



GOVERNMENT OF
WESTERN AUSTRALIA

PSC | Public Sector
Commission



2017 State of the sectors

Sustaining public trust through change

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Letter of transmittal

Speaker
LEGISLATIVE ASSEMBLY

President
LEGISLATIVE COUNCIL

I hereby submit to the Parliament of Western Australia my report, *State of the sectors 2017—Sustaining public trust through change* in accordance with Section 22D of the *Public Sector Management Act 1994*, Section 22 of the *Public Interest Disclosure Act 2003* and Section 45ZD of the *Corruption, Crime and Misconduct Act 2003*.

This report describes the state of public sector administration and management in accordance with the *Public Sector Management Act 1994* and reports on the extent of compliance by public sector agencies with public sector standards and ethical codes.

State of the sectors 2017—Sustaining public trust through change also meets my obligation to report on the extent of public authorities' compliance with the *Public Interest Disclosure Act 2003*. It also meets obligations to monitor trends and activities in relation to the *Corruption, Crime and Misconduct Act 2003*, to ensure public authorities are responding effectively to misconduct.



M C Wauchope AO
Public Sector Commissioner

6 October 2017

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Our role

The Public Sector Commission (the Commission) is an independent authority with policy, assistance and oversight roles that supports the statutory responsibilities of the Public Sector Commissioner (the Commissioner). The Commissioner holds an independent office, with responsibility under several pieces of legislation.

The Commission's objective is to bring leadership and expertise to the public sector to support the integrity, effectiveness and efficiency of public administration and management. As an advocate and enabler for the sectors, meaningful collaboration and partnerships with Western Australian public authorities, external stakeholders and the community is crucial to providing informed leadership and high-level insight into the challenges and issues facing the sectors.

The Commission ensures public authorities are well-positioned, and public officers are suitably skilled, to deliver on the priorities of government to the high standard expected by the community. To facilitate this, the Commission acts as a vital point of reference for sector-wide policies, strategic initiatives, and delivery of whole-of-government priorities.



Commissioner's foreword

Western Australia has a long, proud history of public service underpinned by a strong framework of public administration and accountability. *The Public Service Act 1904* established the role of Public Service Commissioner as head of the service responsible for 'ensuring the establishment and continuance of a proper standard of efficiency and economy'. Even before that, the *Public Service Act 1900* covered public administration concepts including the composition of the service, the creation and abolition of departments and conduct of officers.

The inaugural Commissioner, Mr Martin Edward Jull, was noted as an admirable choice for the position given his proven administrative capacity, personal integrity and wide experience—he was a long-time public servant in the Department of Works. In 1905/06 he became responsible for 'the biggest reform yet attempted in this State', the reorganisation of the entire public service, commencement of the formidable task of classification and provision of guidelines for the service and establishment of machinery for recruiting, training and promotion.

In reflecting on his first 14 months as Commissioner, Jull declared that, 'selection by examination ... combined with reasonable security of tenure is the safest method in the long run of building up an efficient and honest permanent civil service. The incentive being to serve the country apart from any particular party' (Tauman, 1983).

Much has changed in the 113 years since Jull took office, but the issues he faced such as budgetary pressures, the drive for efficiency, employment free of influence, the integrity of public officers and public sector reform remain relevant today. However, I am encouraged that the core principles of public administration and integrity in public service in this State endure.

Following the March State General Election the public sector commenced what is arguably one of the most wide-ranging public sector change processes in recent history.

The journey so far has shown that we have an agile and resilient workforce committed to implementing the Government's agenda as efficiently and effectively as possible. Nevertheless, these events significantly shaped the work of the public sector during the year, and have influenced the nature of my seventh *State of the sectors* report.

I am fortunate to hold an independent statutory office that allows me to consult and collaborate with authorities across the State. In reflecting on my interactions with them over the past year, I found myself considering their challenges in the context of current pressures, and assessing how they have responded given the core principles of public service. Acting in the public interest and sustaining public trust being the cornerstone of these principles.

Public trust is the concept of trust created, built and maintained for the promotion of public welfare, not for the benefit of certain individuals. Public trust in Western Australian public authorities can be directly influenced by the way public officers go about their daily business of delivering services to the community. The community's trust in public authorities is never more important than during periods of significant renewal and change.

In particular, the community needs reassurance services will continue to be delivered efficiently, effectively and with a high degree of integrity. This can only be achieved with an engaged, productive and diverse workforce, working diligently within a strongly governed environment underpinned by integrity.

Through analysis of data the Commission collects across the year and my regular interactions with authorities, I am satisfied our workforce is engaged, and diverse; that public administration and management is robust; and generally, decision making is being undertaken ethically. This suggests there is a strong foundation for trust in our public authorities.

While trust takes time to establish and build, it can be quickly lost and difficult to regain. This report explores some of the opportunities and challenges authorities have, and will continue to face as our sectors' renew and change. Organisational performance and conduct of individuals will be determined in large part by culture, governance, capability and the frameworks for decision making.

Oversight and integrity agencies, such as the Commission, contribute to the perception of trust by

assuring Parliament and the community that public sector standards are being met.

During the reporting year, integrity agencies commenced numerous conduct-related inquiries concerning Western Australian authorities and public officers. Reporting these cases is often in the public interest. Tabling reports in Parliament, and related coverage through the media, serve to highlight how small issues can become systemic, but also how authorities can prevent similar issues occurring in the future. This is the important balance we must meet as both compliance and prevention agents. Through our prevention and education work, I will continue to assist authorities to have the necessary arrangements in place to promote integrity, manage conduct-related matters effectively and notify misconduct if required.

Taking a systematic and considered approach to managing change is imperative to enduring renewal and sustaining public trust. I believe there are four key elements for successfully navigating change: culture; governance; capability, and in particular leadership capability; and appropriate decision-making frameworks.

We have seen significant change in public sector leadership as the sector works to implement the Government's policies to reduce departments by 40 per cent and the Senior Executive Service by 20 per cent. We have moved quickly to confirm the leadership of the public sector, acknowledging that certainty in this area has positive and immediate benefits to the confidence of the workforce and the community.

The loss of long-serving and knowledgeable public sector leaders presents a range of opportunities and challenges related to the workforce. The sector has to consider the capability of officers in positions of trust, middle managers and the talent pipeline to ensure seamless service delivery to the community. Continuing to invest in the development of leaders of the future including graduates, trainees and people from all diversity groups, is in my view of paramount importance in times of change.

Communication, systems, procurement, data and information protection, and record keeping also present risks needing to be managed in times of change. Dealing appropriately with, and responsively

to, all of these factors contribute to public trust and community confidence in public authorities. Leaders need to 'keep their eye on the ball' to ensure ethical organisations with engaged employees continue to deliver high-quality outcomes for the community.

I expect the next year will present all sectors with ongoing challenges—some foreseen, others not. Public officers should be open to the prospects and opportunities change may bring. Engaged and committed public officers who are at the frontline of our interface with the community have the ability to engender public trust, which is in all of our interests.



M C Wauchope AO
Public Sector Commissioner

History and evolution of public sector management

1904

The Public Service Act 1904 comes into effect. The Act provides for the Governor to appoint a Public Service Commissioner who is responsible for ensuring the establishment and continuance of a proper standard of efficiency and economy in the public service.

The Commissioner acquires broad investigatory powers to ensure compliance with the Act, and can make recommendations to the Governor regarding the general structure of the public service including the disposition of officers and offices.

The Commissioner is also appointed chairman of the three-person Appeal Board.

1971

The Parliamentary Commissioner for Administrative Investigations Act 1971 comes into effect.

1986

The Burke Government releases a white paper entitled *Managing change in the public sector*.

1978

The Public Service Act 1978 repeals the 1904 Act and abolishes the position of the Public Service Commissioner, replacing it with a three-member Public Service Board headed by a Chairman appointed for a seven-year term.

The Board is granted exclusive authority over matters relating to the configuration of offices and the employment and placement of public service staff. There is still a process of making recommendations to the Governor regarding the configuration of departments, the designation of senior offices, and the appointment and removal of senior officers or department heads.

The new Act makes explicit that departmental heads are responsible to their Minister for the general management of the department but will also consult and work with the Board to achieve optimal operational efficiency.

1987

The Acts Amendment (Public Service) Act 1987 amends the 1978 Act and abolishes the Public Service Board, reverting to a single Public Service Commissioner assuming the Board's responsibilities. The 1987 amendments establish a Senior Executive Service (SES), establishing departmental heads as Chief Executive Officers.

1992

The Royal Commission into the Commercial Activities of Government (known as WA Inc.) reports with significant recommendations around the management of the public sector.

The Freedom of Information Act 1992 comes into effect.

1993

The Independent Commission to Review Public Sector Finance (the McCarrey Commission) reports.

Based on recommendations from the Royal and Independent Commissions, the Court Government presents a Bill to Parliament to establish the *Public Sector Management Act 1994*.



1994

The *Public Sector Management Act 1994* comes into effect.

The position of the Public Sector Commissioner is abolished, replaced by the Commissioner for Public Sector Standards. The Commissioner is an independent statutory officer responsible for establishing and monitoring the Code of Ethics and conduct of the sector, and reporting to Parliament on compliance with Standards and Codes.

Responsibility for promoting the overall efficiency and effectiveness of the public sector is moved from the Commissioner to the Minister responsible for the new Act, the Premier. The Premier can arrange for reviews in respect to the operation of any public sector body and direct 'special inquiries' into any matter relating to the public sector.

While the new Commissioner undertakes recruitment of Chief Executive Officers, it is carried out on the advice of the Premier who now has responsibility for recommending appointments and removals to the Governor. The scope of the legislation is also broadened so that it applies to more of the public sector—beyond the public service.

1995/96

The Commission on

Government—established under the *Commission on Government Act 1994*—tables five reports across two years. The Commission was established in response to a recommendation made by the WA Inc. Royal Commission. Its functions were to inquire into and report upon 24 specific matters which emerged during the Royal Commission's investigations, and any other matters it considered relevant to preventing corrupt, illegal or improper conduct by public officials.

A hallmark of the Commission was its open and transparent approach to community consultation. The Commission's recommendations laid the foundations for the current-day accountability and oversight framework.

2003

The *Public Interest Disclosure Act 2003* and the original *Corruption and Crime Commission Act 2003* come into effect.

2009

Introduction of the Public Sector Reform Bill 2009 which merges the functions of the Public Sector Commissioner and the Commissioner for Public Sector Standards. The Bill was assented to on 1 October 2010. The new Act underpins the Commissioner's capacity to operate as an independent statutory body, providing a more logical and integrated approach to ensuring management efficiency and appropriate standards of conduct and behaviour.

2008

Establishment of the Public Sector Commission. By delegation, the new Commissioner assumes responsibility for all functions administered by the Minister for Public Sector Management with the exception of powers relating to special inquiries and employment of Ministerial officers.

2006

The *Auditor General Act 2006* comes into effect.

2015

The *Corruption, Crime and Misconduct Act 2003* comes in to effect. The Public Sector Commission assumes responsibility for oversight of minor misconduct and misconduct prevention and education. The Corruption and Crime Commission retains responsibility for serious misconduct and all Police misconduct.

2016

The *Integrity (Lobbyists) Act 2016* comes into effect.

2017

Commencement of a major public sector renewal agenda with a focus on cultural change, continuous improvement, legislation and policy reform, and budget processes.

How to read this report

The observations and findings presented in this report, draw on the sources of information described in this section. This information is interpreted and reported in the context of: ongoing consultation and engagement; consideration of cases and issues examined in an oversight capacity; and interactions with public authorities, leaders and public officers through a variety of advisory and capability-building programs and activities.

Analysing the public sector environment

The Public Sector Commissioner (the Commissioner) has a specific role in administering several pieces of legislation, including the *Public Sector Management Act 1994* (PSM Act), *Public Interest Disclosure Act 2003* (PID Act), parts of the *Corruption, Crime and Misconduct Act 2003* (CCM Act) and the *Integrity (Lobbyists) Act 2016*.

The Commissioner collects data from public authorities and reports on compliance with—and outcomes of—a range of legislative processes and issues involving the workforce. In analysing our public sector environment, the Public Sector Commission (the Commission) relies on authorities providing timely and accurate responses to its surveys. It should be noted, that an authority's systems and capability impacts on the data collected and reported.

Impact of change on the annual survey program

In April 2017, the Western Australian Government announced wide-reaching public sector reforms. This included a number of significant Machinery of Government (MOG) changes that resulted in the amalgamation of 41 public sector agencies, to 25 departments. These changes came into effect on 1 July 2017.

The changes significantly impacted the Commission's activities in the second half of the 2016/17 year, including its survey program which forms the basis for this report.

In addition to structural reforms, a number of reviews and inquiries were initiated by Government early in 2017. The Service Priority Review (the review) aims to address the functions, operations and culture of the public sector in order to drive lasting reform of service delivery, accountability and efficiency.

The review is due to be completed before the end of 2017 and will consider—among other things—the current and future public sector workforce. The Commission has been assisting the review by providing data, information and insights.

Public authorities' perspectives

Data and perspectives presented on public authorities are the result of two annual surveys conducted by the Commission.

Public sector entity survey

The Public sector entity survey (PSES) seeks to obtain the views and details of operations of public sector agencies.

This year, MOG changes impacted on the administration of the PSES. To preserve high response rates and data quality, the Commissioner conducted the PSES earlier than usual. The 106 public sector agencies responding to the PSES in May and June 2017 provided information for the nine-month period, 1 July 2016 to 31 March 2017. A 100 per cent response rate was achieved for the PSES.

