent of public authorities reported publishing internal procedures for disclosures, compared to 65 per cent last year. Awareness raising strategies most commonly used by larger public sector entities were publishing the names of PID officers, ensuring PID officers attend the Commission's training, and publishing information regarding the Commission's advisory service.

12 Griffith University 2009, *Whistling while they work: Towards best practice whistleblowing programs in public sector organisations*, p. 3

13 Includes public universities, local government authorities, government boards and committees and other public authorities, such as government trading enterprises.

Employee awareness

Sixty-three per cent of 2014 EPS respondents were aware of how to make a disclosure or knew where to find out, similar to last year's result (64 per cent). Over the year ahead the Commission will partner with other PID oversight agencies from across Australia and Queensland's Griffith University, in a research project to enable the public sector to benchmark against practice in other states and countries.

Key chapter findings

Most employees are aware of policies and procedures relating to expected standards of ethical behaviour. Employees also report that managers lead by example in demonstrating integrity and accountability.

The evolution of a more complex operating environment is presenting new ethical challenges for the public sector. In response to these challenges, entities are refreshing AEDM training and embedding integrity checks in recruitment and induction processes. Most entities have also reviewed their code of conduct in the last three years.

Breaches of discipline continue to indicate a low level of misconduct, with an average of four breaches for every 1000 employees, similar to last year. This is considered to represent occasional acts of poor judgment. Most breaches relate to workplace behaviour (such as disrespect and inappropriate language).

The public sector continues to monitor and respond to integrity and accountability matters to ensure its policies, processes and practices reflect the changing nature of the operating climate.

Supporting the workforce

Across the nation, governments are seeking savings to bring budgets into line. In this climate, it is natural that attention turns to employee effectiveness, given staff salaries represent a large part of WA Government expenses.[1] Of course, staff salaries also represent government investment in the skills, talent and experience needed to deliver its priorities and services.

Public sector entities support their workforces to be effective in a number of ways, including:

- building capability through performance development
- sustaining a healthy workplace culture
- embracing diversity in order to better service the community.

This year, the public sector continued to develop workforce capability through a range of initiatives, such as formal training and occupation-specific skill development programs. However, there is an opportunity for the public sector to encourage more on-the-job learning through activities such as secondments and exchanges. For example, close to two-thirds of employees reported this year that they have only ever worked in one entity.

A mobile workforce allows resources to be aligned to government priorities and respond effectively to change. Increasing employee mobility also improves leadership development, provides enriching career opportunities, and builds and retains capability within the sector.

1 Staff salaries accounted for 39 per cent of the WA general government sector operating expenses in 2013/14; source: Department of Treasury 2014, *2013-14 Annual report on state finances*, p. 2

Developing the workforce

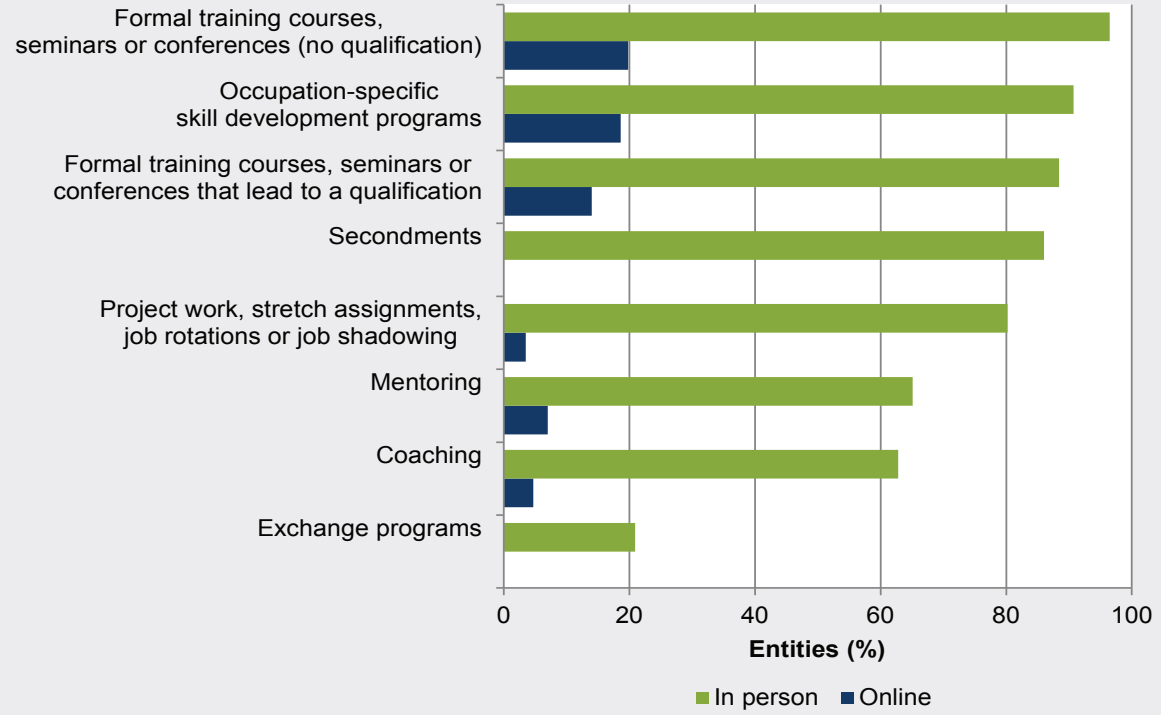
Broadening employee skills helps to sustain organisational performance during times of fiscal constraint. Skills that already exist in the sector are required to be more flexible and transferable in order to effectively respond to changes in work priorities, reduced resources and organisational restructures.

Building capability

The *Hays global skills index 2013*[2] assesses the difficulty employers have in recruiting skilled labour. Australia was positioned 12th in 30 countries, suggesting it is facing skill shortages. In WA, a range of specialist health and education occupations feature on the Department of Training and Workforce Development's 'State priority occupation list', indicating that building capability remains important even in the current labour market conditions of stronger supply.

Entities report providing a range of capability development opportunities to their employees. This is confirmed by 72 per cent of respondents to the Public Sector Commission's Employee perception survey (EPS) agreeing that development opportunities are available to all staff, and 86 per cent agreeing their job allows them to use their skills, knowledge and abilities. This year, entities were asked for the first time, through the Commission's Public sector entity survey (PSES), to indicate which development initiatives they had made available to staff. Figure 3.1 shows secondments were one of the most commonly reported development initiatives (86 per cent of entities).

Figure 3.1 Capability development initiatives offered to staff by entities, 2013/14



Source: PSES

2 Hays plc 2013, *Hays global skills index 2013*, p. 53

In 2014, the Commission launched the Centre for Public Sector Excellence, which encourages performance development beyond the training room. The Centre has adopted the 70:20:10 learning framework[3] and offers support to entities in this area. The framework proposes that 70 per cent of development comes from on-the-job experiences, 20 per cent from informal mentoring, personal networks and other collaborative activities, and 10 per cent from formal, off-the-job education. By making better use of workplace, social and structured learning, the framework has proven more effective and efficient than traditional off-the-job learning approaches.

Almost two-thirds (63 per cent) of 2014 EPS respondents reported having worked in only one entity during their time in the public sector, with almost all (94 per cent) having worked in no more than three entities. There seems to be an opportunity for the public sector to encourage and foster more on-the-job learning to fulfil the 70 per cent component of the 70:20:10 learning approach through activities such as secondments and exchanges. Other on-the-job options, internal to an entity, include special projects, stretch assignments, job rotations and job shadowing.

The findings from the Australian Institute for Teaching and School Leadership's *Global trends in professional learning and performance and development* report[4] suggest that organisations with a strong alignment between business and individual goals are more likely to support self-directed learning, such as on-the-job training. In the 2014 PSES, entities such as the Department of Fisheries, Department of State Development and Department of Mines and Petroleum reported increasing their focus on on-the-job learning. This approach supports continued learning and transitions performance development into a more strategic and agile function.

Monitoring performance

Performance monitoring is an effective tool to align workforce capacity and demands. Formal, documented performance meetings enable employees and their manager to identify and plan opportunities for performance development, and acknowledge past achievements.

The importance of performance development has long been recognised across sectors. For instance, in response to poor participation rates, the Treasury Board of Canada Secretariat issued a directive[5] in 2014 that enforces biannual reviews of employee performance and the use of a common rating scale across its public service to enable comparisons between entities.

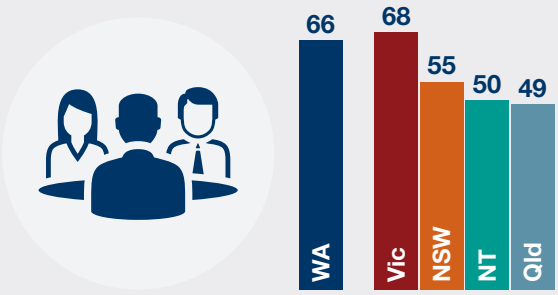
3 Jennings, C. 2013, *70:20:10 framework explained*

4 Australian Institute for Teaching and School Leadership 2014, *Global trends in professional learning and performance development*, p. 6

5 Treasury Board of Canada Secretariat 2014, 'Directive on performance management'

In 2014, 71 per cent of EPS respondents agreed feedback helps improve their performance. The proportion of employees who reported receiving formal performance feedback in the last 12 months was similar to, or higher than, other jurisdictions, as shown in Figure 3.2.

Figure 3.2 Employees reporting receipt of formal performance feedback (percentage) across jurisdictions, 2011, 2013 and 2014



Sources: EPS and other inter-jurisdictional publications (see Appendix B)

In 2013, the Commission conducted a review of performance management across the sector. This review found that while entities have procedures in place, and employees are aware of these procedures, participation rates could be improved. This continues to be reflected in the 2014 EPS results, with 23 per cent of respondents reporting no formal performance meeting with their supervisor in the preceding year. Building on this, less than half (42 per cent) of larger entities reported through the 2014 PSES that most employees had participated in formal performance meetings.

To assist entities in this area, the Commission has developed a full day module, 'Managing performance', which addresses the core principles of performance management and explores good practice across the public sector. The Commission's advisory service also provides practical advice about performance management to human resource practitioners and managers.

Complementing formal meetings with informal feedback is important in developing open and honest workplace relationships and engendering trust in the process. However, 28 per cent of 2014 EPS respondents indicated they meet with their supervisor once a year or less to informally discuss performance development.

Almost one-quarter (24 per cent) of 2014 EPS respondents did not feel recognised for their work and 10 per cent were unclear on their duties and responsibilities. In addition to performance development discussions, the Commission encourages entities to use opportunities such as the Premier's Awards for Excellence in Public Sector Management, 'Institute of Public Administration Australia WA achievement awards' and 'WA information technology and telecommunications awards' to recognise and reward staff performance.

The Premier's Awards for Excellence in Public Sector Management' recognise the most outstanding achievements in the public sector each year. This year, awards were presented in several categories. The following pages showcase the award winners for 2014.

PREMIER'S AWARDS 2014

Premier's Awards for Excellence in Public Sector Management

The annual Premier's Awards for Excellence in Public Sector Management, recognise exceptional performance and outstanding service delivery to the community. Our congratulations go to the following entities for their award winning initiatives.

Overall winner and 'Developing the economy' category winner

Department of Housing for 'Shared equity expressions of interest program'

This program provides people living in WA on low incomes with the opportunity to purchase a home. This is achieved by sharing up to 30 per cent of a property's purchase price with the Department of Housing and borrowing the rest through the SharedStart loan from Keystart Home Loans, on a two per cent deposit. The loan scheme was directly linked to a major construction project to maximise and capitalise on partnerships with industry. This initiative is self-funded with no cash cost to government.

'Improving government' category winner

Department of Health for 'Emergency telehealth service'

Emergency telehealth service is a virtual emergency medicine service that delivers consultations through video linkup across WA. Rural doctors can access specialist medical consultants via the service, which promotes better outcomes for emergency patients and enables care closer to home.

'Improving Aboriginal outcomes' category winner

City of Stirling for 'Aboriginal cultural tours—cultural orientation tours and Mooro country tours'

These tours were created to provide greater understanding of Aboriginal culture and history to participants. Visiting significant Aboriginal sites within the City and providing a positive experience of Aboriginal people and their contribution to our community are key outcomes.