Due to the reduced reporting period for the PSES, 2017 data is not directly comparable to the 2016 data, which should be taken into account when reading this report.

Integrity and conduct survey

The Integrity and conduct survey (ICS) contains the views and details of operations from 261 other authorities for the period 1 July 2016 to 30 June 2017, with authorities providing their responses in July 2017. The majority of these authorities were not impacted by MOG changes, and were able to report for the full 12-month period. A 72 per cent response rate was achieved for the ICS.

Where data or perspectives presented in this report are a combination of information from both surveys, readers should take into account the discrepancy in the reporting periods.

Employee perspectives

Each year the Commission selects a sample of public sector agencies and surveys employees on their perceptions about their role, team and agency. The Employee perception survey (EPS) was administered in February 2017 and asked 10 802 public sector employee across 15 public sector agencies for their views, with 54 per cent (5794) of employees responding.

Workforce trend data

The Commission collects workforce and diversity data quarterly from public sector agencies through the Human resource minimum obligatory information requirement (HRMOIR). Agencies have a responsibility to submit accurate data. Diversity data from all other authorities is sourced from the Equal employment opportunity survey (EEO survey) conducted on behalf of the Director of Equal Opportunity in Public Employment. The survey was administered by the Commission in March and April 2017. These data sets describe authorities' workforces, and highlight changes over time. Workforce data about the public sector is current as at 30 June 2017 and workforce data about other authorities is current as at 31 March 2017, unless otherwise stated.

Other data sources

Data on minor misconduct and other Commission operations is sourced from the Commission's Enterprise Information System. Comparative data and other quotes are referenced as citations as they occur through the report. A list of references is provided in the back of the report.

Accessing the series

Visit www.publicsector.wa.gov.au to find previous *State of the sectors* reports and statistical bulletins.

Where is our data sourced?

473

authorities were approached to provide information as part of our data collection program that informs this report



Employee perception survey
15 public sector agencies



Public sector entity survey
106 public sector agencies



Integrity and conduct survey
363 authorities



Equal employment opportunity survey
158 authorities



Human resource minimum obligatory information requirement
96 public sector agencies

Public sector workforce at a glance | 2017



1.7%

identify as people with disability

140 403

employees in the public sector
110 662 full-time equivalent (FTE)
across 96 agencies



12.9%

identify as being from a culturally and linguistically diverse background

23.9%

are aged 34 and under

The Commissioner's jurisdiction extends across the sectors in relation to integrity and conduct.



24 421

employees across 136 local governments



22 829

employees across 4 public universities



15 850

employees across 19 other public authorities

26.3%

are aged 55 and over

45

years is the median age of employees

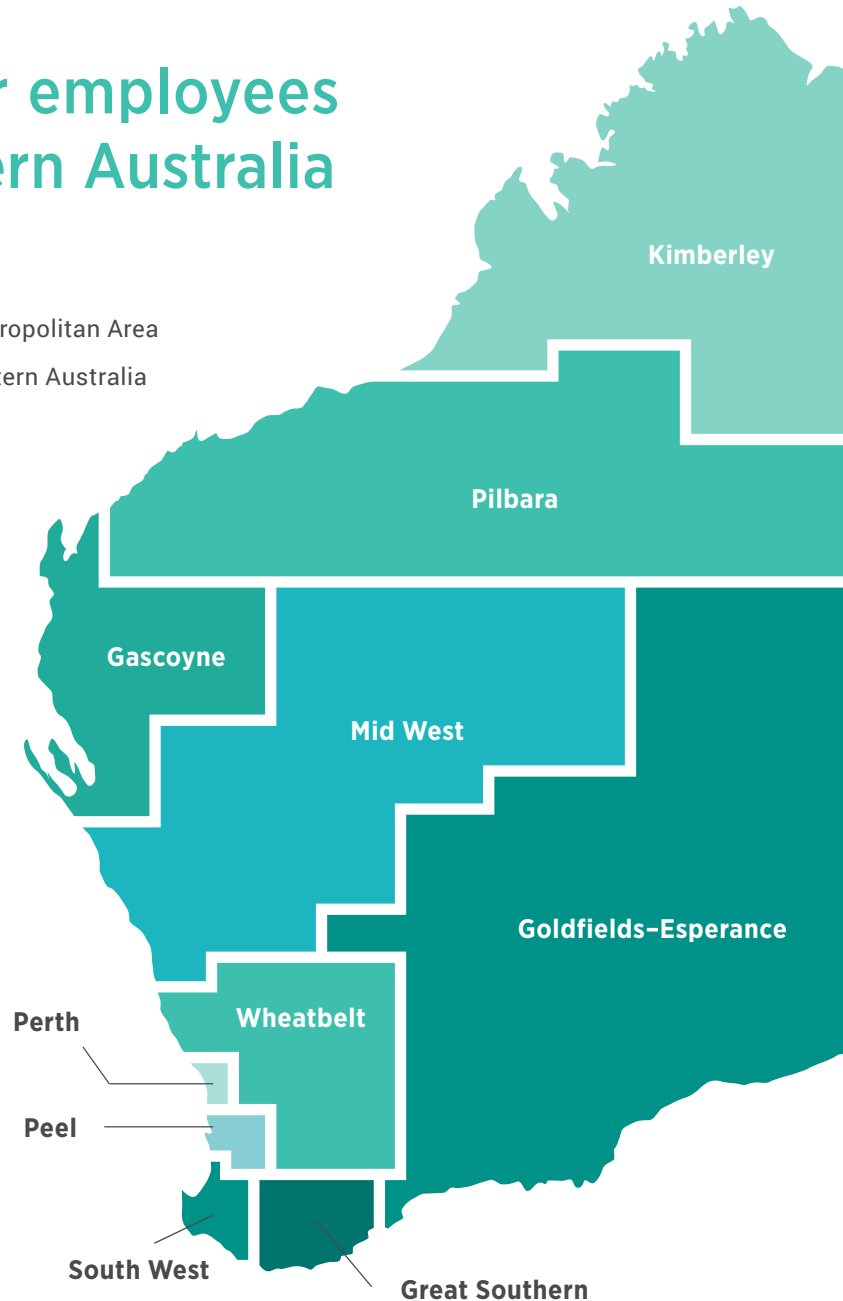
2.7%

identify as Aboriginal Australian



Public sector employees across Western Australia

75.9% work in the Perth Metropolitan Area
24.0% work in regional Western Australia
 less than 0.1% work outside of Western Australia



Gascoyne 562 FTE

▼ -5.8% change since 2012
 Headcount: 679
 Median age: 46
 Median salary: \$72 808
 65% permanent

Peel 2557 FTE

▲ 20.6% change since 2012
 Headcount: 3192
 Median age: 47
 Median salary: \$75 358
 75% permanent

Goldfields-Esperance 2518 FTE

▲ 1.1% change since 2012
 Headcount: 3134
 Median age: 45
 Median salary: \$73 717
 68% permanent

Perth 84 022 FTE

▲ 2.0% change since 2012
 Headcount: 105 967
 Median age: 45
 Median salary: \$85 175
 70% permanent

Great Southern 3057 FTE

▲ 4.5% change since 2012
 Headcount: 4081
 Median age: 49
 Median salary: \$76 452
 71% permanent

Pilbara 2448 FTE

▲ 4.7% change since 2012
 Headcount: 2946
 Median age: 41
 Median salary: \$76 452
 65% permanent

Kimberley 3092 FTE

▲ 9.7% change since 2012
 Headcount: 3650
 Median age: 43
 Median salary: \$80 797
 65% permanent

South West 6366 FTE

▲ 9.8% change since 2012
 Headcount: 8680
 Median age: 48
 Median salary: \$76 874
 69% permanent

Mid West 2776 FTE

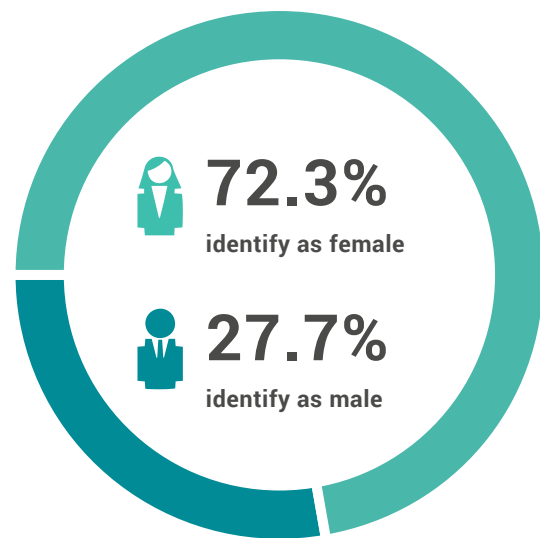
▲ 1.9% change since 2012
 Headcount: 3519
 Median age: 46
 Median salary: \$74 760
 70% permanent

Wheatbelt 3192 FTE

▼ -3.3% change since 2012
 Headcount: 4469
 Median age: 48
 Median salary: \$67 896
 69% permanent

Gender

The Commission is developing a strategy for gender equality in public employment which aims to assist public authorities to embed gender equality at all levels in the workplace. The strategy, which focuses on advocacy of senior leadership, accountability, inclusive and equitable cultures and flexible workplaces, will be released in 2018.



<0.1%
identify as indeterminate/
intersex/unspecified

\$80 797
is the median
salary for females

\$93 341
is the median
salary for males



\$85 027
is the median salary for
public sector employees

Across the sector, males have a higher median salary than females, and this is influenced by a number of factors including:

- females and males working in different industries (industrial segregation) and different jobs (occupational segregation). Historically, female-dominated industries and jobs have attracted lower wages than male-dominated industries and jobs
- a lack of females in senior positions, and a lack of part-time or flexible senior roles. Females are more likely than males to work part-time or flexibly because they still undertake most unpaid caring work and may find it difficult to access senior roles
- differences in education, work experience and seniority
- discrimination, both direct and indirect.

Source: Workplace Gender Equality Agency, 2017.

Did you know?

47% of females work on a part-time basis compared with 16 per cent of males

64% of FTE paid at \$160 000 per year or more, are occupied by males

Snapshot by occupational group

Teachers



21 768 FTE
 ▲ **6%** Change since 2013
44 Median age
\$103 049 Median salary
78% Female

Medical practitioners



3776 FTE
 ▲ **8%** Change since 2013
37 Median age
\$164 871 Median salary
44% Female

Nurses and midwives



11 738 FTE
 ▼ **-2%** Change since 2013
43 Median age
\$85 175 Median salary
90% Female

Prison officers



2426 FTE
 ▼ **-6%** Change since 2013
48 Median age
\$85 186 Median salary
21% Female

Fire and emergency workers



1253 FTE
 ▲ **4%** Change since 2013
43 Median age
\$97 098 Median salary
5% Female

Police officers (Police Force)



6555 FTE
 ▲ **15%** Change since 2013
40 Median age
\$92 273 Median salary
24% Female

Education aides



8273 FTE
 ▲ **8%** change since 2013
46 Median age
\$49 167 Median salary
95% Female

Clerical and administrative workers



18 628 FTE
 ▼ **-9%** change since 2013
47 Median age
\$64 256 Median salary
81% Female

Others



42 800 FTE
 Unchanged since 2013
47 Median age
\$85 047 Median salary
63% Female

Workforce

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Engaging the workforce

Employee engagement is a concept that describes and measures the link between employees, the work they do and the organisations within which they work (OECD, 2016). Generally, it can be said that employee engagement is the level of commitment an employee has towards the organisation in which they work.

Research and evidence from around the world suggests employee engagement, and the concepts of commitment and motivation, lead to better outcomes. This includes efficiency, productivity, innovation, customer service, public trust and employee trust in leadership (OECD, 2016).

Measuring engagement

Engagement is commonly measured through carefully designed employee surveys, and the results give leaders insight into the culture and overall health of an organisation.

Each year, the Commission administers the Employee perception survey (EPS) across a sample of public sector agencies to gauge perceptions about public sector employees' attitudes towards their job, team, organisation and the broader sector.

Employee surveys provide a snapshot of the workforce at a 'point-in-time'. As many internal and external factors influence employees' views over time, authorities should consider conducting employee surveys regularly to ensure views remain reflective of their workforce. Other human resources and governance processes, like formal performance management programs and the monitoring of employee complaints, can also be useful interim indicators of engagement levels.

Drivers of engagement

Engagement drivers will differ depending on an authority's culture and workforce characteristics. Across this year's EPS sample, the following six engagement drivers were identified as having an impact on employee engagement:

- **Culture and leadership:** views on effective leadership, change management and recruitment decisions.
- **Managers and supervisors:** views on communication, management style and ethical behaviour.

- **Workplace behaviour:** views on encouraging ethical behaviour and reporting and dealing with unethical behaviour.
- **Team productivity:** views on efficiency, effectiveness and innovation in teams.
- **Workplace diversity:** views on diversity and inclusion in the workplace.
- **Job satisfaction and capability:** views on ability to use skills and how satisfied employees are with their job.

Understanding the factors that drive engagement in an authority or sector help to identify the levers available to management to address and improve engagement (OECD, 2016).

Improving engagement

Conducting surveys and identifying drivers will not change employee engagement and culture unless proactive improvement actions are taken by leaders. The Commission encourages public sector leaders of EPS sample agencies to discuss the results with their corporate executive team and workforce.

Transparency fosters trust, further bolsters engagement, and shows management's commitment to continuous improvement. Once communicated, behaviours, processes and practices in identified areas can be modified to drive improved engagement.