PREMIER'S AWARDS 2014

'Managing the environment' category winner

Department of Parks and Wildlife for 'Protecting the nature of the Kimberley'

In collaboration with native title holders and Aboriginal ranger groups, government entities, non-government organisations and pastoralists, this project works to protect biodiversity values across property boundaries in the north and central Kimberley. This includes managing fire, the impact of feral animals and the impact of invasive plants across an area of more than 65 000 square kilometres.

'Revitalising the regions' category winner

Landgate for 'Aurora'

As Australia's first national bushfire spread simulation system, Aurora significantly minimises the impact of bushfire on life and property. It uses Landgate's FireWatch and the University of Western Australia's bushfire spread simulator, 'Australis', to predict fire behaviour in near real-time. It combines scientific research on fire behaviour with large dynamic data sets, using innovative computing and simulation techniques to deliver vital information on fire spread within a web mapping application.

'Strengthening families and communities' category winners

Shire of Kulin for 'Camp Kulin'

Camp Kulin supports children and young people who have been affected by domestic violence, sexual assault, childhood trauma and related factors. The program is run with the support of volunteers from across the state and the wider international community.

Department of Sport and Recreation for 'KidSport—Making it possible for WA children to participate in sport and recreation'

KidSport helps tens of thousands of financially disadvantaged, at risk and socially isolated children to take part in organised sport and recreation, many for the first time in their lives. As a result, the risk of antisocial behaviour has reduced and WA children are leading more active lives, developing critical social skills and connecting with their communities.

Embracing workplace diversity

Effective management of workplace diversity makes a positive difference to the quality of service delivery and the level of employee engagement. Increasing diversity brings organisational benefits through the contribution of different perspectives and understanding of issues, and different ways to find solutions. The public sector is encouraged to implement an integrated workforce and diversity plan that links attraction, employment, development and retention objectives to service outcomes, government priorities and business priorities.

Table 3.1 shows the representation of key diversity groups in the public sector at June 2014. The proportion of women in the senior executive service (SES) has continued its upward trend, reaching 30.1 per cent this year. Further information about women in leadership is provided in Chapter 1.

Table 3.1 Representation of diversity groups in the public sector, 2014

Diversity group	Representation (%)
Aboriginal Australians	2.9
People with disability	2.3
People from culturally diverse backgrounds	12.5
Women in the SES	30.1
Youth	4.6
Mature workers	52.4

Note: 'Youth' refers to people under the age of 25 years. 'Mature workers' refers to people aged 45 years and above.

Source: HRMOIR

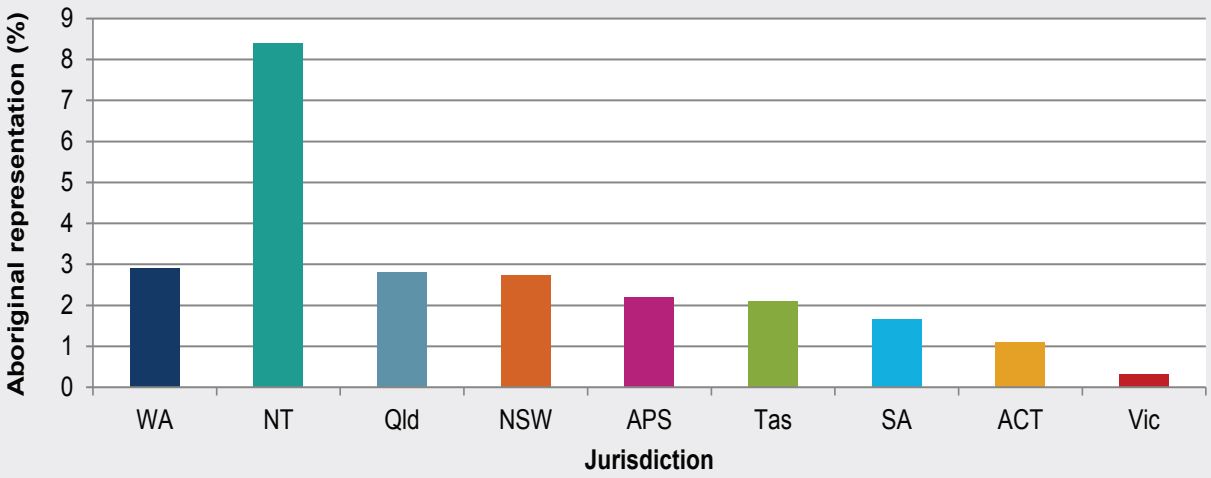
Aboriginal Australians

WA is a signatory to the Council of Australian Governments' (COAG's) *National partnership agreement on Indigenous economic participation*. This partnership aims to halve the gap in employment outcomes between Aboriginal and non-Aboriginal Australians within a decade.

COAG's agreement sets a national target of 2.6 per cent Aboriginal representation in the public sector workforce by 2015, and WA has committed to a target of 3.2 per cent. In working towards this target, WA is mindful that the Australian Bureau of Statistics has estimated Aboriginal representation in the WA working age population (i.e. between 15 and 64 years) is 2.8 per cent.[6]

The proportion of Aboriginal employees this year (2.9 per cent) compared favourably to the estimated proportion in WA (2.8 per cent), and is similar to the previous year. WA continues to have one of the highest representations across all Australian jurisdictions, as seen in Figure 3.3.

Figure 3.3 Representation of Aboriginal employees across jurisdictions, 2013 and 2014



Sources: HRMOIR and other inter-jurisdictional publications (see Appendix B)

As one of the biggest employers in WA, the public sector is well placed to make a significant contribution to the economic and social wellbeing of Aboriginal Australians.

Targeted recruitment of diversity groups is possible, in line with the merit principle, where recruiting meets a need in the entity and persons meet the work-related requirements. For example, where entities identify that a specific role (e.g. service provision to Aboriginal Australians) would be best undertaken by Aboriginal employees, section 50(d) of the *Equal Opportunity Act 1984* (EO Act) can be applied to target Aboriginal applicants only. Alternatively, where entities identify a need to increase workforce diversity and Aboriginal representation, section 51 of the EO Act can be applied to encourage applications from Aboriginal Australians and ensure equal opportunity.

6 Australian Bureau of Statistics 2013, *2002.0 – Census of population and housing: Aboriginal and Torres Strait Islander peoples (Indigenous) profile, 2011 third release*

The Commission continued to implement the *Aboriginal employment strategy 2011–2015* this year. The strategy's cornerstone is the 'Aboriginal traineeship program', an integrated employment, training and mentoring support service for the sector. Positive outcomes for Aboriginal Australians continue to grow as a result of this program, which over the last year was expanded to include the Kimberley, Pilbara, Southwest, Midwest and Goldfields regions. In 2013/14, there were 27 graduates from the 'Aboriginal traineeship program'. Twenty-one of these were from the metropolitan area and six were from regional locations.

An example of supporting public sector employment for Aboriginal Australians at the entry level is provided in the following case study.

Mentoring in the Central Institute of Technology

The Central Institute of Technology (Central) has partnered with the Wirrpanda Foundation to deliver 'Solid Ground' and 'Solid Futures', which are aspirational programs for Aboriginal jobseekers. The vocational employment and training initiative aims to build social and economic futures for Aboriginal Australians through project based learning and dedicated mentoring.

Eighty per cent of the Foundation's staff are Aboriginal employees. These staff work collaboratively with Central on a panel to select Aboriginal students for accredited training and life skills support. The programs include one-on-one mentoring and skills training on searching for jobs, literacy and numeracy, cultural dance and performance, film making, and wellbeing. On completion of 'Solid Futures', participants receive a *Certificate II in Business* and are partnered with an employer and ongoing mentor for transitioning to the workplace.

Central's partnership with the Foundation has established a number of job placements under the program, including those within the public sector such as the Department of Mines and Petroleum and the Department of Health. The program has multiple benefits, including a 'ripple effect' for participants who have established themselves in employment and have become role models for their families and wider community.

Released in August this year, the *Forrest Review—Creating Parity*[7] was produced in collaboration with the Department of the Prime Minister and Cabinet. The Forrest Review aims to improve Aboriginal employment outcomes and ensure that barriers to employment are addressed. The Forrest Review recommends the state government set Aboriginal representation targets at four per cent within four years. The WA Government is currently considering the recommendations of The Forrest Review.

7 Commonwealth of Australia 2014, *The Forrest Review—Creating Parity*

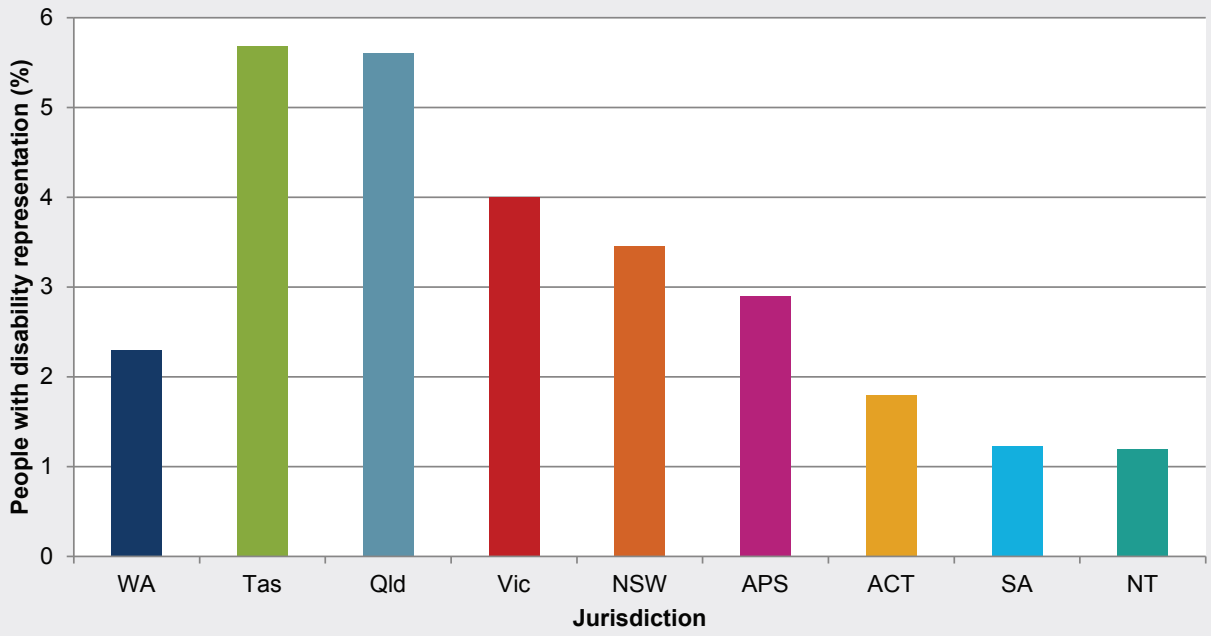
People with disability

In 2012, WA committed to COAG's *National disability agreement*. This agreement strives to improve services in delivering outcomes for people with disability, and to ensure people with disability participate as valued members of the labour force and broader community. The *National disability strategy* supports the agreement and sets out a 10 year policy framework for improving life for people with a disability, their families and their carers.

Technological advances have removed some of the barriers faced by people with disability. However, challenges still remain in finding, securing and retaining employment. The Commission recognises there is a need to do more and in partnership with the Disability Services Commission, is implementing the *Disability employment strategy 2013–2015* to improve participation, inclusion and access for people with a disability across the sector.

The public sector representation of people with disability (2.3 per cent) continues to compare favourably to the estimated proportion in the WA working age population needing assistance with core activities (1.9 per cent[8]). This year, there was a slight trend downwards in representation (from 2.6 per cent in 2013) and WA is positioned close to midway across jurisdictions, as shown in Figure 3.4.