Engagement, customer satisfaction and public trust

Research shows there is a strong correlation between engaged customer-facing staff and customer indicators like satisfaction, loyalty and advocacy (OECD, 2016). This correlation has long been recognised, with a 2005 study suggesting in the public sector, a public value chain exists that links engaged employees to customer satisfaction, community trust and confidence in government. By investing in human capital and raising employee engagement, public sector organisations can directly influence community perceptions and trust in government (Heintzman, 2005). With the majority of the public sector workforce in service delivery occupations that are considered front-line, ensuring these employees have high levels of engagement should be a sector-wide priority.

Engagement and change

Engaged employees make implementing, managing and sustaining change easier, as they are more committed to the organisation. Implementing effective and sustainable change requires managers to support the change process, and clearly and transparently communicate the contents of reform (OECD, 2016). With the change being experienced in the public sector, the high levels of engagement that currently exist can quickly be eroded if the reform agenda is not well communicated by leaders and understood by employees. Employee engagement is both an opportunity and a risk to be managed during times of transition (Aon Hewitt, 2013).

How we measure engagement

The Commission includes questions in the EPS that seeks to measure engagement through asking public sector employees about their levels of pride, motivation, inspiration, advocacy and attachment to their job and agency.

An employee engagement score for the public sector is calculated using results of these 'commitment' questions. The average employee engagement score for the 2017 EPS sample (5794 employees across 15 public sector agencies) was 70. This compares favourably with other jurisdictions and is the highest engagement score since the index was first calculated by the Commission in 2014.

The EPS and engagement score is only one indicator of engagement. Many public authorities regularly run surveys and other assessments with their workforces to monitor employee engagement levels.

Streamlining the workforce

Looking back over the last decade, public sector FTE grew, but at a rate slower than the State's population growth. Over this time, 10 new departments were established, with the number of public sector agencies in the order of 80. This is significantly higher than in other Australian jurisdictions who have moved to create a smaller number of 'super departments' in recent years.

At the conclusion of the resources boom in 2013, the growth rate of the Western Australian population slowed and commodity prices began to fall. As a consequence, financial constraint was exercised in

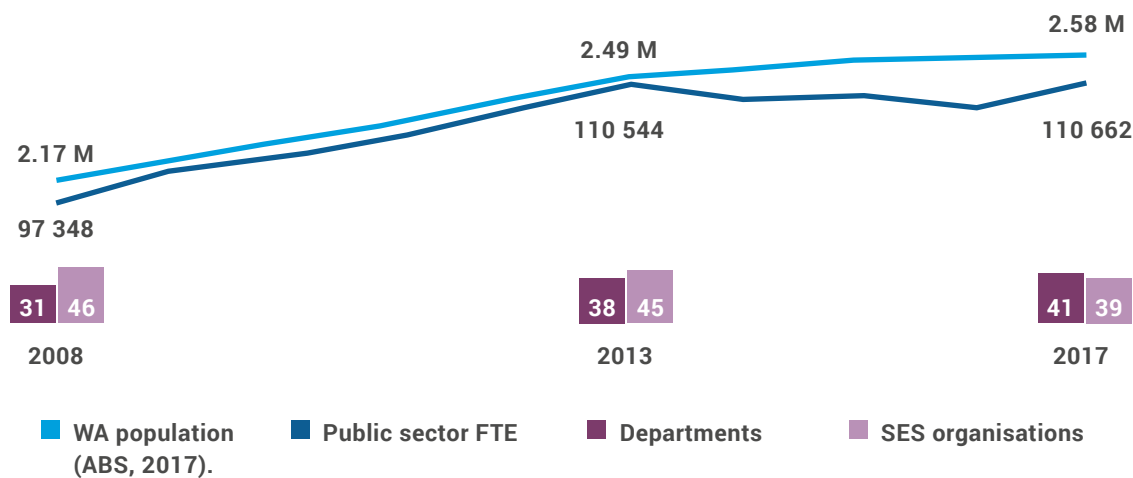
the public sector. The period saw the implementation of a number of workforce management policies including Machinery of Government (MOG) changes, 'recruitment freezes', voluntary severance schemes, an FTE ceiling and a wages cap.

As a result of these policies, FTE had been slowly trending downward. With the relaxing of workforce management policies in more recent years, public sector agencies replenished FTE—particularly in front-line services in the education, health and corrective services sectors—to meet a growing demand for services. Consequently, there was increase in FTE in the past financial year.

The Government's public sector pre-election platform focused on decreasing the size and increasing the efficiency of the public sector to repair the State's worsening budget position. The new Government moved quickly to implement its significant change agenda after being elected in March 2017. It announced a range of measures aimed at streamlining the public sector to drive efficiency and effectiveness.

Major initiatives include the Service Priority Review, Sustainable Health Review, establishment of Directors General working groups, a highly complex and wide-ranging MOG agenda, and most recently a Voluntary Targeted Separation Scheme, earmarking 3000 voluntary redundancies for the public sector.

Change in Western Australian population, public sector FTE, and composition of the public sector, June 2008 to June 2017



'...success is possible when changes are well planned and properly implemented, where a strong rationale for the changes can be made, and where staff can be positively engaged in making them happen.'

London School of Economics: Public Policy and UK Institute for Government, 2010, MOG changes from 1979 to 2009

Employee insights



Efficiency and effectiveness

81% agree their work group use work time and resources efficiently

81% agree they feel empowered to do their job effectively



Innovation

77% agree their workgroup was encouraged to come up with new and better ways of doing things

72% agree their workgroup implemented new approaches in the previous 12 months



Collaboration

83% agree their work group works well with other areas of the organisation



Customer service

88% agree their work group is committed to providing excellent customer service

Machinery of Government

The Commission has a role in facilitating the Government's MOG agenda under the PSM Act. The MOG changes centre around a 40 per cent reduction in public sector agencies, from 41 to 25 'super departments'. The Government states, 'The changes...are the first step in driving cultural change and delivering multi-million-dollar cost savings across government to assist with much-needed budget repair. This significant reform is aimed at creating collaborative departments focused on whole-of-Government objectives and delivering services in the most efficient way, including using new technology' (Government of Western Australia, 2017).

Our analysis

There appears to be positive perceptions and intent around being efficient and effective at an individual and team level. Leaders will need to consider how to drive a collective lift in the workforces' ability to continuously build these capabilities and practice them in order to achieve Government's desired whole-of-sector outcomes.

For many years it has been suggested the imperative for the public sector will be 'to do more with less'. The current renewal seeks to consolidate this through both structural changes to the public sector workforce and changes to the way the sector operates.

The Government's proposed whole-of-sector KPIs linked to Directors General and Chief Executive Officer (CEO) remuneration, aim to encourage collaboration on key community issues and deliver better services. The Service Priority Review is currently considering the new framework which will cause the Commission to 'reimagine' existing CEO performance agreement processes in line with any recommendations.

While MOG changes took effect on 1 July 2017, there is still considerable work to be undertaken to fully realise and implement the renewal agenda, including legislative, structural and workforce changes.

The Machinery of Government reforms aim to



reduce red tape to deliver services in a more efficient and effective way



create collaborative departments focused on whole-of-government objectives



initiate new opportunities for the public sector to drive long-term change

Senior leadership

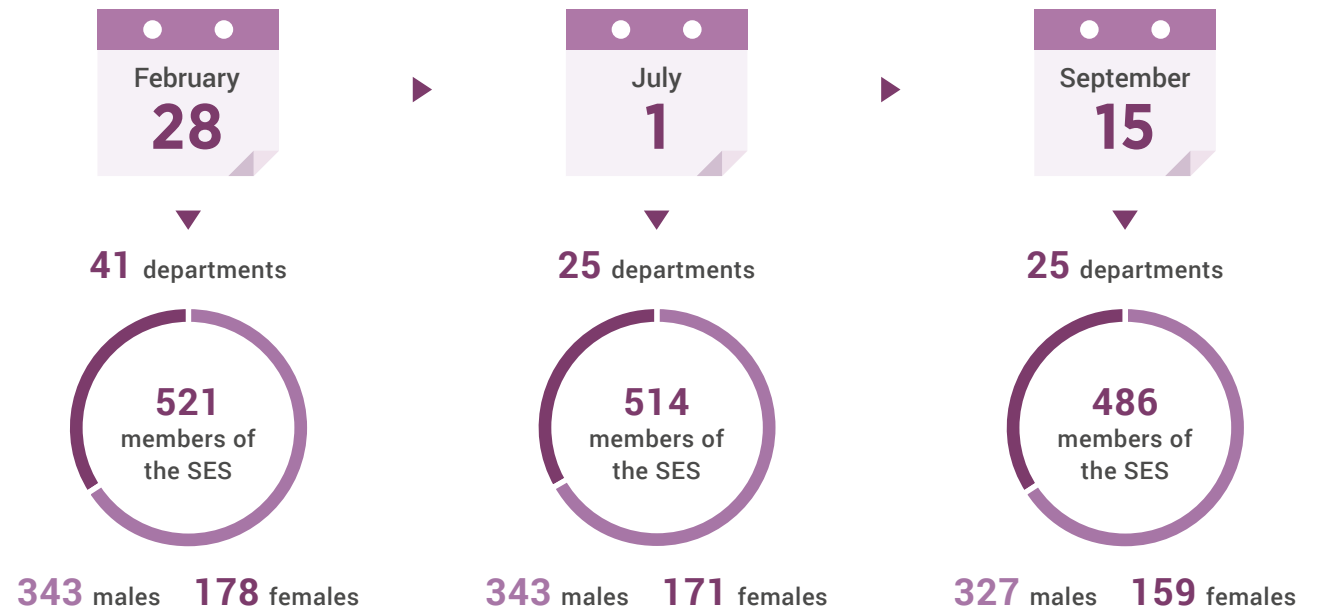
In line with election commitments, the Government also implemented policy to reduce the Senior Executive Service (SES) by 20 per cent. The SES is a cohort of senior leaders, including many Directors General and CEOs, with specific management or policy responsibilities. When MOG changes were announced there were 521 members of the SES, requiring the reduction of 104 SES members to meet the policy commitment.

The MOG changes and policy to reduce the SES numbers resulted in immediate changes to the Tier 1 leadership profile of the public sector. Existing Tier 1 leaders were given directions to act as heads of the new departments from the implementation date of 1 July. As a consequence a number of experienced, long-serving Tier 1 leaders were displaced.

The Commission moved quickly to confirm the permanent leadership of the sector, commencing a quarantined recruitment process on 3 July, acknowledging certainty and transparency in this area fosters the trust of the workforce and the community. The Premier announced the permanent Tier 1 leaders of the new departments on 30 August.

The recruitment, development, performance management and exit of senior leaders in the public sector remains a priority for the Commission and for the sector more broadly.

Machinery of Government: SES by numbers in 2017



As leadership is aspirational for many public officers, leadership roles must be valued and be seen as valuable in developing strong sectors and communities. Developing consistency in the sectors' approach to managing senior leaders capability in particular, will play a significant role in ensuring effective stewardship of the sectors into the future.

As the renewal agenda continues, Government will commence a second phase of changes relating to public sector agencies not already impacted by MOG. This may impact on the Tier 1 leadership profile of the sector.

Flatter structures

With fewer people in the SES and other senior leadership positions across the sector, the medium-to-long term strategy will be around redefining and flattening organisational structures.

Flat structures are typically intended to break down barriers and improve 'lateral' communication and networking across different parts and elements of the organisation (Baker, 2007). Over the longer term, public sector agencies will be required to consider how to break down organisational silos in an effort to streamline processes, reduce duplication, more effectively share information and data and ultimately deliver better services to the community. It is anticipated this will take some time to fully achieve.

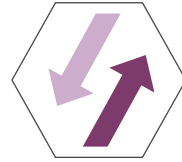
Women in leadership

A consequence of major structural reform is the potential for a diminishing diversity profile—especially around women in leadership. Among the public sector agencies impacted by MOG, there were 13 female Tier 1 leaders prior to the changes taking effect, compared with only six after.

Survey results show that public authorities are working towards achieving gender equality at all classification levels. Authorities noted establishing working groups and committees to promote and facilitate women in non-traditional and leadership roles, targeted recruitment of female graduates in traditionally male-dominated occupations and the implementation of whole-of-authority gender equality strategies and initiatives.

Only 16 per cent noted they had set and achieved targets around increasing the representation of women in their workforces with almost 40 per cent citing not advertising many jobs over the last 12 months as a barrier to setting and achieving targets.

Employee **insights**



Change management

54% agree their organisation manages change well

61% agree senior leaders keep them informed about changes to the organisation

60% agree senior leaders provide effective leadership in their organisation

Our **analysis**

Employees in senior roles (those earning \$150 000 and above) overwhelming agree with these statements, where mid-level employees (those earning between \$85 000 and \$149 999) were most likely to disagree with them.

Females in supervisory roles, employees aged 24 to 35 and 65 and above were more likely to agree their organisation manages change well and senior managers keep them informed about change.

Diversifying the workforce

Diverse workforces and inclusive cultures, along with leadership are drivers of employee engagement. Diverse representation within the sectors ensures diverse groups in the community remain engaged with public policy, and their views are visible and considered. Diversity, particularly in officers who deliver front-line services, strengthens community perceptions of empathy and trust.

Increasing disclosure

It is important public authorities understand the diversity profile of their workforce and leverage this to improve policy development and service delivery. Self-disclosure of one's diversity status is voluntary and there are many factors that may encourage or deter an employee from disclosing in the workplace.

Over the past 18 months, the Commission and the DEOPE have been encouraging disclosure as part of inclusive practices, with some positive results.

When asked if their workplace culture makes people feel comfortable enough to disclose their differences, 69 per cent of the public sector employees surveyed agreed. Authorities are proactively collecting diversity information from staff, with 85 per cent reporting having strategies in place over the last year to encourage disclosure. This effort has contributed to

an increase in valid responses to the Commission's diversity surveys, meaning a more accurate picture of the diversity profile of the sectors.

While authorities have progressed well in relation to disclosures and more inclusive cultures there is more work to be done. Authorities need to focus on attracting, recruiting, retaining and developing diverse talent at all levels to see representation rates begin to increase.

Collecting gender-diverse information

The Commission's HRMOIR data collection process for the public sector can capture the indeterminate/intersex/unspecified gender option—also referred to as gender 'X'. This year, the EEO survey which the Commission administers on behalf of the DEOPE, was also improved to enable collection of gender diversity information.

Public authorities are encouraged to improve their data collection tools and systems to allow genders beyond male and female to be captured. Survey data reveals that 37 per cent of authorities currently provide the option for employees to identify as a gender other than male or female, with public universities leading the way.

Reducing unconscious bias

Unconscious bias is the ingrained stereotyping that informs our decision making, but of which we are unaware (AIM, 2012).

Public authorities are implementing strategies to address the effects of unconscious bias in recruitment. Almost all (95 per cent) public sector agencies report their recruitment documentation is non-discriminatory and 94 per cent say their human resource processes are equitable. The majority of agencies reported using diverse selection panels (87 per cent) but training around unconscious bias was less common.

Placement of the sectors' effort aligns with recent Australian research which suggests it may be more valuable to direct attention on reducing bias away from the application process to other stages of recruitment, including how positions are advertised, hiring panels are selected and interviews are conducted (BETA, 2017).

Diversity representation across the sectors 2017

Type of authority	Females	Aboriginal Australians	People with disability	People from CaLD backgrounds	24 Years and under	45 Years and over
Public sector	72.3% ▼ -0.3 pp	2.7% unchanged	1.7% ▼ -0.3 pp	12.9% ▲ +0.3 pp	4.3% ▲ +0.2 pp	52.7% ▼ -0.4 pp
Local governments	54.4% ▲ +0.3 pp	1.7% ▼ -0.4 pp	1.2% ▼ -0.4 pp	11.3% ▼ -5.0 pp	13.3% ▼ -0.6 pp	46.9% ▲ +1.9 pp
Public universities	60.0% unchanged	0.7% ▼ -0.4 pp	1.1% ▼ -0.6 pp	14.5% ▼ -10.8 pp	6.7% ▼ -0.3 pp	36.7% ▲ +1.0 pp
Other authorities	29.1% ▲ +0.2 pp	2.0% ▲ +0.3 pp	1.4% unchanged	12.3% ▼ -1.1 pp	4.5% ▼ -0.5 pp	42.6% ▼ -0.9 pp

Note: Arrows show increases and decreases in the representation rate between 2015/16 and 2016/17 and are measured as percentage points (pp).

Employee insights

Satisfaction, engagement and diversity



Satisfaction

- 84%** of employees say they are satisfied with their current job
- 74%** are satisfied with their current employer
- 80%** say they are proud to work in the public sector



Engagement

- 68%** feel a strong personal attachment to their organisation
- 62%** agree their organisation motivates them to help achieve its objectives
- 62%** agree their organisation inspires them to do the best in their job
- 73%** are proud to tell others they work for their organisation
- 66%** would recommend their organisation as a great place to work

Our analysis

Young employees are the most engaged, with those approaching retirement not far behind.

Females and **people from culturally and linguistically diverse backgrounds** are most proud of working in the WA public sector.

Aboriginal Australians are more likely to see their senior leaders as effective and are more satisfied with career opportunities.

People with disability are less engaged than the sample, being more likely to perceive:

- recruitment and promotion decisions as unfair
- their immediate supervisor does not have good people management skills
- their immediate work group does not work well with other areas of the organisation.



Diversity and inclusion

- 77%** agree their organisation is committed to creating a diverse workforce
- 86%** agree their workplace culture welcomes people from all diversity groups
- 76%** agree their organisation values differences in people



For more data from the 2017 Employee perception survey, see the [State of the sectors statistical bulletin 2017](#)

Workforce opportunities and challenges

Improving workforce planning

Evidence-based workforce planning is the foundation for developing workforce capability, productivity and engagement. It is a dynamic process which involves:

- monitoring workforce data, forecasting where skills gaps exist and what skills will be needed in the future
- creating strong links to other strategic and operational planning processes
- managing the workforce through best practice job design, advertising, attraction, recruitment, appointment and induction methods
- evolving people strategies such as talent identification and acquisition (including for critical skills groups), diversity and inclusion strategies, performance management and development systems and leadership development programs.

Anecdotally, and through a recent review of recruitment performance across public sector agencies (see page 24 for more details), workforce planning capability and maturity varies widely across public authorities and across the sectors.

International research suggests that as fiscal pressures are likely to continue to have a strong impact on human resource management reform agendas, human resource policies that look at people, and not just employment numbers will be required to ensure sustainable performance and innovation (OECD, 2016).

Any plan an authority develops should be fit-for-purpose. Public sector agencies have varied approaches to formalising workforce planning initiatives with 60 per cent having an integrated workforce and diversity plan, containing elements of both workforce and equal employment opportunity (EEO) planning. A further 25 per cent report having a standalone EEO plan, 19 per cent a standalone workforce plan and 13 per cent reporting having no workforce plans at all. The Commissioner and DEOPE have encouraged public sector agencies over the last five years to integrate workforce and diversity plans.

The currency of a plan is at the authority's discretion but survey data shows about 23 per cent of those having integrated plans have not updated them in the last three years. As internal and external factors affect supply, demand and capability of the workforce, authorities should consider the composition of their current and future workforce as a priority. With the workforce currently being streamlined, authorities with robust plans already implemented are likely to be better placed throughout the renewal process.

Building leadership capability

Leadership and management are primary drivers of employee engagement. As such, building leadership and management capability must become more strategic and consistent across the sectors.

To enable this, the Commission has continued with the development of success profiles for leaders and specialists, and associated guidelines for measurement. The CEO success profile, which describes and supports high level CEO leadership and business-focused success factors by outlining role expectations, examples of key accountabilities and experiences, was launched during the year. The success profile underpinned the Commission's refreshed approach to CEO recruitment, and was used as the basis for the selection of Directors General for the new departments.

The Commission has also commenced work on a whole-of-sector CEO leadership strategy which will focus on individuals' skill sets throughout the leadership lifecycle and ensure a high standard in leadership is set across the sectors.

Effective management and leadership skills are not necessarily inherent, but rather learned and can be improved (Mitchell, 2017). While an aspiring leader may have excellent technical skills and industry expertise, when promoted into management positions, soft skills such as negotiation, collaboration, emotional intelligence and persuasive communication are essential capabilities that may need to be taught, either through formal education, mentoring, coaching or on-the-job training.

Strategically building leadership capability requires people managers to understand their workforce requirements and develop the skills to be able to readily identify leadership potential. Agencies reported a range of methods for identifying and selecting employees for leadership development programs ranging from broadly casting expressions of interest and competitive assessment of these expressions, to management nomination and via performance management processes.

The next step for authorities is to consider talent identification strategically, with succession planning and the future landscape in mind. Only 14 per cent of public sector agencies reported having a formally documented talent identification or management policy in place.

Strong, well rounded leadership capability is even more critical for officers in positions of trust. Positions of trust are those which have

responsibilities requiring a higher level of integrity than normally required or expected, such as Chief Executive Officers, Chief Finance Officers and Chief Human Resources Officers. Not only do these officers need the inherent technical skills and capabilities to perform their role, they must also lead, and be seen to lead, with high integrity.

Investing in the talent pipeline

In times of fiscal constraint and streamlining, investment in the talent pipeline through learning and development initiatives, graduate programs and traineeships can suffer, as attention is diverted towards more urgent priorities. While this may free up financial resources in the short term, it does not set up workforce planning and capability development efforts in the longer term.

Attracting, retaining and developing skilled graduates is, and should remain, a high-priority investment for the sectors. During the period, 32 public sector agencies (30 per cent) reported having a formal graduate program in place. A total of 3042 graduates were part of the last graduate program intake, with 86 per cent (or 2617) retained by agencies. Graduates studied about 40 different disciplines at university. In most cases graduate programs ran for 12 months (47 per cent), however they can span from three months to 36 months. Many graduates also undertake the Commission's 'Graduate development program', with 51 graduates from 18 public sector agencies completing the program in 2016/17.

Investment in the workforce at all levels ensures talent, from all sectors, is ready to respond during times of change. People are our most valuable but costly resource and when authorities invest in employees ideally they will be retained. Retention initiatives for high-performing talent is an area requiring more development and greater investment.

Investment in the talent pipeline should always be in line with broader strategic and operational priorities. For example in achieving diversity, investment should also focus on removing structural barriers that block the acquisition of diverse talent (Bryans, 2011). The Commission continues to invest in whole-of-sector traineeship and cadetship programs for Aboriginal Australians and people with disability. During the year, 51 Aboriginal trainees and three university cadets commenced programs. We also provided four university cadetships to people with disability, along with opportunities for four school-based trainees and five full-time trainees with a disability. Ensuring these people are retained in the sector assists with diversifying the talent pipeline for the future.

A graduate officer's journey

Lindon McKenna commenced his career in the public sector in 2011 as the inaugural graduate of the Integrity Coordinating Group's (ICG) graduate program. The two-year program involved rotations at the Office of the Auditor General, the Public Sector Commission, the Corruption and Crime Commission and Ombudsman Western Australia.

'I valued being responsible for meaningful and challenging work, guided by experienced supervisors, in eight business areas during the program. I gained valuable insight into the important role the oversight agencies play in the WA public sector integrity framework,' Lindon said.

Near the end of the graduate program Lindon was appointed Senior Project Officer at Ombudsman Western Australia. This diverse role supports the governance, policy, research, reporting, and communications activities of the office. In November 2016, he was appointed Principal Project Officer.

'Now as the senior officer of the team, I manage communications programs and complex projects, provide guidance to other team members, and

support the Ombudsman, Deputy Ombudsman and Director Research and Projects in a fast-paced and varied working environment. I continue to apply my experiences in the graduate program to my work, including the integrity principles that all agencies can apply to help build public trust in the public sector,' Lindon said.

The ICG is an informal collaboration of Western Australia's core public sector integrity institutions, the Office of the Information Commissioner, Corruption and Crime Commission, Office of the Auditor General, Office of the Ombudsman and Public Sector Commission.

The ICG aims to promote policy coherence and operational coordination through increased public awareness, workplace education and prevention, and advice on a range of relevant integrity issues. The ICG graduate program continues and is now into its seventh year. Three graduates have successfully completed the program, and each graduate was retained within their home agency. The fourth graduate is currently almost halfway through the program.



In focus | Integrity assurance

Review of public sector recruitment performance

In 2016, the Commission engaged Ernst & Young to conduct an assessment of recruitment performance across seven public sector agencies. The review focused on the effectiveness of recruitment, talent acquisition processes and whether current practices are conducive to creating a more skilled and diverse workforce. The Commission was particularly interested in quantifying two important, baseline human resource metrics: time and cost to fill a vacancy.

The review assessed the human resource policies, plans and procedures of seven sample agencies, which varied in size, workforce and business context.

Field work revealed that recruitment capability varied widely. The sample agencies all had unique workforce challenges and responded to these challenges in various ways.

While based on a small sample of agencies, observations and themes from the review are likely to be applicable across the public sector. Generally, the public sector does not exhibit the level of maturity in process and practice seen in best-practice private sector organisations. When representatives from sample agencies self-assessed agency maturity around seven key metrics, they consistently rated themselves higher than Ernst & Young's assessment.

Six key themes were identified from the review:

- **Transactional support:** human resource units deliver a largely transactional recruitment service focused on administration, rather than a strategic focus.
- **Diversity:** the importance of diversity is understood, but strategies to drive a diverse workforce are yet to be truly established.

- **Candidate assessment:** methods are rigid and techniques could be contemporised.
- **Data and systems:** better data capture processes and systems would help drive talent acquisition.
- **Risk aversion:** mitigating the risk of a breach of the Employment Standard is driving behaviours and processes, sometimes at the expense of good outcomes.
- **Silo effect:** the sector would benefit from better knowledge sharing to avoid duplication and promote better sector-wide outcomes.

Certain structural, cultural and behavioural barriers meant sample agencies were unable to accurately quantify the recruitment metrics of time and cost to fill.

The review revealed areas of good practice do exist in the sector and this is driving successful talent acquisition. Some agencies are executing contemporary practices, particularly around pool and large-scale recruitment. Targeted candidate sourcing through employee referral schemes, university campus recruiting and online talent platforms are being increasingly used. It was noted human resource practitioners have an improvement mindset and aspired to move beyond transactional services to become strategic business partners.

Agency-level opportunities

All public sector agencies should take action in the following areas to improve recruitment and talent acquisition outcomes.



Enabling culture

Create an enabling culture aimed at realising best practice and selecting the best candidate

Collaborate with peers

Share knowledge and best practice between agencies

Strategic focus

Realign and refocus recruitment responsibilities towards a specialised and strategic supporting role

Adapt for diversity

Attract and accommodate diverse applicants

Streamline processes

Reduce process requirements for applicants and panel members

Measure success

Increase importance of capturing recruitment metrics to drive talent strategy

Stay connected

Maintain candidate communities and retain connections with prospective talent

Develop talent

Utilise existing talent and reduce reliance on external human resource practitioners

Continuous improvement

Survey all candidates to assess process effectiveness and identify improvement opportunities

Did you know?