Figure 3.4 Representation of employees with disability across jurisdictions, 2013 and 2014



Sources: HRMOIR and other inter-jurisdictional publications (see Appendix B)

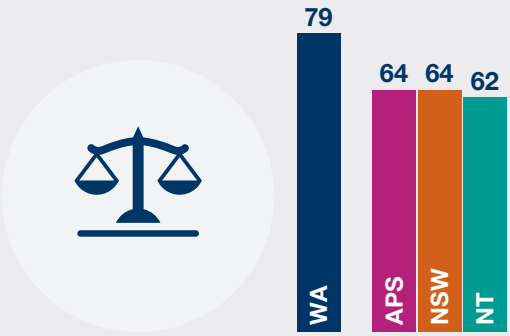
8 Australian Bureau of Statistics 2012, 'TableBuilder basic: Disability, carers and need for assistance classifications, *2011 Census of population and housing*

Ensuring occupational safety and health

Occupational safety and health is concerned with protecting the welfare of employees in the workplace. It extends beyond physical safety and includes issues such as wellbeing, mental health and bullying.

In the 2014 EPS, most respondents (79 per cent) reported their entity supports them to achieve a good work/life balance. This was higher than available comparisons from other jurisdictions, as shown in Figure 3.5.

Figure 3.5 Employees who feel supported to achieve work/life balance (percentage) across jurisdictions, 2011, 2013 and 2014



Sources: EPS and other inter-jurisdictional publications (see Appendix B)

Mental health

One in five workers are likely to be currently experiencing a mental health condition.[9] Flow-on effects from reducing the stigma surrounding mental health include staff retention, decreased absenteeism and an improved workplace culture.

In August, the Western Australian Education and Health Standing Committee commenced a parliamentary inquiry into:

- factors leading to mental health issues among fly-in, fly-out workers
- the legislation, policies and practices for workplace mental health in WA
- current government, industry and community initiatives in this area.

This year, the Commission collaborated with the Mental Health Commission to develop and launch *Supporting good mental health in the workplace – A resource for agencies*. The guide outlines the legal and ethical responsibilities of employers, together with activities and strategies to promote good mental health in the workplace. The following case study introduces the state's Mental Health Commissioner, who is driving reform in this area.

9 beyondblue 2014, *State of workplace mental health in Australia*, p. 1

Steering mental health reform – Mental Health Commission

Mr Timothy Marney became WA's Mental Health Commissioner during one of the most crucial times of health reform in the state's history.

Taking up the post in February 2014, Mr Marney has been charged with leading efforts to completely reshape mental health policy and services for the next decade.

Formerly the state's Under Treasurer, Mr Marney has successfully overseen the passing of the *Mental Health Bill 2013* and the formulation of the *WA Mental Health, Alcohol and Other Drug Services Plan 2015–2025*, which is soon to enter a major state-wide consultation phase.

The plan will estimate demand and outline optimal services across the community for people experiencing mental health, alcohol and other drug problems, as well as their families and carers, in the short, medium and long term.

The opportunity to positively influence and drive a practical, people-centred reform agenda across mental health and the alcohol and other drug sector was a key factor in Mr Marney's decision to take on the role of Mental Health Commissioner.

Mr Marney brings a unique mix of skills to his new role. On the economic side, he brings experience as Under Treasurer responsible for the state's procurement agency, in leading the WA Government's Economic Audit Committee and subsequent reform of non-government service delivery, as well as applying economic policy and empirical skills to social policy issues.

In the area of mental health, he has served on the board of 'beyondblue' since 2008 —a national organisation tackling depression and anxiety. He has been deputy chair of the board for the past three years, and has long been a positive advocate for mental health issues – often citing his personal experience.

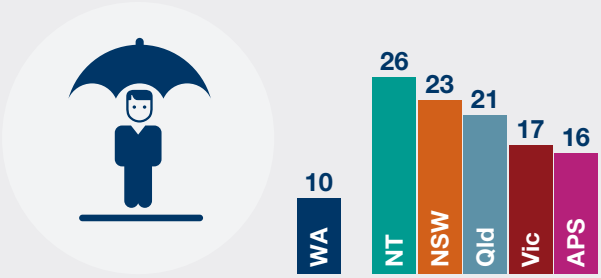
Mentally Healthy Workplace Alliance in collaboration with 'beyondblue', recently launched the 'Heads up' campaign to help create healthier workplaces. The action plan tool on the website[10] assists organisations to tailor strategies to their workplace.

10 See http://www.headsup.org.au

Bullying

Workplace bullying is defined as unsolicited or unwelcome 'repeated, unreasonable or inappropriate behaviour directed towards a worker or group of workers, that creates a risk to health and safety'.[11] During the previous 12 months, 10 per cent of EPS respondents felt they had been bullied in their workplace, with verbal abuse, spreading of rumours and exclusion from others being the most common forms reported. This result is similar to last year (11 per cent) and is lower than available comparisons from other jurisdictions, as shown in Figure 3.6.

Figure 3.6 Percentage of employees who reported being subject to bullying (percentage) across jurisdictions, 2011, 2013 and 2014



Sources: EPS and other inter-jurisdictional publications (see Appendix B)

While the Commission does not take reports of bullying lightly, it is possible that some employees are simply responding to being managed more stringently than they would like. A consideration in investigating allegations is whether the reported behaviour constitutes reasonable management action.

In this year's PSES, larger entities were asked to comment on strategies they had found effective in preventing and addressing bullying. Several entities responded that raising awareness of what constitutes bullying (as opposed to complaints and grievances) is important, while other entities stated addressing cases early on, before they exacerbate, is critical. However, it was generally acknowledged that encouraging and managing the reporting of workplace bullying remains a challenge.

As one example of entity level practice, the Department of Fire and Emergency Services reported running a four month anti-bullying campaign, 'stamp out bullying', during the year. The campaign involved posters, lunch time information sessions, surveys, a review of the grievance management policy, articles for the internal 24/7 magazine, an internal circular, the establishment of internal mediators, YouTube videos relating to bullying on the intranet, and information on training courses for better communication skills and resolving conflict.

11 Commission for Occupational Safety and Health 2010, *Code of practice – Violence, aggression and bullying at work*, p. 18

Managing workplace conflict

Workplace performance can be impacted by conflict with colleagues and managers and other employee behaviour. However, conducting regular performance development sessions can assist in solving issues at a more manageable point. While most conflicts are resolved at an individual and informal level, in some cases, an employee may lodge a formal grievance with the employer.

In this year's PSES, larger entities were asked to comment on strategies they had found effective in managing grievances during 2013/14. Some reported examples include aligning the grievance management function more closely with human resources and establishing a grievance officer reference group to discuss current workplace trends. However, some 2014 EPS respondents (22 per cent) indicated a continued lack of confidence in their employer's policies and procedures for grievance resolution.

A total of 245 formal grievance cases were completed across the public sector in 2013/14, compared to 241 in the previous year. Grievance cases were most commonly related to interpersonal conflict, alleged bullying and inappropriate behaviour.

In a new PSES question this year, entities were asked what methods they had used to resolve grievances. The most common were mediation by human resources or grievance officers, investigation by contracted service providers and/or mediation by line managers.

The Department of Fisheries has recently expanded its grievance officer network and the following case study outlines the approach.

Department of Fisheries' grievance officers network

Historically, the Department of Fisheries' staff did not have clear options to raise grievances, other than through the human resources manager. Throughout 2013, the Department embedded a range of options for staff to raise grievances and pursue resolution. A grievance network model was implemented whereby all employees were offered the opportunity to self-nominate for training to become workplace grievance officers (WGO). This presented an opportunity for trained employees to add value and make a difference to people's working lives. The establishment of WGOs, in both metropolitan and regional areas, supported the model's aim to enable employees to contact any WGOs, including those not in their geographical region. Employees have welcomed this opportunity and this is a testament to the quality of training that provides for consistent approaches to grievance assistance across the state.

Employees from a range of classification levels have self-nominated as WGOs. The success of the model has seen all WGOs agree to a further two year term, with additional employees nominating to join the network. To further support WGOs in their role, refresher training has been offered whereby all officers convene for a day of training and case study analysis. This has also provided an opportunity for WGOs to share their experiences and approaches to grievance cases, being mindful of confidentiality.

Feedback to date has indicated more cases are being resolved without the need for escalation to a formal grievance process.

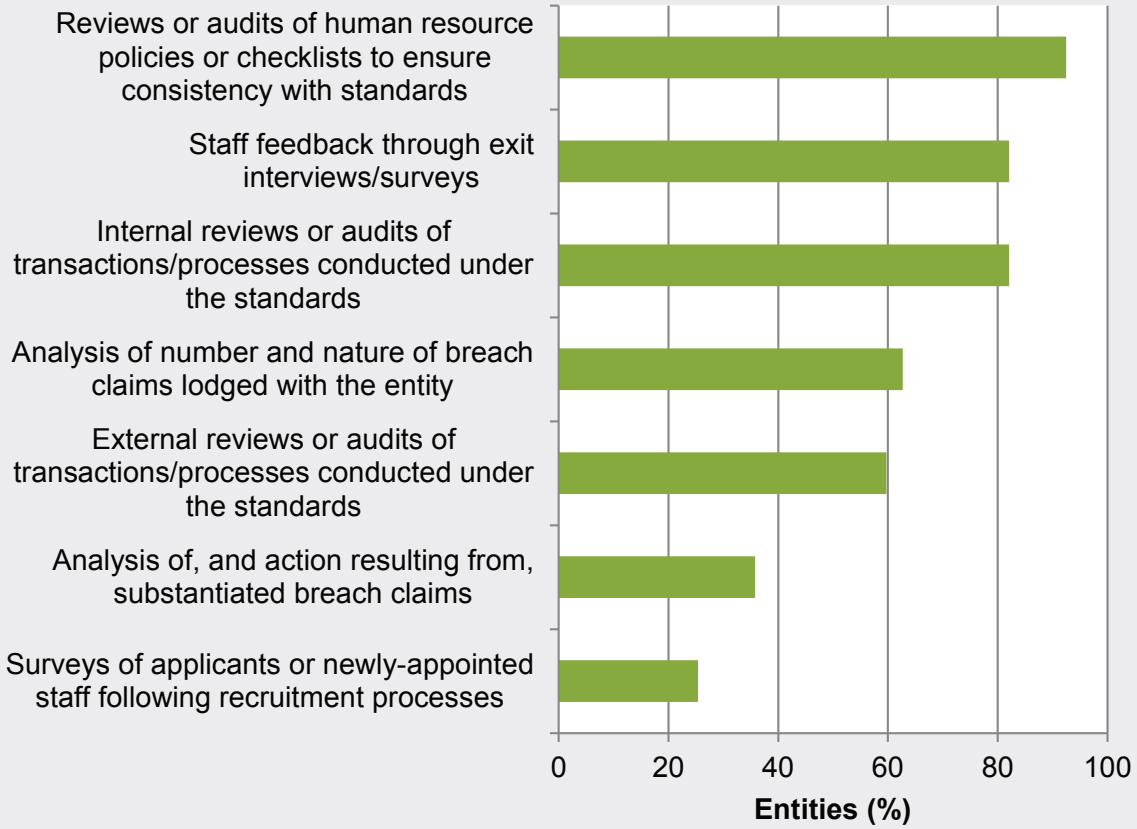
Applying the public sector standards

The Commission's public sector standards in human resource management support the monitoring of merit, equity and probity in the public sector. Issued by the Commissioner under section 21(1)(a) of the *Public Sector Management Act 1994*, the standards ensure accountability in relation to employment, performance management, grievance resolution, redeployment, termination and disciplinary processes.

Employee awareness of the standards is important so staff understand their rights and avenues of redress. Awareness continued to be high this year, with more than 85 per cent of EPS respondents reporting awareness of each standard.

Figure 3.7 shows that, as in previous years, reviews of human resource policies and surveying staff views are the activities most likely to be undertaken by entities to monitor performance against the standards.

Figure 3.7 Strategies used by entities to monitor performance against the public sector standards, 2013/14



Source: PSES

Table 3.2 shows there was a small number of breach claims (206) across all standards in 2013/14, similar to last year's result of 181. Considering there were 137 944 public sector employees potentially involved in processes covered by the standards this year, this continues to represent very few breach claims.

This year, 49 per cent of claims were resolved internally, compared to 36 per cent last year. The Commission's advisory service can provide assistance in this area as required. The service provides information on how to make a claim, how to manage a claim, and alternative pathways to raise issues.

Table 3.2 Outcomes of breach claims against public sector standards, 2013/14

Standard	Total claims	Claims resolved internally		Claims reviewed by the Commission		
				No breach	Breach	Other outcome[a]
	Number	Number	%	Number		
Employment	169	75	44	61	4	29
Grievance resolution	26	20	77	2	2	2
Performance management	2	0	0	1	0	1
Redeployment	8	6	75	0	0	2
Termination	1	0	0	1	0	0
TOTAL	**206**	**101**	**49**	**65**	**6**	**34**

(a) Other outcomes represent 'withdrawn', 'lapsed, 'declined', 'conciliation' and 'out of jurisdiction'.
Sources: PSES and claims processed by the Commission

Key chapter findings

Building the capacity of the public sector through developing employee capability is becoming more important in the context of increasing community expectations and needs.

Most entities provide a range of performance development opportunities to their staff. However, while most employees agreed feedback helps improve their performance, there is room for improvement in the frequency of performance discussions across the sector. There also appears to be an opportunity to encourage more on-the-job learning through activities such as secondments and exchanges.

Some employees expressed a lack of confidence in their employer's policies and procedures for grievance resolution. Entities are working on effective strategies to improve this, and the Commission continues to support the public sector in its understanding of the process for effective resolution.

Workplace diversity strategies have been enhanced this year, and WA has maintained its Aboriginal representation rate, which is higher than most other jurisdictions.

In anticipation of ongoing fiscal constraints, the public sector continues to be flexible and provide value for money in its approach to building the capacity and capability of its workforce.

Strengthening systems to improve services

4

The current fiscal climate is driving a greater focus on efficiency in the state government, with incentives to reduce staff numbers and wage costs in the last year. This has included over 1000 voluntary redundancies, a hiring freeze, a new policy limiting wage increase to the consumer price index, and a cap on public sector entity salary budgets. These measures have contributed to a decline in the workforce of 1.4 per cent in 2013/14.[1]

A new voluntary redundancy scheme, which targets a further 1500 employees and establishes an additional 1 per cent efficiency dividend, has recently been announced among further savings measures introduced for 2014/15.

Government actions and investments account for one third of gross domestic product across Australia.[2] The majority of the WA Government's operating expenses (63 per cent) are spent providing health, education and public safety services, at an expense of almost $16 billion in 2012/13.[3] Therefore, increasing government efficiency and innovation has the potential to impact the broader economy and mitigate the effect of increasing service demands.

As well as increasing fiscal constraints, the need to respond swiftly and effectively to government and community expectations are driving entities to find new and improved ways to provide services.

1 Based on full-time equivalents from human resource minimum obligatory information requirement (HRMOIR) workforce data at June 2013 and 2014.

2 Institute of Public Administration Australia 2014, *Shaping the future through co-creation*, p. 4

3 Department of Treasury 2014, *The structure of the Western Australian economy*, p. 53

Satisfaction with services

Improvements in service delivery in the private sector, largely driven by advances in technology, are increasing community expectations of public sector services. At the same time, improvements are expected to be achieved at a lower cost or with better value for money.

In 2013, the Queensland Public Service Commission conducted a community survey about satisfaction with service delivery across five states. Satisfaction with state government was highest in WA (33 per cent, compared with 22 per cent in Queensland, 18 per cent in Victoria, 18 per cent in South Australia and 14 per cent in New South Wales),[4] as was reported ease of carrying out transactions with the state government (45 per cent, compared to 44 per cent in South Australia, 40 per cent in Queensland, 35 per cent in New South Wales and 34 per cent in Victoria). While WA performed well in comparison with the other states, it would seem that community expectations are often not being met across state government services.

In the WA public sector, service standards are often monitored through surveys of clients and citizens.[5] Almost all entities (91 per cent) reported in the Public Sector Commission's 2014 Public sector entity survey (PSES) that they collect feedback from existing clients and customers, and 44 per cent collect feedback from the wider community or general public. Most entities use the collected feedback to improve programs and systems (97 per cent) and advise their staff (85 per cent).

4 For information about inter-jurisdictional sources, see Appendix B.

5 Office of the Auditor General 2012, *Beyond compliance: Reporting and managing KPIs in the public sector*, p. 26

Building partnerships

Effective service delivery remains the primary goal of government, and the current fiscal climate necessitates entities finding efficiencies while maintaining high service standards and outcomes.

As one solution, the public sector is moving towards acting as a facilitator of services, rather than being a direct provider. The WA Government is committed to improving outcomes for citizens through partnering with the not-for-profit and private sectors in the funding and contracting of community services. Some examples include the Disability Services Commission's 'My way' model of delivering services to people with disability, St John of God's delivery of public health care services at the Midland Health Campus from late 2015, and the recently announced plan to build and run eight new public schools in Perth in partnership with private companies.

Collaboration

Collaboration can enhance efficiency in service delivery by enabling sharing of complementary resources (e.g. staff expertise and innovative ideas, funding and personnel, and established relationships and networks), particularly where other organisations are better placed to directly design or deliver a project.

Some examples of collaboration in the public sector, as reported in the 2014 PSES, were:

- Small Business Development Commission worked with several departments and the Chamber of Commerce and Industry WA to develop the 'Aboriginal business directory WA', which now has over 200 Aboriginal businesses registered and is increasingly being used in procuring products and services.
- WorkCover WA and WorkSafe collaborated to develop the ThinkSafe program, which promotes the prevention of accidents and injuries by introducing small businesses to hazard identification and risk reduction, safety and health policies and systems, and good injury management practice.
- Polytechnic West pooled resources with regional training providers in order to better meet the training needs of regional industry and community.

As a member of Botanic Gardens Conservation International, the Botanic Gardens and Parks Authority collaborates on conservation and restoration projects with other countries. The following case study highlights some of the work being done in Saudi Arabia.

Conservation and restoration in Saudi Arabia – Botanic Gardens and Parks Authority

The Botanic Gardens and Parks Authority (BGPA) is a member of Botanic Gardens Conservation International and its Ecological Restoration Alliance, which aims to restore 100 degraded ecosystems worldwide as a template for improving global restoration capacity. Since 2008, BGPA has been active in the Middle East, undertaking conservation and restoration projects in Saudi Arabia, Bahrain, Libya, Kuwait and Oman.

The Kingdom of Saudi Arabia is an important territory of focus for BGPA. The main partner, and singular source of funding for the project, is the Arriyadh Development Authority, which coordinates and oversees the social, infrastructure and environmental development of the greater Riyadh region. For Saudi Arabia, land degradation has resulted in landscape-scale loss of plant cover, with resultant wind erosion, large scale dust storms, and negative impacts on biodiversity values.

The BGPA program draws upon its internationally recognised expertise in dryland restoration, research and horticultural practice to identify practical solutions to land degradation in the region. It focuses on the development and delivery of a nature conservation and restoration strategy that is the first of its type and scale for the Middle East, with emphasis on the use of local native plants. The initiative is using research in the Middle East to deliver adaptive management outcomes that are low cost and scalable, from a small research site to landscape-scale.

Since January 2013, the project has involved the planting of experimental materials comprising over 100 000 nursery plants, and precision sowing of 140 000 seeds into carefully designed experimental plots that aim to improve seedling establishment under the extraordinarily harsh conditions of the Saudi deserts. The program is delivering baseline knowledge to advance capacity building of environmental research and restoration skills. This includes technology transfer in respect of direct seeding, seed improvement programs and seed farming, production nursery development, and infrastructure that includes the first commercial scale seed bank for the Middle East.

At the local level, the initiative contributes towards enhancing the state's collaborative and research partnerships with the Middle East, a region of high strategic and economic importance to WA. The research project is one of the largest undertaken in dryland restoration globally, and its results have implications for restoration science and combating land degradation and desertification worldwide.

Community engagement

Engaging the community during service design and planning assists entities to offer more targeted and efficient services. The *Delivering community services in partnership policy* highlights the WA Government's commitment to empowering service users, reducing red tape and ensuring sustainability in the delivery of community services.

Of the respondents to the Commission's 2014 Employee perception survey (EPS), 53 per cent reported interacting with members of the public every day. Most of these frontline employees (88 per cent) indicated their workplace is committed to providing excellent customer service and making a positive difference to the community. However, only 54 per cent of EPS respondents reported their entity encourages the public to participate in the design of services and programs (17 per cent disagreed and 19 per cent were neutral). This represents an opportunity for entities to consider how best to engage citizens in designing services.

Community engagement—Kings Park Festival

The WA Country Health Service has partnered with the Kimberley Aboriginal Medical Services Council to improve renal services in Derby and Kununurra. The following case study describes the 'Kimberley Renal Services' program.

Kimberley Renal Services—Kimberley Aboriginal Medical Services Council and WA Country Health Service

The occurrence of kidney disease in the Kimberley is one of the highest in Australia, and the demand for dialysis has increased at a much faster rate than in any other WA region. The Kimberley Aboriginal Medical Services Council (KAMSC) and the regional Aboriginal Community Controlled Health Services have developed a renal strategic plan that is directly informed by the issues and service needs of clients. Aboriginal community participation occurred through regional Aboriginal health planning, 'Norhealth 2020' planning and a regional dialysis summit. These consultations ensured community needs were understood and considered in the design and delivery of a culturally appropriate care management strategy for people with stage one kidney disease, those capable of independent home self-care through to in-centre dialysis therapy.

Kimberley Renal Services (KRS) is funded by the WA Country Health Service (WACHS). KAMSC provides in-centre dialysis therapies, renal education, early detection and management of kidney disease. The establishment of the capital infrastructure for Kununurra and Derby was funded by the Commonwealth Government under the Health and Hospitals Fund. Those patients capable of independent home self-care renal therapies are supported by the WA Home Dialysis Program—a statewide service. Regional access to dialysis services for people in the Kimberley, as well as support for those able to manage independent home self-care in their own communities, is now provided, where previously patients were treated in Perth, away from family, community and country. Increasing the number of people on home dialysis remains a priority for all service providers. Twenty-eight dialysis patients were able to return home to the Kimberley in the 12 months to June 2014, boosted by the recent rollout of two new renal units in Derby and Kununurra; and an interim unit established at Fitzroy Crossing Hospital. This brings the total number of patients receiving supported dialysis in the Kimberley to 76. KRS will build upon existing services in the next two financial years to increase the number of patients treated to 120.

KRS is a multidisciplinary service with nurses, Aboriginal health workers, social support workers and doctors. It is supported by the services of a visiting nephrologist under a service level agreement between WACHS and Royal Perth Hospital. A review is currently underway to evaluate the service. The aim is to detect and prevent kidney disease before patients reach the stage of requiring dialysis. Funding to expand renal infrastructure and dialysis and support services in WA was jointly announced in April this year by the Hon. Peter Dutton MP and the Hon. Dr Kim Hames MLA. It includes the expansion and upgrade of existing services across the Kimberley, Pilbara, Goldfield and Midwest regions.

Fostering innovation

Leading in innovative practice helps ensure service standards are maintained during a tighter fiscal climate. Support for innovation and efficiency in government also has potentially significant effects on the broader economy and society as government funds the majority of essential services in areas such as health and education.

The Department of Commerce administers the 'WA innovator of the year' awards to promote and acknowledge the success of WA's innovators. In 2014, the award nominees included projects to develop a microscope small enough to fit in a needle for use in medical imaging, a folding boat to enable easy transportation in rescue situations, and acoustic sensors capable of identifying specific sounds to provide an early warning system to protect buildings from termites.

In a new question this year, 62 per cent of EPS respondents reported their entity encourages creativity and innovation, and 14 per cent neither agreed nor disagreed. Employees who thought innovation is encouraged were more likely to believe their workgroup achieves a high level of productivity (93 per cent, compared to 75 per cent for those who think innovation is discouraged). It is expected that an organisation that is innovative is more likely to have improved productivity.

Effective leaders create a climate that empowers staff to innovate and an organisational structure that facilitates cross-functional partnerships. Those employees who thought their senior leaders provide effective leadership were more likely to report innovation is encouraged (84 per cent) than those who thought their leaders ineffective (only 26 per cent agreed innovation is encouraged). This suggests that leaders who are considered effective are likely to promote and support an innovative culture in the workplace.

In the 2014 PSES, entities reported they experience the following barriers to innovation:

- leadership priorities
- time and budget constraints
- policy and legislative environment
- corporate culture and resistance to change
- differing stakeholder expectations of service delivery.