14%

of public sector agencies reported having a formal, documented talent identification/management strategy, with a further 33 per cent reporting they had an informal one. Of the 47 per cent of agencies who had a talent identification/management strategy, the top two reasons it was used was to develop high potential/performing employees (62 per cent) and building capability for critical roles (58 per cent).

52%

of public sector employees agreed recruitment and promotion decisions in their organisation are fair and 58 per cent agree their organisation recruits people with the right skills for the job.

Our analysis

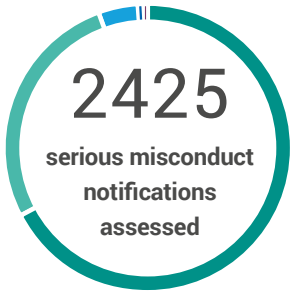
The data suggests leaders and Chief Human Resource Officers have more work to do in developing contemporary, best practice policies and processes for recruitment and talent acquisition.



Our reports are available on the [Reviews](#) page of our website

Integrity and conduct at a glance | 2017

Serious misconduct



- 1633 notified by notifying authorities (67%)
- 661 reported by individuals (27%)
- 107 referred from the Public Sector Commission (4%)
- 15 notified as reviewable police action (1%)
- 9 propositions of alleged serious misconduct made by the CCC (less than 1%)



- 2953 no further action taken (60%)
- 1880 referred to an appropriate authority or independent agency for action (38%)
- 59 investigated by the CCC (1%)
- 37 preliminary investigations conducted by CCC (1%)
- 10 assessments ongoing (less than 1%)

Source: Corruption and Crime Commission (CCC)

Minor misconduct



Source

- 362 notified by principal officers (68%)
- 172 reported by individuals (32%)



Action

- 389 referred to the authority (40%)
- 184 referred to an appropriate third party (19%)
- 40 investigated by the Commission (4%)
- 278 no actions required (29%)
- 78 assessment ongoing (8%)



Outcome

- 68 employment terminated (35%)
- 75 training, counselling or other improvement action mandated (39%)
- 45 not terminated but other sanction applied (23%)
- 6 no sanction applied (3%)

Discipline/breaches of ethical codes



- 50 Universities (3%)
- 602 Local governments (35%)
- 307 Other Schedule 1 (18%)
- 33 Boards and committees (2%)
- 733 Public sector agencies (42%)

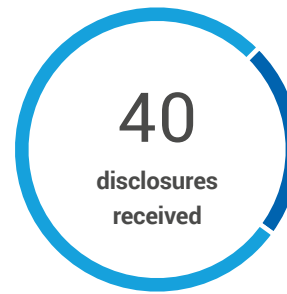


- 27 Universities (2%)
- 459 Local governments (36%)
- 226 Other Schedule 1 (18%)
- 35 Boards and committees (3%)
- 511 Public sector agencies (41%)



- 966 training, counselling or improvement (69%)
- 170 termination of employment (12%)
- 63 other sanctions applied (4%)
- 207 no sanctions applied (15%)

Public interest disclosure



- 9 were assessed as appropriate under the PID Act (23%)

There are 540 public interest disclosure (PID) officers across the sectors

Grievances



- 122 authorities completed formal grievance cases
 - 75 dealt with interpersonal conflict
 - 63 dealt with bullying
 - 57 dealt with inappropriate personal behavior
 - 22 dealt with discrimination
 - 45 dealt with other types of grievances
- 245 authorities did not have formal grievance cases

* each grievance lodged may contain multiple allegations

Breach of standard claims (public sector only)



- 98 dealt with by public sector agencies (52%)
- 90 dealt with by the Commission (48%)

0 breaches substantiated

Integrity and conduct

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Positive culture

Organisational culture is the shared values and beliefs that guide how members of an organisation approach their work and interact with each other. It is expressed and manifested through the behaviours, customs and practices these members collectively display (VPSC, 2013). While human resource teams are often assumed to be the custodians of organisational culture, leaders, employees, the community and other stakeholders all have a role in shaping culture.

Culture, engagement and public trust

A functional culture is one with strong alignment between employees' individual values and the values the organisation requires to succeed (VPSC, 2013). Survey data reveals values alignment is strong, with 87 per cent of public sector employees agreeing their personal values align with their organisation's values, providing an indication cultures are generally positive.

Many authorities are moving beyond simple compliance with ethical codes, to developing a clear value proposition as a means of establishing culture. Sixty-one per cent of public authorities reported having established a distinct set of corporate values, separate to the Code of Conduct. Of the authorities that provided a sample of their values (outlined on the next page), a consistent theme was reflection of the core principles of public service—integrity, excellence, honesty and accountability. Values relating to social responsibility and community purpose were also common inclusions.

Strong values alignment is a factor that influences employee engagement. Beyond simply stating the values, 48 per cent of public sector agencies advise they assess the alignment of a candidate's personal values and the agency's in recruitment and selection processes. It appears agencies could use values alignment more proactively to gauge 'organisational fit' during pre-employment.

Survey data shows, and research supports, leaders and those earning higher salaries tend to have a more positive view of organisational culture than those earning less. This is because leaders have the ability to set the agenda, are generally first to receive crucial information and are in control of what information they communicate (VPSC, 2013). Leaders should not only rely on their own perceptions of culture, but use observation, judgement and intuition—along with tools such as employee surveys and performance management processes—to get a true sense of the authority’s culture.

Functional workplace cultures are those which invest in employees in the short and long term, in ways that go beyond salary and formal entitlements (Speiglman, 2017). Encouraging physical and mental wellbeing and enabling employees to achieve work/life balance is an important aspect of functional culture in modern workplaces. Data shows 70 per cent of employees agree their organisation is committed to health and wellbeing and 73 per cent agree their organisation supports them to achieve a suitable work/life balance.

Positive cultures are also likely to impact on employee retention. Authorities are more likely to retain employees where they visibly invest in their future through professional development.

Complementary workplace cultures which aim to reconcile conflicts between employees’ professional and personal development, are those most likely to retain quality people (Speiglman, 2017). Seventy-three per cent of employees reported they have no plans to leave their organisation within the next two years.

When organisational cultures are dysfunctional, staff become disengaged, and serious underperformance becomes a risk (VPSC, 2013). When employees cannot see how their values align and how their work contributes to the organisation, it will most likely show as a lack of motivation and level of disengagement. Disengaged employees typically take up a disproportionate amount of leaders’ time in managing unacceptable behaviour which may include unscheduled absences, interpersonal conflict and lower productivity leads to presenteeism. Encouragingly, 92 per cent of public sector employees agree they understand how their work contributes to their organisation’s objectives.

Ultimately, an organisation with a dysfunctional culture is at a higher risk of failing in its role by neglecting the expectations of its stakeholders and those that rely on the service it provides (VPSC, 2013). This can also have serious consequences in relation to maintaining public trust and integrity, and implementing change.

Professionalism
 Cost-effective Diversity
Accountability Innovative Resilience
 Positive Team work Justice
 Transparency **Integrity**
Excellence Respect Ethical
 Creative Sustainability Diligence
 Courage Partnerships
 Adaptable **Honesty**

‘Organisations with functional cultures generally have greater capacity to manage risk, uncertainty and ambiguity, have more positive organisational reputations and deliver services to a better standard.’

Victorian Public Service Commission, 2013, Organisational change: an ideas sourcebook for the Victorian public sector.

Culture and integrity

Integrity is knitted into the fabric of public sector culture by public officers demonstrating integrity mindfully as individuals through decision making and business practices, and in interactions with others (Eccles, 2017).

Strong ethical leadership continues to be paramount in developing a high-integrity culture. Senior leaders who occupy positions of trust must set the tone from the top in demonstrating the highest standards of integrity and modelling integrity values. Survey results show 73 per cent of public sector employees agree their senior leaders lead by example in ethical behaviour, and 85 per cent agree their immediate supervisor demonstrates honesty and integrity. Research also suggests that integrity values can improve on the job performance, resulting in more timely services, and better treatment for the community (Nolan-Flecha, 2017).

A hallmark of a high-integrity culture is an environment where employees are encouraged, and feel comfortable, to report unethical behaviour. Seventy per cent of public sector employees agree their organisation encourages employees to report unethical behaviour, with 67 per cent saying they feel comfortable to report it. However, of those employees reporting strong perceptions of ethical culture, only around two-thirds who had witnessed unethical behaviour reported it.

Creating a culture that encourages 'speaking up' is not always easy to achieve. Organisations often struggle to create and embed 'speaking up' behaviour as the hallmark of a trust culture where raising issues is seen to benefit the whole organisation, and so is the natural thing to do (Managing Values, 2017). Authorities should clearly establish the business case for a culture that supports 'speaking up' as good for business and employees. There also needs to be further consideration of the consequences for internal reporters and how they are supported within the authority following reporting.

Poor culture can cause mediocrity to flourish, 'good enough' can become normalised, and lax processes and cutting corners become acceptable. Cultural dysfunction can lead to poor leadership decision-making. When the values of employees and leaders are not aligned with organisational values, it becomes more likely important information is missed or ignored (VPSC, 2013). In allowing a poor culture to prevail, authorities run the risk of failing in their role to meet the expectations of the community, and jeopardise public trust.

Culture and change

Significant, sector-wide structural change, or more local change may be the motivation to reassess or refocus on organisational culture. An organisation's culture should be assessed and considered on a

daily basis. Even strong functional cultures can be eroded rapidly in times of significant change, and even more so when change is poorly managed.

Sustainable cultural change requires consistency, mindfulness and perseverance. One of the express objectives of the Government's renewal agenda is to 'change the culture of the public sector'. While this will encompass many aspects of public sector behaviour it is principally about improving the sector's customer focus, becoming less risk averse and being more willing to be an early adopter of new ways of service delivery.

It could be argued a sector-wide culture of serving the public interest in an efficient way underpins what it means to serve the public, and is already strong. With a desire to change culture, the sector will need to be mindful of retaining a focus on the core principles of public service. It will also need to understand what the new culture is supposed to be while recognising that existing cultures are deeply embedded and may be difficult to change.

There are challenges in bringing organisations with different cultures together through structural change. This can result in significant dissonance and altered behaviour. For example, uncertainty around individuals' employment status may lead to employees being less confident in speaking up, and a creeping culture of turning a blind eye to wrongdoing.

Employee insights

Conduct, integrity and reporting unethical behaviour



Ethical leadership

87% agree their organisation is committed to and actively encourages ethical behaviour

73% agree senior leaders in their organisation lead by example in ethical behaviour

85% agree their immediate supervisor demonstrates honesty and integrity in the workplace



Reporting unethical behaviour

70% agree their organisation encourages employees to report unethical behaviour

67% feel comfortable to report unethical behaviour

47% agree their organisation deals effectively with unethical behaviour



Workplace bullying

58% say they are aware of their agency providing support for employees who have experienced workplace bullying

10% say they have experienced bullying in the last 12 months

Our analysis

People with disability are more likely to disagree their organisation is committed to ethical behaviour, and are more likely to have witnessed unethical behaviour.

Aboriginal Australians and **people with disability** are more likely to have witnessed discrimination or harassment.

People with disability are more likely to feel they have been subjected to bullying, followed by **Aboriginal Australians**:

- For people with disability it is mostly through teasing and practical jokes and deliberate changes to rosters and leave.
- For Aboriginal Australians it is mostly through excluding or isolating from others and deliberate changes to rosters and leave.

Employees aged 24 and under and **65 and over** are less likely to witness unethical behaviour.

Employees in **senior roles** (earning \$150 000 and above) are most comfortable to report unethical behaviour.

Mid-level employees (earning \$85 000 to \$149 999) are less likely to agree their organisation deals effectively with unethical behaviour.



For more data from the 2017 Employee perception survey, see the [State of the sectors statistical bulletin 2017](#)

In focus | Integrity assurance

Working to prevent and manage bullying in public authorities

For public authorities to optimise their efficiency and effectiveness it is important that appropriate behaviour of employees is encouraged, and actions are taken to prevent and manage inappropriate behaviour.

In early 2017, the Commission engaged KPMG to conduct a review to evaluate current practice in managing and preventing workplace bullying across six Western Australian public authorities. Analysis of the Commission's survey data and reported cases of alleged bullying in some public sector agencies, indicated a review was timely and appropriate.

The review sought to evaluate arrangements to:

- prevent bullying
- manage alleged bullying incidents when they occur.

The definition of, and behaviours that constitute, workplace bullying are not universally accepted or clear, however the common elements are:

- repeated, unreasonable behaviour
- directed towards a worker or group of workers
- that creates a risk to health and safety.

KPMG identified seven elements as key to creating a robust environment to prevent and manage unacceptable behaviour, including bullying.

The sample authorities were assessed in terms of the maturity of their arrangements against these elements.

Observations & suggestions for improvement

From KPMG's work, eight observations and suggestions for improvement were considered applicable across all public authorities:

1 Authorities tend to focus behaviour management on certain elements rather than holistically

Few authorities appeared to have a balanced focus on all the elements contributing to effective behavioural management.

Authorities should consider the impact of culture, leadership and behaviour in balance with structured policies and procedures.

2 Tone from the top matters

Some leaders were more proactive and transparent than others in demonstrating tone from the top.

Leaders should 'back up' value statements articulating their personal commitment against bullying.

3 Effective performance management assists in minimising real and/or perceived bullying

All authorities had a structured performance management process, but managers and staff need clarity on what is considered effective performance management and what is bullying.