However, all entities reported using innovative approaches to improve their efficiency and performance over the year, such as:

- South West Institute of Technology introduced a virtual desktop package that allows staff to access software from any computer with an internet connection, including while conducting training in workplaces other than a campus.
- Housing Authority developed an application for tablet computers to improve the quality and consistency of the 50 000 housing inspections their staff conduct each year. The application reduces the amount of administration, and enables better recordkeeping and collection of evidence.

Increasing availability, use and improvement of technology, such as smartphones, computer tablets and social media, provide new opportunities for service delivery and communication with the public and clients. Several entities referred in the 2014 PSES to the use of technology in delivering services, such as:

- Metropolitan Cemeteries Board revamped the walk trails throughout Karrakatta and Fremantle Cemeteries, and included 'Quick response (QR) codes' on signage that walkers can scan with their smartphone to get more information about the point of interest.
- Department of Fisheries announced when tagged sharks had been detected close to metropolitan beaches via Twitter and the Sharksmart website.
- Tourism WA redeveloped its primary website, and incorporated changes that ensured the website is accessible using smartphones and tablet computers, as many travellers no longer carry laptops or access personal computers on their travels.

The WA Police has also incorporated social media into their new service delivery reform program. The following case study describes the 'Frontline 2020' program, which aims to provide more efficient, productive and locally focused policing services.

Frontline 2020 – changing frontline services at WA Police

In 2012, WA Police received more than 1.1 million phone calls for services. The introduction of the Frontline 2020 reform program aims to provide an efficient and locally-focused model of policing to reduce this demand by tackling local issues before they escalate into ongoing problems that require police attendance.

Under the new Frontline 2020 Operating Model, the metropolitan area is divided into four large Districts, equally matched with officers according to policing demand. Officers in each District are then assigned to either Local Police Teams, Response Teams or Investigation Teams, overseen by a District Control Centre. Local Police Teams are largely quarantined from the regular tasking of Response Teams, allowing them to focus on their specified allocation of suburbs. This model was trialled successfully in South East Metro from November 2013 and has now been joined by South Metro in September 2014. North West Metro and Central Metro will commence under the new model in December 2014.

Social media has been introduced to engage the community in policing and distribute accurate information quickly and effectively to locals. Every Local Police Team is issued with a smartphone with the phone numbers published on the WA Police website so community members can contact their local police directly. Twitter has been recognised as an opportunity to engage the wider public and provide important safety messages and crime prevention advice to locals through short, sharp and succinct messages. By the end of 2014, every Metropolitan police station will have an active Twitter account as a key function of Local Police Teams. Each of the four Metropolitan Districts will also have its own Facebook page, with South East Metro and South Metro already establishing strong local followings since running Facebook through the District Control Centres under the new model.

The popular WA Police Facebook site indicates a strong appetite for social media services with more than 120 000 'likes' on the page as at September 2014. Twitter has also been rolled out to regional offices, with Albany, Australind, Busselton, York and Northam among the first to join the digital revolution. As of September 2014, WA Police was operating 42 police station Twitter accounts and three District Facebook pages to go with its corporate pages.

Tourism WA has recently demonstrated innovation and creativity in the advertising campaign, 'Experience extraordinary'. The following case study highlights the current approach, which aims to increase tourism spending in the state.

'Experience extraordinary' – Tourism WA

In September 2013, Tourism WA unveiled the second phase of its advertising campaign, 'Experience extraordinary', as part of the state's 'Regional tourism marketing program'. This phase involved the launch of two new television and cinema advertisements, and striking photography for use in press and digital campaigns. The campaign aims to grow tourism spending in the state and increase the value of tourism to $12 billion by 2020.

The brand films in the campaign were created to show tourists why exploring WA is worth travelling the distance and spending the time and money. Ms Suzie Shaw, Chief Executive Officer, Host Sydney, the organisation which oversaw production of the films, explains that 'persuading consumers to travel to a destination, that is perceived to be both costly and a great distance away, requires strong (and) emotional advertising'.

One film portrayed a young couple exploring the South West, while the other showed a mature couple holidaying in the North West. Internationally renowned musicians composed original music for the films, to capture both the cinematic drama of the landscape and the intimacy of the couples. The Hon. Liza Harvey MLA, Minister for Tourism, describes the advertising as aiming 'to create an emotional connection with people by focusing on getting away from everyday life and reconnecting with those who matter the most, while experiencing the magic and beauty of extraordinary WA'.

The films target consumers who enjoy adventure and discovering new activities and who are willing to put in the extra effort to attain a truly unique holiday experience. There is also a focus on reconnection with family and friends, which the TNS Australia 'Domesticate 2012' study has demonstrated is a critical requirement of a domestic holiday.

The brand films were broadcast on selected free-to-air and subscription television channels, as well as in indoor and outdoor cinemas. It is estimated that 4 382 839 people across Sydney, Melbourne and Perth have seen the films, exceeding their expected reach. Almost one in two of the intrastate target market, and nearly 35 per cent of the interstate target market, were exposed to the campaign. Current figures demonstrate the campaign generated a return of $19 in visit spend for every dollar spent on media, indicating that the campaign is well on track to meet its overall return on investment target. Further evaluation is currently underway.

Driving efficiency

There continues to be a focus on efficiency in the state government, with ongoing service delivery pressures from an increasing and ageing population. Entities are considering various ways to streamline processes and increase staff productivity to ensure that service demands continue to be effectively met.

In the 2014 EPS, respondents were asked for the first time about efficiency within their team. Perceptions of productivity were generally good, and better than other jurisdictions where comparison data was available:

- 87 per cent reported their workgroup achieves a high level of productivity
- 84 per cent reported their workgroup uses time and resources effectively (compared to 82 per cent in Victoria, 76 per cent in New South Wales, 67 per cent in the Northern Territory and 65 per cent in Queensland).

Of the 2014 EPS sample entities, employees at the WA Museum, WorkCover and the School Curriculum and Standards Authority were most likely to report their workgroup achieves a high level of productivity (more than 90 per cent of respondents in each entity).

These results suggest that employees are aiming to maintain service delivery standards as budgetary constraints increase.

Reducing red tape

In the *State of the future: A vision for WA* report,[6] the WA Chamber of Commerce and Industry noted that as the state's focus moves from the mining industry to small business, reducing red tape will help ensure businesses maximise growth opportunities and productivity.

Where legislation is unnecessary or poorly designed, it may create a burden on citizens and business. In July 2014, the WA Government released the Economic Regulation Authority's *Inquiry into microeconomic reform in Western Australia: Final report*.[7] The report recommends the Government establish a regulatory reform program to reduce burden. This should improve coordination between entities, use technology to facilitate service delivery, and identify recurring problems faced by service users. In light of the report, the Government has agreed to further reduce regulatory burden, including through actions such as an annual 'Repeal day' to remove obsolete legislation.

6 Chamber of Commerce and Industry of WA 2014, *State of the future: A vision for WA*, p. 76

7 Economic Regulation Authority 2014, *Inquiry into microeconomic reform in Western Australia: Final report*, pp. 11-12

Entities are increasingly focused on reducing the administrative burden associated with processes, applications and approvals for delivering services. Some red tape reduction examples reported by entities through the 2014 PSES were:

- Department of Environmental Regulation extended licence durations from three to five years to 20 years to reduce the burden of licence renewals
- Department of Transport removed compulsory driving tests for drivers who are 85 years and older as a result of research demonstrating that older drivers are not more likely to have accidents
- South West Institute of Technology upgraded websites to enable new and ongoing students to undertake the enquiry and enrolment process online.

In the 2014 PSES, entities were also asked about improvements they are making to internal decision making processes. Most entities reported refining decision making processes (91 per cent) and developing target timeframes for key processes (79 per cent).

Program evaluation

Evaluation helps to identify potential improvements to programs, and their outcomes and impact. For the community, program evaluation leads to better use of public monies, improved services, and greater confidence in government.[8] Determining the value of new programs can be challenging unless they are designed to include measurable outcomes.

In September 2013, the Department of Treasury established a new Program Evaluation Unit, which assists in consistent and transparent evaluation of government funded programs. The unit aims to develop a culture of evaluation as part of core business across the public sector. The *Evaluation guide* has been released to assist entities in the development, implementation and evaluation of programs. A new 'sunset clause' has been introduced for large programs that impact the state's net operating balance by at least $5 million. This mandates the evaluation of these programs at pre-defined intervals.

In the 2014 PSES, larger entities were asked about their audit and evaluation programs. Of these, 78 per cent had an internal audit function, and a process for regular program evaluation. Less than 10 per cent had no routine evaluation of programs in place, although all larger entities had mechanisms to audit internal systems.

8 Department of Treasury Program Evaluation Unit 2014, *Evaluation guide*

Strengthening governance

Good governance involves the establishment of appropriate organisational structures and processes to achieve service delivery and regulatory outcomes. These arrangements should be supported by strong leadership, ethical behaviour and effective partnerships in order to drive performance. Effective governance structures help to ensure community needs are met by strengthening operational efficiency and accountability, and ensuring the most appropriate use of resources.

Relationship with Government

Clear and transparent relationships across government are critical to public sector governance. These prevent any undue influence in public administration and ensure the quick and efficient design and implementation of services. The relationship with the Government is underpinned by processes to manage communication and other interaction between ministers and the entity.

Larger entities reported in the 2014 PSES that they:

- have a team or position responsible for coordinating material sent to ministers (100 per cent)
- collect feedback from ministers about their quality of advice and services (75 per cent)
- train staff on how to interact with ministers (66 per cent).

This indicates the public sector is well positioned to be responsive to, and inspire confidence in the services it provides to, the Government.

Oversight role and responsibilities

Where government boards and committees exist, they are generally responsible for ensuring good governance of an entity. Boards ensure effective systems and processes are in place to oversee the entity's management.

The Commission has developed a new induction package for board and committee members, *Board essentials*, to assist them to understand their role and responsibilities within the government context. This is further described in the following case study.

Governance of boards and committees

On 18 June 2014, the Auditor General released *Governance of public sector boards*.[9] This report summarises an audit of the governance and operating practices of a sample of government boards and committees. The Auditor General found that the boards generally maintained policies, procedures, systems and practices that ensured effective oversight of their entity's activity and which are consistent with the Commission's good practice principles outlined in *Good governance: A guide for Western Australian public sector boards and committees*. However, the Auditor General observed that improvements are required in the key areas of management of conflicts of interest and the induction and performance assessment of board members, and made a number of recommendations around these areas.

In response to a number of enquiries submitted to the Commission by boards and committees regarding governance practices and procedures, the Commission has released two products, *Board essentials* and *Conduct guide for public sector boards and committees*. *Board essentials* outlines the roles and relationships between the responsible minister, board members, chairperson and the chief executive officer of the public sector body, over which the board has oversight, and provides an overview of board governance and accountability considerations, risk management and financial management. It will be accompanied by an induction program for new board members. The *Conduct guide* provides guidance for developing, implementing and promoting the board's code of conduct to assist board members in understanding the conduct expected of them in the role.

The formalised induction program will be rolled out by the Commission to government boards across the state, and will assist new board members in understanding their obligations and the scope of the task ahead. The two products and induction program will also address the recommendations made in the Auditor General's report.

9 Office of the Auditor General 2014, *Governance of public sector boards*

Strategic and operational planning

The *State planning strategy 2050*[10] was released in June 2014 to inform planning policies and decisions in the state around infrastructure, environment, food security, land availability, economic development, education, training and knowledge transfer. The strategy will support entities to align their future operational and strategic planning with WA Government priorities.

At an entity level, strategic planning assists entities to plan for meeting government priorities, legislative responsibilities and service delivery objectives. In the 2014 PSES, almost all entities indicated they have strategic plans, and 78 per cent evaluate progress against the plan at least periodically.

Alignment between strategic and operational planning ensures the link between programs and strategic objectives is clear, and that adequate operational resources are directed to core business. In the 2014 PSES, 85 per cent of entities indicated they have an operational plan that is aligned with their strategic plan, and 73 per cent indicated they have common reporting and monitoring across the entity on operational plan progress.

10 Western Australian Planning Commission 2014, *State planning strategy 2050*

The Department of Health is engaging in a strategic governance reform program to ensure it can meet increasing health service delivery challenges. The following case study describes the reform approach.

Reforming governance – Department of Health

In recent years, the Department of Health has faced a number of challenges. The challenges are a result of factors such as Australia's ageing population, greater community expectations of services, a skills shortage in the health sector, and burgeoning costs of providing health services to communities in central and regional WA in the context of the state's slowing revenue base. It is recognised that to sustain financial performance and to ensure clinical safety and quality, change is required.

The department has established a reform initiative for 2014 to 2015, listing specific priorities of reforming governance, improving information and communications technology governance, progressing key national reforms through activity based funding and management, and commissioning Fiona Stanley Hospital, Perth Children's Hospital, and the reconfiguration of metropolitan health services.

As part of its reform program, WA Health has established the Transition and Reconfiguration Steering Committee to drive change, provide external oversight of proposed reforms, and provide advice to the Director General and the Government. The committee is made up of senior representatives from different entities, including the former head of the Victorian Department of Health as an independent advisor. The committee is tasked with ensuring the department continues to provide safe, high quality, accountable and effective health care for WA people in a financially sustainable environment. To achieve this mission, central to the committee's focus is the improvement of governance and accountability arrangements through a proposed governance model.

To this end, the committee will undertake a number of tasks. It will examine the department's legislation to ensure it fits the contemporary operating model, review and restructure roles and responsibilities to ensure clear lines of accountability, and address the issue of the Director General's current conflicting accountabilities as a purchaser and provider of health care services. The committee will also plan to balance the department's focus on strategic issues and system management, as well as short term imperatives, and to overcome the department's history of operating deficits. Ultimately, it will provide advice to the Minister and Cabinet on the proposed way forward.

Records management

In 2013, the Office of the Auditor General released *Records management in the public sector*.[11] The Auditor General reviewed recordkeeping practices in six public sector entities and found that some recordkeeping plans were not up to date and some key records were not captured in record management systems. While it was also noted that recordkeeping training could be more extensive, most respondents to the 2014 EPS reported receiving sufficient training to meet requirements (78 per cent).

Financial management

The public sector needs to provide value for money services and programs in order to meet community needs and expectations now and in the future. CEOs are required to plan for and undertake their entity's financial management and monitor financial performance and reporting.

In the 2014 EPS, respondents were asked for the first time whether their entity makes sound financial decisions. Fifty per cent of respondents agreed, and 24 per cent disagreed. This suggests that while many employees generally consider their entity uses resources efficiently, there may be opportunities to increase communication with employees in this area.

Following discussions with the Department of the Treasury and the Office of the Auditor General, the Commission has identified financial management as an occupation and skillset that needs to be better understood and developed across the sector. This work will be progressed through the Centre for Public Sector Excellence over the coming year.

A Chief Finance Officers' reference group has been assembled to help build the financial capability of the sector. This group will provide input and expertise to the identification of priority capabilities and a consultation mechanism for the identification of skill gaps across the sector and target groups for development.

11 Office of the Auditor General 2013, *Records management in the public sector*

Key chapter findings

In the face of a tightening fiscal climate, the public sector continues to strive for improvements in efficiency while ensuring service delivery standards are maintained.

Entities report a wide range of innovations in service delivery, such as community engagement through social media, new partnerships with other sectors to deliver savings and benefits, and evaluation programs to improve service design. Employees who had positive perceptions of their leaders were more likely to report that innovation and creativity were encouraged in their entity.

Most employees report their workgroups are productive and use resources effectively. Entities are driving efficiency by continuing to reduce the regulatory burden and refine decision making processes.

Ongoing improvements in communication, collaboration and innovation place the sector in a good position to meet the increasing service delivery and fiscal challenges in coming years.

5 Appendixes

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Appendix A – Evaluation framework

This appendix outlines the approach undertaken by the Public Sector Commission to evaluate performance in accordance with the *Public Sector Management Act 1994* (PSM Act) and *Public Interest Disclosure Act 2003* (PID Act).

Under ss. 21 and 22D of the PSM Act, the Public Sector Commissioner is required to monitor and report on the state of public sector administration and management each year, and compliance with standards and ethical codes. The Commission's jurisdiction under the PSM Act applies to all WA public sector bodies, which includes:

- departments (established under s. 35 of the PSM Act)
- senior executive service (SES) organisations
- non-SES organisations
- ministerial offices.

This does not include other government bodies such as:

- public universities
- local government authorities
- other entities listed in Schedule 1 of the PSM Act (e.g. government trading enterprises, courts and tribunals, departments of the Parliament, electorate offices and the Police Force).

Under s. 22 of the PID Act, the Commissioner is also required to report on compliance with the PID Act and the *Public interest disclosure code of conduct and integrity*. The Commissioner's jurisdiction under the PID Act is broader and includes public universities, local government authorities and other PSM Act Schedule 1 entities.

Evaluation framework

The Commission monitors the state of the sector through performance assessments, general enquiries, surveys (of entities and employees) and other workforce data collection.

The Commission makes every effort to ensure the integrity of public sector data but it relies on entities to provide accurate data.

Performance assessments and general enquiries

Breach of standard claims

The *Public Sector Management (Breaches of Public Sector Standards) Regulations 2005* provide for people to lodge claims where they believe a public sector standard has been breached. Where breach claims referred to the Commission are substantiated, the Commissioner recommends relief be provided by the responsible entity.

In 2013/14, 105 breach claims were finalised by the Commission.

Matters of referral

Matters of referral include issues with management, governance, compliance with standards and unethical behaviour. Action taken by the Commission may include monitoring compliance with standards and ethical codes, using PSM Act powers or referring to another entity.

In 2013/14, 83 matters of referral were finalised by the Commission.

Advisory service

The Commission provides an advisory service to public authorities, their employees and members of the community. This service provides advice on matters such as standards, ethical codes and public interest disclosure, where appropriate.

In 2013/14, more than 2700 matters were managed by this service.

Employee perception survey (EPS)

The EPS evaluates employee views about their workplace, including ethical behaviour, equity and diversity, and job satisfaction. The EPS is a valuable tool to identify areas of opportunity and acknowledge good practice.

In 2014, employees from 21 public sector entities were invited to complete the EPS. These entities comprised a range of sizes and portfolios as, typically, the EPS is conducted in each entity with more than 20 employees approximately once every five years. The EPS continues to evolve and gather information about different topics from year to year. As such, trends across time may not be available for some items.

The average response rate for 2014 was 48 per cent. This report assumes there is no significant difference between those employees who were asked to participate and those who were not. It also assumes there is no difference between those participants who responded and those who did not. Some care should be taken in considering the EPS results as they may not be entirely representative of the views of the broader public sector.

State of the WA public sector statistical bulletin 2014 – Measuring up lists sector-wide EPS data by demographic categories.

Public sector entity survey (PSES)

The annual PSES (formerly the annual agency survey) requests information from public sector entities about their administration and management practices, such as capability development, occupational health and safety, and innovation. The survey also requests information about designated public interest disclosure officers, internal procedures and any disclosures received. The PSES provides entities with an internal planning and diagnostic tool.

In 2013/14, only public sector entities with more than 20 full-time equivalents (FTE)[1] were asked to complete the PSES. All entities responded to the survey.

To reduce the reporting burden, those with between 20 and 100 FTE (19 entities) completed a shorter version of the survey for the first time. The standard PSES was completed by 67 entities (more than 100 FTE). The PSES continues to evolve and gathers information about different topics from year to year. As such, trends across time may not be available for some items.

Entity level responses are published in *State of the WA public sector statistical bulletin 2014 – Measuring up*.

Public interest disclosure survey (PID survey)

The annual PID survey assists public sector entities with fewer than 20 FTE, as well as non-public sector entities, to meet their annual reporting requirement for compliance with the PID Act. The PID survey requests information about designated public interest disclosure officers, internal procedures and any disclosures received.

In 2013/14, 285 entities were requested to complete the PID survey and the average response rate was 86 per cent. Broken down by authority type, the response rates were:

- 100 per cent of public sector entities with less than 20 FTE (24 surveys sent)
- 93 per cent of local government authorities (138 sent)
- 100 per cent of public universities (4 sent)
- 100 per cent of other PSM Act Schedule 1 entities (21 sent)
- 69 per cent of government boards and committees (98 sent[2]).

Human resource minimum obligatory information requirement (HRMOIR)

On a quarterly basis, the Commission collects and reports HRMOIR workforce data from public sector entities. The data includes demographic information such as age, gender, diversity status and occupation. *State of the WA public sector statistical bulletin 2014 – Measuring up* lists key HRMOIR statistics, both sector-wide and at the entity level.

1 Includes all current employees, except for casuals not paid in the final pay period fortnight of the financial year. One FTE equals one person paid for a full-time position at the end of the financial year.

2 Some boards and committees were not sent the PID survey in 2014 as their obligations under the PID Act are administered and reported by another entity.

Appendix B – Explanatory notes for benchmarking data

This appendix provides further information for the 'The public sector at a glance' section of this report and for other inter-jurisdictional comparison data throughout the report.

Data sources

Table B.1 lists the data sources used by the Public Sector Commission to benchmark the WA public sector results.

Table B.1 Data sources used to benchmark WA public sector results

Jurisdiction	Data source
Australian Capital Territory (ACT)	ACT Commissioner for Public Administration 2013, *State of the service report*
Australian Public Service (APS)	Australian Public Service Commission 2013, *State of the service report 2012-13*; 2012, *State of the service report 2011–12*; and email correspondence
New South Wales (NSW)	NSW Public Service Commission 2013, *Workforce profile report 2013* and 2014, *People matter employee survey 2014: Main findings report*
New Zealand (NZ)	NZ State Services Commission 2013, *Human resource capability in the New Zealand State Services 2013*
Northern Territory (NT)	NT Office of the Commissioner for Public Employment 2013, *State of the service report 2012–13* and 2011, *Northern Territory public sector employee survey report 2011*
Queensland (Qld)	Public Service Commission 2013, *Queensland public service workforce characteristics 2012/13*; 2013, *PSC profile data*; 2013, *Working for Queensland: Employee opinion survey 2013 report*; and 2013, *Whole-of-government service delivery research: Summary of outcomes*
South Australia (SA)	SA Commissioner for Public Sector Employment 2013, *State of the sector report 2012–2013* and 2013, *South Australian public sector workforce information: June 2013 – summary tables*
Tasmania (Tas)	Tas Department of Premier and Cabinet 2013, *Tasmanian State Service annual report 2012–2013*
Victoria (Vic)	Victorian Public Sector Commission 2014, *The state of the public sector in Victoria 2012–2013* and Vic State Services Authority 2013, *The state of the public sector in Victoria 2011–12*
United Kingdom (UK)	United Kingdom Cabinet Office 2014, *Civil service people survey 2013: Summary of findings*

Explanatory notes

In general, the term 'workforce' represents the public sector workforce in each jurisdiction.

For WA, all workforce numbers are calculated based on data reported by entities through the human resource minimum obligatory information requirement (HRMOIR) process at 30 June 2014. Workforce respondent data is from the Commission's 2014 Employee perception survey (EPS).

Table B.2 explains some of the differences in workforce metrics and data definitions used by each jurisdiction. Caution should be exercised in drawing any comparisons across jurisdictions due to these and other differences.

Unless otherwise stated, data for other jurisdictions is from the 2012/13 reporting year, and data for WA is from 2013/14 due to the time of publication.

Table B.2 Explanatory notes for inter-jurisdictional comparisons

Metric	Explanatory notes
% workforce growth over the year (FTE or headcount)	Most jurisdictions express growth in full-time equivalents (FTE). However, growth in headcount is reported for Tas and APS.
Workforce as % of population	This metric is based on headcount (reported in the data sources listed in Table B.1) as a proportion of state population (estimated by the Australian Bureau of Statistics in *3101.0 – Australian demographic statistics, March quarter 2014*). June 2013 population figures were used for all jurisdictions except WA, which used the March 2014 figure.
Senior executives as % of workforce	'Senior executives' are defined differently across jurisdictions. In WA, senior executives comprise those employees in the senior executive service (SES) as defined in Part 3, Division 2 of the *Public Sector Management Act 1994* (PSM Act). This metric is based on headcount for all jurisdictions except NSW (FTE-based). For Qld, the total number of senior executive positions excluding vacancies was used. For NSW, the workforce includes those in public trading enterprises.
Separation rate (% from entity or from workforce)	'Separation rate' is defined differently across jurisdictions. In WA, separation rate represents the number of separations during the reporting period as a proportion of total employees at the start of the period and all commencements during the period. For most jurisdictions, this metric relates to permanent headcount leaving the public sector. For WA and NZ, it relates to permanent headcount leaving the entity. NSW includes permanent and casual headcount leaving the entity.