Managers should ensure that performance feedback is delivered appropriately; in a timely manner; is clearly linked to an employee's role; and is balanced between addressing behaviours and results.

4 Proactively considering the management of change as it impacts upon behaviour matters

Poor change management planning, frameworks and immature capability can lead to an increase in bullying.

Change management planning should be formalised and leaders need to consider communication, resourcing and support mechanisms for staff.

5 Appreciation of situational risk factors can be enhanced

Situational factors often significantly contribute to the prevalence of perceived or actual instances of bullying, and capacity to address them was mixed.

Authorities should assess the risk of bullying in a structured way, and develop tailored short and long-term strategies to manage it.

6 Learning and development can be enhanced

Induction training typically does not guide managers on how to identify bullying and manage incidents. Refresher training is also relatively uncommon.

Relevant ongoing training should include guidance for managers on identifying and managing potential incidents of bullying. Where practicable training should draw on situational risk factors identified.

7 Support from human resources functions can be strengthened

The role the human resource function plays in managing and preventing bullying varies greatly.

Authorities should consider building the capacity of human resources in this area as well as building broader organisational capability to manage and prevent bullying.

8 Policies and procedures can be enhanced

Authorities' documentation should provide explicit references around bullying and be made readily available to all staff.

Policies and procedures should clearly step out the boundaries of acceptable behaviour and clear channels for reporting.



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Robust governance

Good governance is about the processes for making and implementing decisions. It is not necessarily about making ‘correct’ decisions, but about the best possible process for making those decisions (VLGA, 2016).

The multifaceted accountability and oversight framework public authorities operate within provides the community with a degree of trust and confidence in authorities. People are more likely to have confidence in authorities, if they can be assured public officers are acting in the public interest and decisions are being made with integrity and transparency. Having robust governance structures, and ensuring these processes are implemented and practiced within an authority requires vigilance and a continuous improvement approach so trust is sustained.

‘The integrity of our systems and our people is critical to building trust. And when our standards of integrity are not upheld, public trust quickly unravels.’

Eccles, C., 2017, Governing in an era of distrust.

Relationships between Ministers and senior leaders

Governance in a public sector context has several dimensions—one of the most important is the relationship between a Minister and the Director General or Chief Executive Officer (CEO) of a public sector agency. An agency’s relationship with Government, must be clearly and transparently articulated to prevent any undue influence in administration, and to ensure policy decisions and strategies can be quickly implemented. This is achieved through CEO performance agreements.

As a result of structural change in the public sector, there will be a new key performance indicator and performance assessment model as Government implements its policy to link CEO remuneration to outcomes. These new governance arrangements will take some time to implement, particularly where significant collaboration and cooperation will be required to achieve outcomes. All parties to these agreements will take time to adjust to these new processes.

Another formalised governance arrangement between a Minister and agency is through communication arrangements, required under the PSM Act. These arrangements need to be current and contemporary, taking into account new portfolio arrangements and the dynamic and responsive nature of work.

Communication arrangements need to be real tools—beyond simple compliance—to guide these important relationships in a complex environment.

The structural change has also brought multiple-Minister accountability in many amalgamated departments for example, one new Director General now reports to five Ministers. This has significant implications for effective governance.

Relationships between boards or councils and senior leaders

Some public sector leaders and all leaders in local governments, public universities and government trading enterprises have accountability to a governing board or council. Again, these governance arrangements require clear definition and articulation through charters, ethical codes, governance frameworks and decision-making procedures. This articulation ensures the board or council can appropriately shape, enable and oversee the authority’s management.

Corporate executive groups

The corporate executive team is generally a team of senior leaders who have responsibility for both the day-to-day tasks of running an authority and its strategic direction. The success of the executive depends on the willingness and ability of the entire group to address not just their individual functional responsibilities, but also their collective responsibility. Only senior leaders can rise above the details of the business, recognise emerging patterns, make connections, and identify points of maximum leverage for action (HBR, 1995).

Corporate executive groups, and the policies and processes they set and monitor, are a critical part of public authorities' governance arrangements. With structural changes in the public sector, the governance framework in amalgamated departments will be emerging, as mature structures, and policies and processes from pre-existing agencies are replaced with immature ones. Research suggests for new executive teams, those that are most effective will initially focus on working together to get early results in their efforts to deal with important business issues and then reflect together on the manner in which they did so, therefore discovering how to function as a team (McKinsey, 2001).

Governance and integrity

The ultimate aim of a government is to safeguard public interest through an efficient and effective governance system that enhances the protection of rights, and demonstrates accountability and integrity in its daily activities and from its public officers (Mutula and Wamukoya, 2000). Management's commitment to integrity and setting the tone from the top is an important precondition for strong engagement, culture and decision making. Forty-three per cent of public sector agencies report integrity and conduct-related matters are standing items on the corporate executive agenda, and over half (53 per cent) say oversight of integrity and conduct-related matters lies with the CEO. While management commitment is important, all public officers have a role to play in upholding the authorities' governance frameworks by following policies and processes and practicing appropriate behaviours.

Ethical codes

Ninety-three per cent of public sector employees surveyed reported being familiar with their agency's Code of Conduct—a foundational governance tool. This is unsurprising as 81 per cent of public authorities reported requiring employees to read and sign a declaration of commitment to the code either during pre-employment or induction, and a further

40 per cent of authorities require sign off when the code is updated. Six per cent of authorities never require employees to acknowledge the code.

While familiarity is high, only 60 per cent of public sector employees surveyed said they had read or referred to the code in the past 12 months. At the same time, 69 per cent of employees say senior leaders regularly communicate the importance of ethical behaviour. This suggests authorities and leaders have more work to do in promoting the code as a practical tool for guiding behaviour.

All public sector agencies report having a code, as required by *Commissioner's Instruction No. 8 – Codes of conduct and integrity training*. Two-thirds (66 per cent) of agencies reported completing a formal review of the code in the past two years, with 12 per cent not having updated the code for more than two years. Sixty-four per cent of other authorities report completing a formal review in the last two years. The Commission recommends authorities update their code every two years to keep pace with changes in legislation and other instruments, reflect emerging integrity risks and community attitudes.

As codes are not uniformly mandatory in other authorities, eight per cent indicated they had no Code of Conduct, potentially making developing a high-integrity culture more difficult.

In the past year there were 1725 discipline processes completed in public authorities. These processes looked at 2349 allegations of unethical behaviour and 1258 allegations were determined to be a breach of discipline. The community should be confident that authorities have the required mechanisms, and capability, in place to deal with instances of unethical behaviour when they arise. The fact that 1091 allegations were not substantiated, but were effectively and appropriately managed within authorities, is a positive outcome for the sectors.

Performance management

Effective governance relies on engaged employees who understand what is required and expected of them. Employee’s clearly knowing where their role fits within the broader organisational framework can help to avoid problems emerging from lack of clarity (Governance Directions, 2015). As workforces become more dynamic, regular and structured, performance management enables managers to ‘check in’ with employees to clarify roles and expectations. Sixty-seven per cent of public sector employees surveyed (who were employed at their agency for over 12 months) reported having at least one performance management meeting with their direct supervisor. Of those, 71 per cent reported expectations of appropriate behaviour in the workplace were discussed.

Only around half (53 per cent) of public sector employees perceived their immediate supervisor dealt appropriately with under-performance. Having difficult conversations about poor performance remains a capability challenge for leaders and managers, and requires further attention across the sectors.

Governance is reinforced through strong leadership (Governance Directions, 2015) monitored through robust performance management processes between CEOs and Tier 2 leaders. Two-thirds (66 per cent) of public sector agencies reported integrity and conduct-related matters were discussed between senior leaders during formal performance management discussions.

74% agree their immediate supervisor provides them with regular feedback about their performance

50% of public sector agencies reported 60 per cent or more of their staff had documented performance management meetings over the last year

Why is performance management essential?

- ✓ It supports the authority and its employees achieve organisational goals
- ✓ It is a mechanism through which the authority can systematically improve organisational performance by aligning individual, team and authority objectives
- ✓ When undertaken effectively, it can assist employees to understand what they do well and clearly identify how they can improve their performance
- ✓ When employees are committed and performing to their full capabilities, the authority will be able to function most effectively



For more information visit [Performance management in the public sector](#) on our website

Public interest disclosure

Processes for encouraging and protecting employees to speak up about wrongdoing and integrity concerns are vital to integrity and good governance systems in organisations (Griffith University, 2017).

Sixty-one Western Australian authorities contributed survey responses to the latest joint research initiative by Griffith University's Centre for Governance and Public Policy and the Australian Research Council into public interest disclosure (PID) practice in Australia and New Zealand.

Running from 2015 to 2019, 'Whistling While They Work 2: Improving managerial responses to whistleblowing in public and private sector organisations' (WWTW 2) builds on its 2011 predecessor 'Whistling While They Work' by exploring the adequacy of organisational responses to whistleblowing.

The 2011 research found that Western Australian public authorities ranked third behind the New South Wales and Australian public services in having comprehensive PID procedures (Griffith University, 2017). This year, 69 per cent of authorities reported having published PID procedures and 91 per cent have at least one designated PID officer to receive disclosures. Authorities use a variety of methods to identify and select PID officers as outlined to the right. Authorities should ensure they meet legislative requirements by ensuring appropriate internal procedures are in place to manage a potential disclosure.

Results from the survey conducted as stage 1 of the WWTW 2 project show that in terms of supportive organisational responses to whistleblowing, there is room for improvement. Australian public sector jurisdictions provide the strongest frameworks for blowing the whistle without serious personal consequences compared to the private or not-for-profit sectors. Seven Australian public sector jurisdictions—including Western Australia—performed better than the average across five key dimensions described as: incident tracking; support strategies; risk assessment; dedicated support; and remediation (Easton, 2017). Commission survey data reveals there appears to be a lack of formal practice to support people who speak up.

When asked about follow-up mechanisms after an employee reports unethical behaviour, only seven per cent of public authorities said they surveyed or interviewed reporters after the process, four per cent track any changes to the reporter's position or contract, and only five per cent track the reporter's use of leave entitlements following reporting. Survey data and research findings suggest there is an opportunity for public authorities to more closely monitor the welfare, wellbeing and engagement of internal reporters after exposing unethical behaviour. This in turn may assist with normalising a 'speak up' culture within public authorities.

How public interest disclosure officers are identified and selected

- 1 **From working in positions of trust, such as Chief Finance Officers or legal counsel**
- 2 **Having particular knowledge, skills or qualifications, such as investigators or auditors**
- 3 **Because they report directly to the CEO or governing body**
- 4 **Through self-nomination**
- 5 **Nominated by managers**
- 6 **From working in high-risk line areas**

Department of Health reform providing better governance and accountability

The *Health Services Act 2016* came into effect on 1 July 2016. The new legislation created five Health Service Providers as separate statutory authorities, governed by boards, which are legally responsible and accountable for the oversight of hospital and health service delivery in the region. The legislation also established the Department of Health as the 'system manager', responsible for the overall management, performance and strategic direction of WA Health.

The department took a proactive approach to managing the change and devolution of governance arrangements to the Health Service Providers. This included establishing a reform team, developing a specific induction program for board members and providing central support while transitioning responsibility for notifying misconduct under the *Corruption, Crime and Misconduct Act 2003* (CCM Act).

Proper planning is integral to identifying and addressing risks associated with change. Induction programs, like the one developed for the boards, assists in building ethical capability. Induction programs also provide an opportunity to clarify roles and expectations—ensuring everyone is on the same 'ethical page'. Health's induction drew on the expertise of integrity bodies such as the Public Sector Commission which provided advice to the reform team on governance arrangements. The Public Sector Commissioner also personally presented at all five board inductions, where he provided an overview of the public sector accountability framework and his role under the CCM Act.

WA Health governance reform

4 areas of reform were undertaken to modernise the governance of WA Health to enable greater accountability and decision-making closer to service delivery and patient care.

The *Health Services Act 2016* commenced operation 1 July 2016, replacing the *Hospitals and Health Services Act 1927*

A **functional review** and readiness assessment of non-clinical functions was undertaken

The Department of Health was established as the '**system manager**'

Health Services and Health Support Services were established as **Health Service Providers**

What are the **benefits**?

Improved accountability and transparency to the community

More responsive, flexible and innovative health services to the community

Greater assurance of safety and quality of health services

A more sustainable health system

Source: Department of Health, 2016.

Strong capability

Capabilities are the knowledge and skills that employees need to perform their roles effectively, to drive organisational performance and meet strategic objectives (Elias, 2016).

Workforce capability is not a static resource, rather it is dynamic and shaped by the changing nature of work and the community. Contemporary public sector capability is about having the skills to navigate an increasingly complex political, technological and demanding environment, and therefore can impact on the public's trust in public authorities. During change, authorities are vulnerable to being more reactive than proactive, and the need for strong employee capability to manage this within the existing workforce is paramount.

Leadership

Leadership 'bench strength' has never been more important in light of the structural and policy changes around SES officers currently being experienced in the public sector.

In times of change, leaders face a complex challenge which is double-edged: leadership to continue to deliver high quality services to the community; and leadership to give effect to complex change. Striking the right balance between competing priorities is critical. Leaders also need to remain vigilant about the subtleties of workplace culture, employee

engagement and accountability during these times to ensure the overall 'good health' of the workforce during change.

Developing consistent capability of leaders and emerging leaders should continue to be a high priority for the sectors. This is partly being assisted by the Commission's success profiles and guidelines for measurement. A more consistent approach enables improved collaboration, coordination and provides a level of certainty required for strategic workforce planning in the future.