Metric	Explanatory notes
Professionals as % of workforce	'Professionals' are Major Group 2 employees as classified by the Australian Bureau of Statistics in *1220.0 – Australian and New Zealand Standard Classification of Occupations, 2013, version 1.2*. These staff perform analytical, conceptual, and creative tasks through the application of theoretical knowledge and experience across a range of fields and disciplines, such as business, education and social welfare. This metric is based on headcount for all jurisdictions except Qld (FTE-based).
Working in metropolitan areas as % of workforce	This metric is based on headcount for all jurisdictions. For the APS, 'metropolitan' represents those working in Australian cities.
Aged 55 years and over as % of workforce	This metric is based on headcount for all jurisdictions.
Women as % of workforce	This metric is based on headcount for all jurisdictions except Qld (FTE-based).
Women as % of senior executives	'Senior executives' are defined differently across jurisdictions. In WA, senior executives comprise those employees in the SES as defined in Part 3, Division 2 of the PSM Act. This metric is based on headcount for all jurisdictions except Qld and NSW (FTE). For Vic, senior executives includes those in public entities.
Aboriginal Australians as % of workforce	'Aboriginal Australians' is respectfully used to refer to people of Aboriginal and/or Torres Strait Islander descent who identify as such and are accepted as such by the community in which they live. This metric is based on headcount for all jurisdictions. APS data is for ongoing employees only. Tas data is based on responses to the 'Tasmanian State Service workforce survey'
People with disability as % of workforce	'People with disability' is defined differently across jurisdictions. In WA, people with disability have an ongoing employment restriction, due to their disability, that requires any of the following: • restriction in the type of work they can do • modified hours of work or schedules • adaptations to the workplace or work area • specialised equipment • extra time for mobility or for some tasks • ongoing assistance or supervision to carry out their duties. This metric is based on headcount for all jurisdictions. APS data is for ongoing employees only. Tas data is based on responses to the 'Tasmanian State Service workforce survey'. SA data is from 2012.

Metric	Explanatory notes
% workforce respondents who believe they have good leadership	'Good leadership' is defined differently across jurisdictions. For WA, this is represented by 'my agency's senior leaders provide effective leadership'. This data is collected through employee perception surveys. NT data is from 2011.
% workforce respondents who believe they have ethical leadership	'Ethical leadership' is defined differently across jurisdictions. For WA, this is represented by 'senior managers lead by example in ethical behaviour'. This data is collected through employee perception surveys. NT data is from 2011, APS data from 2012 and NSW data from 2014.
% workforce respondents who are satisfied with the management of workplace change	'Management of workplace change' is defined differently across jurisdictions. For WA, this is represented by 'change is managed well in my agency'. This data is collected through employee perception surveys. NT data is from 2011, APS data from 2012, Vic data from 2012 and NSW data from 2014.
Employee engagement	'Employee engagement' represents a combination of employee perceptions such as work commitment, pride, satisfaction and motivation. Based on the UK Civil Service methodology, it is measured using an index based on employee responses to five survey items. Further information on this methodology is provided in Appendix C. Within this report, the employee engagement index for NSW, Qld, and Vic are as reported in NSW's *People matter employee survey 2014: Main findings report*. The APS index was provided by the Australian Public Service Commission through email correspondence. NSW and Vic data is from 2014.
% workforce respondents who are satisfied with their job	'Job satisfaction' is defined differently across jurisdictions. For WA, this is represented by 'please indicate your level of satisfaction with your current job overall'. This data is collected through employee perception surveys. NSW data is from 2014.
% workforce respondents who believe they are supported to achieve work/life balance	'Support for work/life balance' is defined differently across jurisdictions. For WA, this is represented by 'your workplace culture supports people to achieve a suitable work/life balance'. This data is collected through employee perception surveys. NT data is from 2011 and NSW data from 2014.

Metric	Explanatory notes
% workforce respondents who are satisfied with their career opportunities	'Satisfaction with career opportunities' is defined differently across jurisdictions. For WA, this is represented by 'I am satisfied with the opportunities available to me for career progression in my current agency'. This data is collected through employee perception surveys. Vic data is from 2012 and NSW data from 2014.
% workforce respondents who reported receiving formal performance feedback in the last 12 months	'Formal performance feedback' is defined differently across jurisdictions. For WA, this is represented by 'if you have been employed in your agency for more than 12 months, have you participated in one or more formal, documented performance management meetings with your supervisor in the past 12 months?' This data is collected through employee perception surveys. NT data is from 2011 and NSW data from 2014.
% workforce respondents who reported being subject to bullying in the last 12 months	'Bullying' is defined differently across jurisdictions. For WA, this is represented by 'during the past 12 months, have you been subjected to repeated bullying in your workplace?' Bullying is defined by WA to mean: 'repeated (i.e. on more than one occasion) unreasonable or inappropriate behaviour directed towards workers that creates a risk to health and safety. Bullying should not be confused with legitimate feedback given to staff (including constructive criticism) on work performance or work-related behaviour; or other legitimate management decisions and actions undertaken in a reasonable and respectful way.' This data is collected through employee perception surveys. WA, NSW, and Vic data covers 'bullying' only. Data for APS, NT and Qld covers 'bullying and harassment'. NT data is from 2011, and NSW data from 2014.
% workforce respondents who believe they efficiently use time and resources in the workplace	'Efficient use of time and resources' is defined differently across jurisdictions. For WA, this is represented by 'the people in your work group use their time and resources efficiently'. This data is collected through employee perception surveys. NT data is from 2011 and NSW data from 2014.

Metric	Explanatory notes
% workforce respondents who are committed to delivering good customer service	'Committed to good customer service' is defined differently across jurisdictions. For WA, this is represented by 'employees in your workplace are committed to providing excellent customer service and making a positive difference to the community'. This data is collected through employee perception surveys. NT data is from 2011 and NSW data from 2014.
% community respondents who reported that it is easy to carry out transactions with their state government	This metric is from Qld's *Whole-of-government service delivery research: Summary of outcomes*. This data was collected through interviews with some residents of Qld, WA, Vic, SA and NSW, which facilitated high level comparisons across jurisdictions. The data represents the proportion of community respondents who indicated it was 'easy' to carry out transactions (such as registering a vehicle, obtaining a licence/permit or paying a fine) with their state government.

Where data has been collected through employee perception surveys, the methodology differs significantly across jurisdictions. For example, most jurisdictions conduct a census across all public sector entities whereas WA conducts a sample survey of around one in five entities each year.

Other differences include the employee survey response scales, where some jurisdictions use seven-point rating scales and exclude the 'don't know' option. These differences may result in higher positive and negative scores (due to the inclusion of slight positive, slight negative and 'don't know' scores). WA uses a seven-point scale however respondents can select 'don't know' as applicable.

Appendix C – Employee engagement model

For the first time, a theoretical model was developed by the Public Sector Commission, based on employee engagement research from Australian and international jurisdictions. This model is designed to measure the strength of relationships between workplace factors, job satisfaction and employee engagement, and several key organisational outcomes.

The model enables identification of factors that have the most impact on employee engagement. Examining the performance of these factors within an organisation can help identify priorities for capability and policy development.

Key drivers of employee engagement and outcomes

Analysis of the Commission's 2014 Employee perception survey (EPS) data identified eight key factors affecting employee engagement within a sample of public sector entities. These factors are shown on the left of the model diagram in Figure C.1.

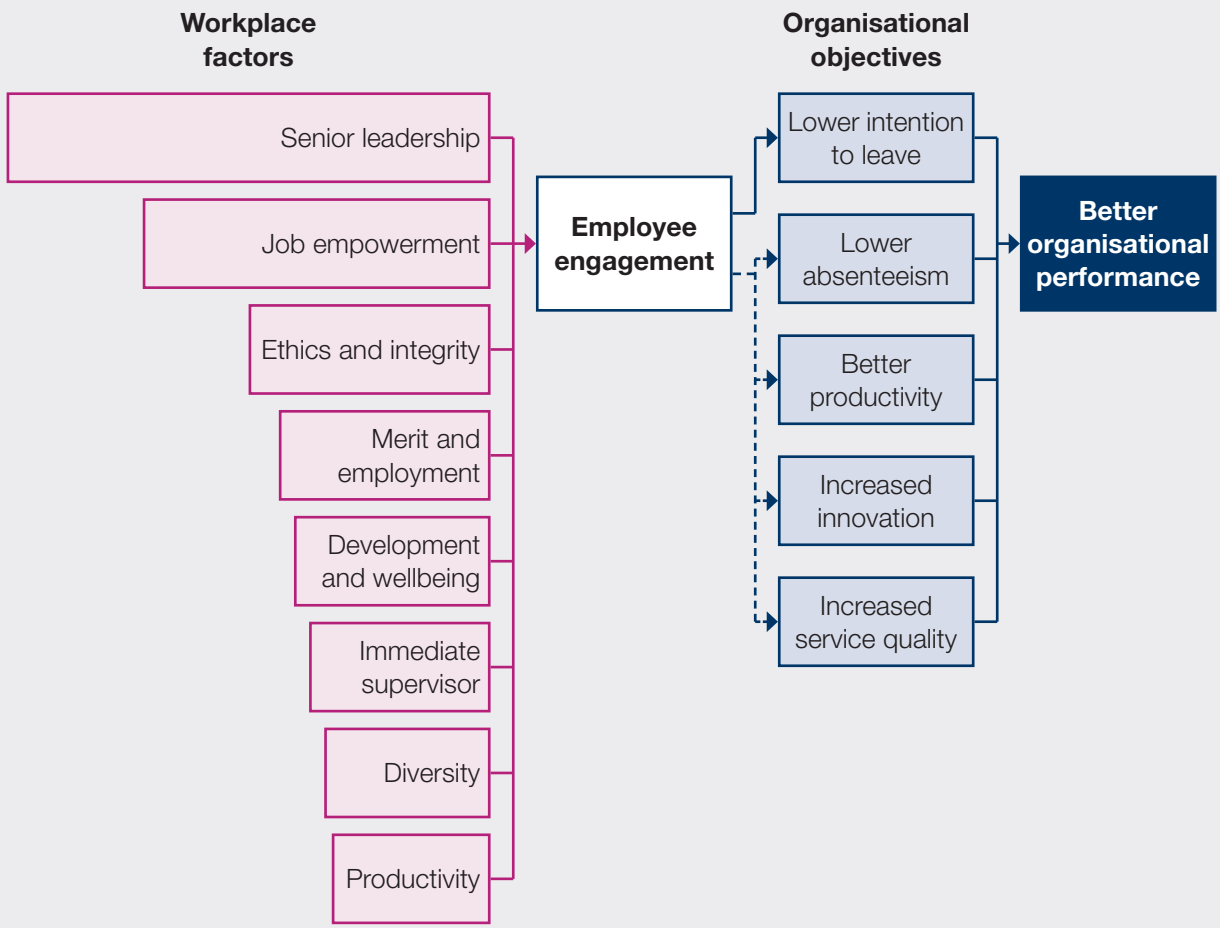
The three factors with the most impact for the 21 entities surveyed were:

- 'Senior leadership'
- 'Job empowerment'
- 'Ethics and integrity'.

Research has shown that higher levels of engagement across an organisation result in better productivity, lower levels of absenteeism, higher retention, improved service quality and increased innovation.[1] Most of these organisational objectives cannot be measured within the current data collection, however the level of employee engagement was shown to affect intention to leave in the 2014 EPS sample.

1 MacLeod, D & Clarke, N 2009, *Engaging for success: Enhancing performance through employee engagement*, pp. 11-14

Figure C.1 Employee engagement model



Factor analysis

A principal components exploratory factor analysis was conducted to examine the relationships between 70 questions in the 2014 EPS and identify the possible factors driving employee engagement.

Factor analysis statistically groups together highly related survey questions. This is where one survey question shows a very similar pattern of responses to another question. Factors are considered to reflect underlying drivers of employee engagement and measure broader concepts than the individual survey questions.