Middle managers

Recent management research shows the quality of middle managers is fundamentally linked to organisational performance and employee engagement. However, managers promoted through the system are often unprepared to handle the complexities of people management, and require support in order to be prepared accordingly (OECD, 2016).

Continued, strategic investment in current middle managers and supervisors is required to ensure teams, who are primarily responsible for service delivery, thrive and remain engaged.

Employee insights



Managers and supervisors

82% agree their immediate supervisor clearly communicates what is expected of them

79% agree their immediate supervisor seeks and considers their views about decisions that directly affect them

73% agree their immediate supervisor has good people management skills

53% agree their immediate supervisor appropriately deals with employees who perform poorly

Our analysis

Research shows perceptions about an employee's direct manager or supervisor has the greatest impact on their level of engagement (Beck and Harter, 2015). The 2017 EPS data shows strong perceptions about managers and supervisors.

Corporate services

Many positions of trust within the sectors are in corporate services areas, for example Chief Human Resource Officers, Chief Finance Officers, Chief Information Officers and senior governance practitioners. These public officers are the custodians of governance frameworks and are arguably, the 'engine room for change'.

Structural reforms in the public sector will see changes in the composition and capability profile of corporate services units. Agencies need to consider the strength of corporate services' capability to ensure the high-risk functions they manage do not become vulnerable to lax or unethical practices.

Capability as a priority during financial constraint

Learning and development initiatives should be a priority to take advantage of the opportunities change brings, and to effect it well. Despite the financial constraints facing authorities, it is imperative they continue to develop and invest in employees to deliver real returns not only in increased capability, but also improved employee engagement.

Capability and ethical decision making

Regular, customised training in integrity and ethical practice for all employees, and a strong value proposition that promotes inherent integrity and ethical conduct, are essential tools in developing and maintaining a high-integrity culture.

All employees in the public sector must complete Accountable and ethical decision making (AEDM) training in accordance with *Commissioner's Instruction No. 8 – Codes of conduct and integrity training*. Emphasising a connection between the Code of Conduct and ethical training is paramount to embedding integrity into day-to-day decision making. Eighty-nine per cent of public sector agencies reported their AEDM training is aligned with the themes of their code.

Public sector agencies reported two-thirds of their current workforce (94 235 employees) participated in AEDM training in the past five years. In other authorities where ethics training is not mandatory, of those that had available data, 31 per cent said between 80 and 100 per cent of their staff have participated in ethics training over the last five years.

Authorities should focus on ensuring employees complete ethics training early in the employee life cycle, as this sets clear expectations for dealing appropriately with ethical dilemmas.

Employee insights



Capability and career development

85% agree they can make full use of their skills, knowledge and abilities to do their job

54% agree to being satisfied with opportunities to progress their career in their current organisation

72% agree training and development opportunities are available to all employees in their workgroup

Our analysis

Employees in senior roles (those earning \$150 000 and above) overwhelmingly agree with these statements, where mid-level employees (those earning between \$85 000 and \$149 999) were less likely to agree with them.

Building specialist capability

In March 2017, the Commission sponsored five senior integrity leaders to attend Strategic Responses to Corruption, an executive workshop delivered by the Australian and New Zealand School of Government (ANZSOG) in collaboration with the Independent Commission Against Corruption (ICAC) NSW. This initiative continues our strong partnership with ANZSOG and our continued engagement with our anti-corruption counterparts across the jurisdictions.

The four day workshop was held at the Macquarie University Graduate School of Management in Sydney. The biennial workshop are for executives and managers with operational responsibility for work areas vulnerable to corruption.

Tony Hassall, Acting Corrective Services Commissioner, attended the workshop said the cycle of learning, reflecting and staying up to date with contemporary approaches and best practice never stops, and in his role as the Commissioner he was always looking for ways to continually improve on Corrective Services' delivery to the community.

'The reach of our work at Corrective Services is extensive towards our aim of safe, secure and just offender management. Strong and strategic responses to corruption are not only required in our internal systems and operations, but also in our close working relationships with authorities such as the Public Sector Commission, Corruption and Crime Commission, Office of the Inspector of Custodial Services, the State Coroner and the Prisoner Review Board,' Mr Hassall said.

While perceptions of a lack of integrity in the corrections environment has dire consequences for the public's trust its capability, Mr Hassall said, as an organisation, its purpose is predicated on maintenance of strong public trust in established processes and the rule of law.

'I am grateful to the Public Sector Commission for providing me with the valuable opportunity to participate in the ANZSOG/ICAC workshop in Sydney and for facilitating my attendance.'

'I have taken insights from the workshop and shared them with our team in the conduct and standards unit. It was a helpful reminder that we can't be complacent about our approaches to managing integrity and conduct related matters in our workforce,' Mr Hassall said.

Building capability in our leaders

5 senior integrity leaders were sponsored by the Commission to attend an executive workshop, delivered by ANZSOG in collaboration with the ICAC.

Program **benefits**

At the conclusion of the workshop participants come away with:

- an understanding of the main elements of the control environment, their impacts on corruption prevention and how they integrate
- a deeper awareness of what may motivate corrupt conduct and how they can use motivation to create positive change
- an understanding of the corruption prevention implications of organisational structures and boundaries
- comprehension of the controls inherent in tight operational arrangements, such as best-practice processes and performance metrics
- the ability to analyse operational arrangements for efficiency and effectiveness, identify points of weakness and the potential for corruption.

Source: Australian and New Zealand School of Government, 2017.

Generalist vs specialist capability

The sectors will always require technical experts, who are highly qualified in their field, to develop policies for—and deliver programs to—the community. However, generalist or ‘soft’ skills such as relationship management, teamwork, negotiation, stakeholder engagement, conflict resolution and adaptability form a valuable skill set that should be developed across the board.

As engagement with the private, not-for-profit and media sectors increase, public authorities cannot afford to lag in required generalist skills and capabilities. Ensuring the workforce is ready to take this challenge is critical in maintaining public trust, excellence in service delivery and conforming to recognised best practice (Donaldson, 2017). Change can also offer valuable opportunities to develop specialist capability. For example departmental amalgamations can facilitate the centralising of specialist functions such as forecasting and strategic workforce planning leading to the development of this increasingly relevant and valuable skill set (Victorian Government, 2016).

Specialist investigation training

As part of its misconduct prevention and education function, the Commission provides specialist investigation training to public officers with responsibility for conducting investigations across the sectors. The training provides participants with recognised competencies required to conduct investigations under a range of powers. On completion, participants receive a nationally accredited qualification, Certificate IV in Government (Investigation). For officers who oversight investigations, the Commission also funds the Diploma in Government (Investigation) course.

This year the Commission surveyed those who participated in the Certificate IV training over the last two years to gauge their experiences. Of the respondents, 85 per cent reported they had completed the program and received their certificate, and 72 per cent have conducted an investigation since completing the course. Also, 96 per cent of participants reported the course assisted with their understanding of the legislative framework for conducting investigations.

Respondents were positive about the capabilities they developed and/or improved during the course. Planning and initiating an investigation was the capability respondents reported believing had most improved, but for most, capability improvements were seen across the board.

More broadly respondents also identified improved capability or knowledge in the following areas:

- Improving resources and processes for internal investigations.
- Differentiating between minor and serious misconduct.
- Investigating conduct from a misconduct, human resource and general perspective.
- Communication strategies.
- Documentation processes.

Following the course, respondents advised there was now a process in place at their authority—previously not in place before the course—where multiple representatives from one authority had participated, there was improved consistency of process.

Most encouragingly, 76 per cent of respondents rated themselves as confident in conducting an investigation as a result of the course.

Improving processes and decision making in administrative investigations

Public authorities have indicated sending employees on the Commission's Certificate IV in Government (Investigation) course has saved them financially by utilising and developing in-house talent to conduct internal investigations, reducing the need to use external consultants.

Crystal Fripp, the Shire of Esperance's Human Resources Officer, found the Certificate IV in Government (Investigation) training to be a great benefit in her role as a HR Officer.

'My skills and confidence in conducting an internal investigation have increased as a result of participating in this training. I have since been involved in conducting workplace investigations and found the processes and techniques I learnt in the program were very useful, relevant and have improved the quality and record keeping of my investigations,' Crystal said.

Crystal liked the fact that the training included a good balance of theory and practical components, and highly recommend the training for other local government officers.

Lee Gyomorei, City of Canning's Governance and Compliance Supervisor has over 20 years local government experience, in both metropolitan and regional areas, and said undertaking the Certificate IV was a great opportunity for her to consolidate existing skills and capabilities with a formalised qualification in this area.

'The course has complimented my existing credentials, and completing the certificate has provided me with a renewed approach to my role in governance and compliance. It has also enabled me to establish more formalised processes which provide for planning, accountability, understanding, and above all, procedural fairness for all parties. Presentation of the course content is to be complimented, and has provided me with the desire to pursue further education in this field,' Lee said.



In focus | Integrity assurance

Integrity checking in misconduct oversight areas

Public authorities have responsibility for managing and notifying allegations of serious and minor misconduct under the *Corruption, Crime and Misconduct Act 2003* (CCM Act). Some have a standalone unit to manage and investigate these matters. Others may engage external contractors to conduct investigations of alleged misconduct on their behalf.

All public officers, which includes Chief Executive Officers—who oversee, manage or investigate allegations of misconduct—should have a high level of integrity and appropriate capability to carry out these important roles.

This evaluation assessed policy and procedures for employment screening, including integrity checking, in misconduct oversight areas in a sample of eight authorities.

The evaluation follows other work of the Commission related to this subject:

- In 2013, an examination of integrity checking controls in recruitment and employee induction processes, particularly for 'positions of trust'.
- In 2016, an evaluation of arrangements to manage misconduct and make notifications to the Commission of allegations of minor misconduct.

Observations & suggestions for improvement

The evaluation provided the Commission with detailed information on integrity checking in authorities and identified recommendations for improvements to authorities' integrity checking policy and practice. These observations are particularly pertinent in relation to all positions of trust.

1 Risk management and policy framework

Of the seven authorities with a risk management framework, only three referred to employment screening. Seven authorities in the evaluation had a policy, either standalone or incorporated into other policies, which described employment screening.

Risk management frameworks should refer to employment screening, and a policy and/or procedure should describe the authorities' position for effective employment screening.

2 Appropriate integrity checks

Checks implemented by authorities at pre-employment were considered appropriate to the business context of the authority. Informed consent is a vital part of the screening process, and seven authorities either referred to the need for the informed consent of the applicant in their policy or procedure, or reflected this in other documents.

Policies and procedures should state that screening is conducted with the informed consent of the applicant, identify requirements for full and honest disclosure, and require screening to be completed prior to employment—preferably before an offer of employment and prior to completion of probation.

3 Integrity checks during the period of employment

It is important for authorities to assure themselves of the ongoing integrity of employees through their employment tenure.

Authorities should consider and implement, particularly in high risk areas, appropriate measures to monitor the ongoing integrity of employees. These include requiring honest and full disclosure as a condition of ongoing

employment (e.g. disclosure of criminal convictions) and requiring re-screening upon promotion or change of employment circumstances.

4 Decision making

Decisions made on information collected in relation to employment screening should be fair; consistent; unbiased; transparent; free from nepotism and favouritism; and job related. Policies and procedures should include a decision-making process on outcomes of applications for screening and provide for a process of appeal in the case of unfavourable decisions.

5 Information management

Employment screening involves the collection of confidential and sensitive information about a prospective or current employee. This information must be managed in accordance with legislation, such as the *State Records Act 2000*, and policy.

Policies and procedures should provide guidance on how information will be managed through the screening process and should state that applicants must be advised of how the screening information will be stored, used and to whom it may be disclosed.

6 Capability of those who manage misconduct allegations

All employees who have a role in managing or conducting misconduct investigations should have a high level of capability in this type of work. The capability aspect of managing or investigating misconduct allegations was well covered in job description forms assessed. Authorities with a dedicated integrity unit generally have a high level of capability and experience in planning and conducting misconduct investigations.

7 Common Use Arrangement for external investigators

Appointment of contractors to the Common Use Arrangement (CUA) for external investigators includes some checks and balances relating to integrity checking. When engaging a contractor from the CUA, authorities generally did not implement any further integrity checking processes beyond the CUA checks.

Consultation with the Department of Finance has occurred to improve information provision and advice to authorities with regard to the CUA for external investigators.



Our reports are available on the [Reviews page](#) of our website

Appropriate decision-making frameworks

Public trust and confidence begins with all sectors having robust governance arrangements, and confidence that decisions are being made transparently, responsively and with the public interest in mind. Public officers should also be able to accurately and effectively explain how a decision was reached if requested by a senior leader or an oversight authority, like the Commission.

Making difficult decisions that impact the workforce and the community are core to the sectors' work. These decisions overwhelmingly rely on good judgement and respect for the enduring principles of public service in order to be well received. A failure to apply the basics of accountability and transparency can be costly.

Making 'good' decisions

Good decisions are those that: respect the boundaries of the accountability and oversight framework; are the outcome of a defined process; and are material and timely to the public interest being served.

At an individual level, public officers must have the skills to make good decisions based on the rule of law and good moral judgements. For employees in the public sector, completion of Accountable and ethical decision making (AEDM) training is a requirement. In other authorities, ethics training is becoming a more commonly used tool to promote integrity and good decision making.

The AEDM curriculum provides public officers with simple decision-making frameworks to overcome ethical dilemmas. 'The first steps' is the program's principal decision-making framework and encompasses four simple questions:

- 1 Am I doing the right thing?
- 2 How would others judge my actions?
- 3 How could my actions impact on others?
- 4 Should I discuss this with someone else?