The analysis extracted eight factors from the 2014 EPS questions.[2] Those questions that were most strongly associated with each of the factors are shown in Table C.1 in order of the strength of relationship between the question and its factor.[3]

2 Using direct oblimin rotation and extracted based on eigenvalues greater than 1.

3 With a coefficient of at least 0.4. Where questions loaded on more than one factor, they have been listed against the factor with the highest coefficient in Table C.1.

Table C.1 2014 EPS questions associated with each workplace factor

Factor	Question
Senior leadership	Change is managed well in my agency
	I feel that my agency on the whole is well managed
	In general, my agency makes sound financial decisions
	My agency's senior leaders provide effective leadership
	My agency encourages creativity and innovation
	In relation to your current job, please indicate your level of satisfaction with your agency as an employer
	My agency encourages the public to participate in the design of services and programs
	I am proud to work in the WA public sector
Job empowerment	My job allows me to utilise my skills, knowledge and abilities
	I am sufficiently challenged by my work
	I am clear what my duties and responsibilities are
	I understand how my work contributes to my agency's objectives
	In relation to your current job, please indicate your level of satisfaction with the job overall
	I have the authority to do my job effectively
	I am satisfied with the opportunities available to me for career progression in my current agency
Ethics and integrity	Employees in your workplace behave ethically, professionally and fairly when making decisions that affect your agency's clients and customers
	Employees in your workplace are committed to providing excellent customer service and making a positive difference to the community
	Decisions about purchasing are not influenced by favouritism, gifts or incentives
	Your co-workers demonstrate honesty and integrity in the workplace
	Confidential information in your workplace is only disclosed to appropriate people
	Your agency actively encourages ethical behaviour by all of its employees
	You are treated with respect by other employees in your agency
	Senior managers in your agency lead by example in ethical behaviour
	Conflicts of interest are identified and managed effectively in your workplace
	Management practices in your agency create and sustain a culture of integrity

Factor	Question
Merit and employment	Decisions to second or transfer employees to equivalent or higher levels are made fairly
	Recruitment and promotion decisions in this agency are fair
	Candidates for relieving or acting opportunities are selected on the basis of merit
	Positions are generally advertised within a reasonable time of becoming vacant
Development and wellbeing	Training and development opportunities in your work area are available to all employees
	You receive appropriate training or have access to information that enables you to meet your recordkeeping responsibilities
	You are able to access and use flexible work arrangements to assist in your work/life balance
	In your agency, there is adequate opportunity to develop the required skills for being a leader
	Your workplace culture supports people to achieve a suitable work/life balance
	Your agency is committed to health and wellbeing within the workplace
	The feedback you receive helps you to improve your performance
Immediate supervisor	Your immediate supervisor makes use of appropriate communication and interpersonal skills when dealing with you
	Your immediate supervisor is effective in managing people
	Your immediate supervisor appropriately assesses risks relevant to your work area
	You are treated with respect by your immediate supervisor
	Your immediate supervisor demonstrates honesty and integrity
	Your immediate supervisor appropriately deals with employees that perform poorly
Diversity	Your workplace culture is equally welcoming of people from all diversity groups
	Your agency is committed to creating a diverse workforce
	Your agency has supported you in feeling confident in working with people from different diversity groups
	Your co-workers treat employees from all diversity groups in the workplace with equal respect
	Your immediate supervisor treats employees from all diversity groups in the workplace with equal respect
Productivity	The people in your work group use their time and resources efficiently
	The people in your work group cooperate to get the job done
	Your workgroup achieves a high level of productivity

Determining employee engagement levels

An employee engagement index was calculated for the EPS respondents as a measure of the level of employee engagement within the sample. The index was the same as that reported for Victoria (Vic), New South Wales (NSW), Queensland (Qld), the Australian Public Service (APS) and the United Kingdom (UK) to enable benchmarking across jurisdictions.[4]

Calculating the engagement index

The index measures employee responses to five EPS questions that ask staff about:

- pride – 'I am proud to tell others I work for my agency'
- motivation – 'my agency motivates me to help it achieve its objectives'
- inspiration – 'my agency inspires me to do the best in my job'
- advocacy – 'I would recommend my agency as a great place to work'
- attachment – 'I feel a strong personal attachment to my agency'.

An index is calculated by first converting responses to the five questions as per Table C.2, then averaging the scores for each employee.

Table C.2 Conversion scores for EPS engagement items

Response	Score
Strongly agree	100
Moderately agree	83.33
Mildly agree	66.66
Neither agree nor disagree	50
Mildly disagree	33.33
Moderately disagree	16.66
Strongly disagree	0

No index is calculated for employees that did not answer, or responded 'don't know' or 'doesn't apply', to any of the questions.

The employee engagement index for the WA sample overall was 66. This is similar to Vic (67) and NSW (65), and higher than the APS (62), Qld (58) and the UK (58). The engagement index for each of the 21 entities that participated in the 2014 EPS ranged from 49 to 72.

4 See Appendix B for information about inter-jurisdictional data sources.

The impact of factors on employee engagement

A multiple regression analysis was used to model the effect of the key drivers on employee engagement as measured by the engagement index.

The factor analysis that was used to identify the drivers produces a score for each employee against each factor. These factor scores were used as the predictor variables in the analysis.

The regression analysis showed that all factors in Figure C.1 were significant drivers of engagement. The factors are ordered according to their impact on engagement, with 'Senior leadership', 'Job empowerment' and 'Ethics and integrity' having the largest impact. This was based on the size of standardised coefficients produced by the multiple regression.

Appendix D – Compliance statements

In accordance with s. 31(2) of the *Public Sector Management Act 1994* (PSM Act), organisations which are not listed in Schedule 1 of the *Financial Management Act 2006* are required to provide each year to the Public Sector Commissioner a statement on the extent to which they have complied with the public sector standards in human resource management, codes of ethics and any relevant code of conduct.

These compliance statements are reported below, in accordance with s. 31(4) of the PSM Act. Some non-senior executive service (non-SES) organisations report with an affiliated entity instead (under s. 31(1)), and this is indicated where relevant.

Compliance statements provided under the PSM Act, 2013/14

Architects Board of Western Australia

No compliance issues concerning the public sector standards, the *Code of Ethics* or the Board's code of conduct arose during the period from 1 July 2013 to 30 June 2014.

Commissioner for Children and Young People (CCYP)

I am satisfied that, to the best of my knowledge, CCYP has complied with the public sector standards, codes of ethics and agency code of conduct in accordance with s. 31(2) of the PSM Act.

Commissioner for Equal Opportunity

In accordance with s. 31(2) of the PSM Act, the Commissioner has fully complied with regards to the public sector standards, Public Sector Commissioner's Instructions, the *Code of Ethics* and the agency's code of conduct.

Commission for Occupational Safety and Health

Reported under the Department of Commerce in accordance with s. 31(1) of the PSM Act.

Conservation Commission of Western Australia

The Department of Parks and Wildlife, through an operational agreement signed in 2006, provides the framework for human resource management for the Conservation Commission.

In the administration of the Conservation Commission, the Director has complied with the public sector standards, the *Code of Ethics* and the agency's code of conduct. Information on both the *Code of Ethics* and the code of conduct is provided to employees on commencement with the Conservation Commission.

No complaints have been lodged under the *Code of Ethics* during the reporting period and there have been no instances of misconduct.

Environmental Protection Authority

Reported under the Office of the Environmental Protection Authority in accordance with s. 31(1) of the PSM Act.

Legal Practice Board

The Legal Practice Board has fully complied with s. 31(2) of the PSM Act as it relates to the operations of the Board. The Board continues to be fully compliant with regard to the public sector standards and ethical codes.

The Board is committed to maintaining a high standard of accountability, integrity and transparency in all its functions and activities in line with the public sector standards. As part of this, the Board continues to undertake a program to review and update all policies relating to both its internal and external functions, including (but not limited to) human resource management. The Board is also committed to continuing to develop its own code of conduct, both for Board members and for Board staff, in line with the *Commissioner's Instruction No. 8 – Codes of conduct and integrity training*.

In accordance with s. 31(2) of the PSM Act, the Board provides the following information regarding compliance during the period under review:

- nil breach claims
- information on standards is provided at recruitment and the *Code of Ethics* is included in the offer of employment contract
- all employees receive an induction manual on employment with the Board, which includes the *Code of Ethics* (the manual sets out the Board's policies and conditions of employment and employees are required to sign that they have read the manual)
- training is provided to recruitment panels to ensure compliance with relevant standards
- the Board's policies are consistent with ethical principles and are subject to regular review and update.

The Board is committed to continually seeking to review and update its current practices through avenues such as auditing and review of its functions, performance management, ongoing training and seeking feedback from all stakeholders.

Office of the Director of Equal Opportunity in Public Employment

Reported under the Public Sector Commission in accordance with s. 31(1) of the PSM Act.

Office of the Information Commissioner (OIC)

The OIC has a code of conduct which was last updated in July 2013. The code has been distributed to all staff and is available on the intranet. New staff members are provided with a copy as part of their induction.

Among other things, the code outlines the requirement to:

- refer to the *Code of Ethics* to guide decision-making
- not divulge any information received under the *Freedom of Information Act 1992* (FOI Act) for any purpose except in accordance with the FOI Act
- adhere to the principles of natural justice when dealing with matters before the Information Commissioner
- report conflicts of interest
- treat stakeholders without discrimination
- report any gift or hospitality offers.

The public sector standards are followed by the OIC. During 2013/14, no staff were redeployed, terminated or disciplined, and no grievances were lodged. Only one recruitment process was finalised during the year, which adhered to the *Employment standard*. The performance management policy for the OIC is currently under review, in order to more appropriately follow the *Performance management standard*.

Office of the Public Advocate

Reported under the Department of the Attorney General in accordance with s. 31(1) of the PSM Act.

Parliamentary Commissioner for Administrative Investigations (Ombudsman)

In the administration of the office of the Ombudsman, I have complied with the public sector standards, the *Code of Ethics* and the office's code of conduct.

I have put in place procedures designed to ensure such compliance, and conducted appropriate internal assessments to satisfy myself that the above statement is correct.

Parliamentary Superannuation Board

Reported under the Government Employees Superannuation Board in accordance with s. 31(1) of the PSM Act.

Plumbers Licensing Board

Reported under the Department of Commerce in accordance with s. 31(1) of the PSM Act.

Salaries and Allowances Tribunal

Reported under the Public Sector Commission in accordance with s. 31(1) of the PSM Act.

Solicitor General

Reported under the Department of the Attorney General in accordance with s. 31(1) of the PSM Act.

State Heritage Office

Reported under the Heritage Council of Western Australia in accordance with s. 31(1) of the PSM Act.

Veterinary Surgeons' Board

The Board has complied with the public sector standards and ethical codes.

Appendix E – Abbreviations

ACT	Australian Capital Territory
AEDM	Accountable and ethical decision making
AO	Officer of the Order of Australia
APS	Australian Public Service
CEO	Chief executive officer
COAG	Council of Australian Governments
DSC	Distinguished Service Cross
DSM	Distinguished Service Medal
EO Act	*Equal Opportunity Act 1984*
EPS	Employee perception survey
FTE	Full-time equivalent
HRMOIR	Human resource minimum obligatory information requirement
MLA	Member of the Legislative Assembly
MP	Member of Parliament
NSW	New South Wales
NZ	New Zealand
PID	Public interest disclosure
PID Act	*Public Interest Disclosure Act 2003*
PSES	Public sector entity survey
PSM	Public Service Medal
PSM Act	*Public Sector Management Act 1994*
Qld	Queensland
QR	Quick response
SA	South Australia
SES	Senior executive service
Tas	Tasmania
Vic	Victoria
WA	Western Australia
WACHS	WA Country Health Service

Appendix F – References

For all Public Sector Commission publications, please refer to the Commission's website at www.publicsector.wa.gov.au

Australian Bureau of Statistics 2013, *2002.0 – Census of population and housing: Aboriginal and Torres Strait Islander peoples (Indigenous) profile, 2011 third release*, viewed 19 September 2014, www.abs.gov.au/AUSSTATS/abs@.nsf/Lookup/2002.0Main+Features12011%20Third%20Release?OpenDocument

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