At an organisational level, authorities require strong governance arrangements and clear accountability around decision making. Delegations are an important part of the decision-making framework. Eighty-one per cent of public sector employees agree they have the delegated authority and level of responsibility to do their job effectively. Appropriate, consistent and transparent corporate executive processes are also fundamental to good decision making.

Did you **know?**

94 235

public sector employees have participated in AEDM training over the past five years

during the reporting period, the Commissioner personally delivered AEDM content to five new CEOs, as well as 17 ministerial offices and Chiefs of Staff



Further information on [accountable and ethical decision making](#) can be found on our website

Decision making and integrity

The best defence against poor decision making is engaged employees who ground their work in the core principles of public service—and are motivated by them. These employees are more likely to naturally act ethically and be cognisant of applicable rules and procedures (Public Administration, 2015).

Leaders and managers should recognise and address integrity risks through appropriate measures at an organisational level, and encourage a culture that reinforces ethical conduct and integrity. Dysfunctional workplace culture is only reinforced and affirmed through poor decision making, for example a culture of 'secrecy' that is only perpetuated and worsened through covert processes and limited information (Moon and Adams, 2015).

Maintaining open channels of communication with oversight bodies and processes is also vital in preserving visible chains of accountability that promote confidence in decisions that are made.

Decision making and public trust

Public trust and confidence is strengthened by decision making that is seen to be inclusive and consultative (OECD, 2017). This is achieved through: transparent decision making; provision of timely information to the Parliament, community and oversight bodies; and processes that afford procedural fairness in appropriate circumstances. There is however a balance that must be struck between transparent and efficient, and productive processes. More emphasis on one at the expense of the other does not serve the public interest, or contribute to public trust (Moon and Adams, 2015).

Serving the interests of an increasingly informed public and the growing value of evidence-based decision making should be appreciated across the sectors. Public authorities must work towards evidence-based decisions that demonstrate they are doing more of what works and less of what does not (Kavanagh and Levenson, 2016).

Decision making and change

In times of change, decision making can become overly cautious or risk-averse, but decisions relating to service delivery still need to be made in a timely and accountable way.

Change can also lead to poor decision making where corners are cut, gaps and overlaps in accountability structures emerge, and lines of direct accountability are blurred. For public sector employees, there are the added complexities that flow from serving multiple Ministers. Across the sectors, it is important to remain focussed and ensure that decisions do not suffer from a lack of established practice and consideration.

In focus | Integrity assurance

Managing secondary employment risks in public authorities

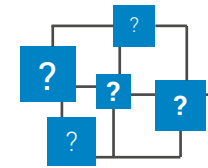
In 2016, some integrity matters around secondary employment came to the Commissioner’s attention. These matters, along with requests for advice and support on this topic, prompted the Commissioner to commence an evaluation of secondary employment policies and practices across the sectors. The evaluation sought to gather information about current practices and to identify opportunities to reduce and prevent misconduct.

For the purposes of this evaluation, secondary employment refers to paid work undertaken by employees outside their position with a public authority. The suggested actions arising from this evaluation however may also be applied to public officers undertaking voluntary and unpaid work.

While secondary employment in and of itself is not unethical, without careful management it can pose conflicts of interest, misuse of resources and employee performance risks. Recognising and managing such risks reduces misconduct, maintains integrity and builds public trust.

The evaluation commenced in December 2016 with an online survey sent to 201 public authorities. Results from the survey provided useful baseline information on existing policies and practices, as well as a number of interesting insights, as detailed to the right.

Facts and figures



One in 10 public authorities reported that they do not have a documented framework to guide employees in identifying secondary employment risks



Almost all employee requests regarding secondary employment arrangements are approved by their managers



More than half of public sector agencies reported their Accountable and ethical decision making training does not describe or refer to the risks of secondary employment



Authorities do not prompt staff to re-disclose or seek approval on a regular basis and generally rely on employees remembering to advise them of any changes

Suggested actions for public authorities

To gain a better understanding of actual practice on the ground, two focus groups were held comprising representatives from public sector agencies and local government. Key observations included:

- conflicts of interest are not well understood, no matter the policy in place
- training managers is important so they can identify potential issues and explain them to employees
- any issues are usually due to lack of knowledge rather than wilful misbehaviour.

Policies and practices were further assessed through an in-depth evaluation of a sample of 11 public authorities. Authorities included in the sample were selected based on workforce size and composition, business function and location.

The evaluation involved face-to-face interviews, as well as an examination of records such as applications for secondary employment, decision logs and conflict of interest self-assessments.

The interview responses and records were evaluated using the following four key dimensions for managing integrity risks:

- Organisational culture
- Organisational capability
- Robust decision-making frameworks
- Good governance.

In terms of organisational culture, authorities evaluated agreed that a strong culture and tone at the top was an important element in realising sustainable behavioural change.

Overall, the evaluation revealed limited capability by employees and managers in identifying conflicts of interest leading to a possible underreporting of secondary employment.

The evaluation report suggests a number of actions, based on its findings, to improve the identification and management of integrity risks posed by secondary employment.

Ensure induction processes cover employee obligations and collect information on any second jobs

Remind employees to request approval and to advise of any changes to their arrangements

Regularly communicate a current secondary employment policy to guide practice

Require all employees, across all locations, to undertake ethics training that builds capability to recognise and manage risks

Provide customised training to supervisors and managers who monitor the impacts of secondary employment

Audit records of secondary employment disclosures, across all business functions, to identify where employees and managers need more guidance and education on reporting and managing conflicts of interest



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Partnership ensuring collaboration on local and regional decision making

A new intergovernmental agreement was signed on 2 August 2017 by the Premier and representatives of State and local government during the Western Australian Local Government Association's Annual General Meeting. The new agreement had been strongly advocated for by the local government sector and fills the gap left by the previous agreement which lapsed approximately a decade ago.

The agreement aims to bolster local voices on significant issues, and provide greater scope for local government input into State Government policy by establishing communication and consultation protocols. It also establishes a State and Local Government Partnership Group which will meet annually to discuss matters of mutual importance to both sectors.

The objects of the agreement signed in the presence of over 500 local government professionals, seeks to promote transparency and accountability through better community engagement and increased consistency in local government decision making.

The complementary strengths of each sector, such as the State Government's ability to lead and set policy and local government's reach into community issues, are positioned to be leveraged for the benefit of the community at large, by the agreement.

Delivering the best possible outcomes for the Western Australian community through the provision of good governance and rigorous, inclusive and consultative decision-making processes is a critical component in sustaining public engagement and trust in the sectors.



Integrity opportunities and challenges

Culture, governance, capability and decision-making frameworks are the necessary pre-conditions for ethical decision making and more generally, ethical public authorities. While no set of arrangements will absolutely guarantee ethical behaviour, authorities can implement critical strategies, already discussed in this report, to alleviate risks.

Understanding the current and future integrity state

In order to build a high-integrity environment, senior leaders must evaluate current organisational settings. For example, employee and client perception surveys are a common way to evaluate cultural and engagement settings, while responding each year to the Commission's survey program provides a useful self-assessment of governance arrangements. Importantly, self-assessment and evaluation should be practiced continuously to be effective. Once the current situation is understood, leaders can take the opportunity to focus on where, and how, improvements can be made.

Authorities with ethical and integrity issues, which may include poor decision making and unethical behaviour, are often characterised by a deficiency in one or more of the pre-conditions. That is, integrity relies on the elements of culture, governance, capability and decision-making frameworks to be balanced and working harmoniously. It is imperative

that leaders have a thorough understanding of how these components inter-relate. While senior leaders are responsible for ensuring the pre-conditions are in place, all public officers and other external stakeholders have a role to play in ensuring a high-integrity culture.

High-integrity leadership

While an ethics and compliance governance framework establishes the intent to operate with integrity, visible and engaged leadership demonstrates the organisational commitment to do so (Dionisio, 2017). High-integrity leadership where senior leaders act, and are seen to be acting, with integrity positively influences culture, engagement and decision making. However, senior public servants in other Australian jurisdictions have suggested that alertness and conscious action around integrity is something that leaders need to give more thought and consideration to (IBAC, 2017).

New Zealand research also shows that ethical leadership is increasingly thought of as effective leadership. Many studies show leaders who are seen as having high levels of integrity are also perceived as better at their jobs. But now there is a much better understanding that the way in which things get done—not only a leaders' ability to be task-orientated—also matters (IBAC, 2016).

Authorities where organisational values are clearly stated and modelled by leaders as part of a strong value proposition have a better chance of navigating challenging circumstances. Clear channels for open communication within the leadership team and between leaders, managers and employees also assists in building a high-integrity culture and navigating change.

'The main challenge of employer branding in the public sector is to shape public administration's image as a high performance service provider and an attractive, trustworthy and credible employer. The public sector can strengthen its brand by emphasising a focus on high quality, customer orientation and public value.'

Organisation for Economic Co-Operation and Development, 2016, Engaging Public Employees for a High-Performing Civil Service.

Organisational culture vs sector-wide culture

There is no question the core principles of public service do, and should, underpin organisational and sector-wide cultures. However there is a growing imperative for sector-wide cultures to be more responsive to changes in the economic and social environment in which the sectors operate. Increasingly the sectors are being called upon to shift from being risk averse to risk intelligent, inflexible to agile, independent to interdependent and customer-service-driven to customer-centric. In order to achieve broader cultural changes, authorities will need to have organisational cultures, with engaged employees, functioning to a high standard.

Promoting integrity

Integrity is often assumed to be innate in individuals and within organisations. Senior public servants in other Australian jurisdictions have warned that the public sector has relied too heavily on a set of values it was perceived all public officers shared, and those values did not require much articulation. However, this mind set may lead to a 'loss of alertness' to the possibility—and even probability—of corruption in the public sector (IBAC, 2017). Often, integrity has to be 'taught and bought' and leaders need to keep employees and other key stakeholders engaged with the integrity agenda.

Compliance requirements alone are insufficient to encourage ethical behaviour. New Zealand research suggests organisations that completely focus on compliance alone do not tend to have ethical cultures or have ethics embedded within organisational systems. There needs to be the appropriate programs to translate values into action (IBAC, 2016). Codes of conduct and ethics training are key programs used in public authorities to support this translation. Employees need to be reminded regularly about their ethical obligations and the benefits of a high-integrity culture. Opportune times include at induction, when a governance policy or process is updated or when a change is about to take place. Promoting integrity values is never more important than during a period of significant change.

In promoting integrity among external stakeholders, it is important to remind them of the authority's position on integrity and ethical conduct. Authorities report advising contractors, clients and suppliers about how to report unethical behaviour in a variety of ways including: at induction; within contracts, tenders and service agreements; statements on the public website; and by word of mouth. External stakeholders act as an additional level of oversight around integrity issues.

Open engagement with integrity and oversight bodies

Integrity and oversight bodies, such as the Commission, play a vital role in public administration. Not only do they set the rules through legislation and compliance, but they are also inherently prevention agents. However, public authorities are best placed to have, and must retain, primary responsibility for ensuring their own integrity and misconduct resistance.

The work of integrity and oversight bodies serve to highlight integrity risks areas, and provide useful lessons and practical tools on how to reduce them. The challenge for authorities is to be open to scrutiny by bodies such as Parliamentary committees, integrity commissioners and the media, and respond appropriately and effectively.

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Appendix A: Evaluation framework

The approach used by the Public Sector Commission (the Commission) to evaluate the state of the sectors is informed by legislative requirements including those listed below.

Public Sector Management Act 1994 (PSM Act)

Under Sections 21 and 22D of the PSM Act, the Public Sector Commissioner (the 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 Commissioner's jurisdiction under the PSM Act applies to all Western Australia public sector bodies, which includes:

- departments (established under Section 35 of the PSM Act)
- SES organisations
- non-SES organisations
- ministerial offices.

This does not include other government bodies such as:

- public universities
- local governments
- 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).

Public Interest Disclosure Act 2003 (PID Act)

Under Section 22 of the PID Act, the Commissioner is also required to report on compliance with the PID Act and the Public interest disclosure officer's Code of Conduct and integrity. The Commissioner's jurisdiction under the PID Act is broader and includes public universities, local governments and other entities listed in Schedule 1 of the PSM Act.

Corruption, Crime and Misconduct Act 2003 (CCM Act)

On 1 July 2015, the *Corruption and Crime Commission Act 2003* was amended and is now known as the CCM Act. This resulted in the transfer of the oversight of minor misconduct by public officers and the misconduct prevention and education functions to the Commissioner.

Under Section 45ZD of the CCM Act, the Commissioner monitors and reports to Parliament on behavioural trends seen in minor misconduct notifications from public authorities and reports from individuals, and provides analysis of information gathered through these functions to help public authorities prevent, identify and deal effectively with misconduct.

The Commissioner's jurisdiction under the minor misconduct provisions is very broad but specifically excludes WA Police, elected members in State or local government or a clerk of a house of Parliament.

Appendix B: Scope of data collection

The Commission monitors the state of the sectors through a variety of data collection methods outlined below. While the Commission makes every effort to encourage data quality through regular assurance checks, it relies on public authorities to ensure data is provided in a timely and accurate way. Table 1 summarises the data collected for different types of authorities.

Public sector entity survey (PSES)

The annual PSES requests information from public sector entities about their administration and management practices. The survey also requests information about designated public interest disclosure officers, internal procedures and any disclosures received, as well as activities undertaken by authorities to respond effectively to and prevent unethical behaviour. Agency-level responses are published in the *State of the sectors statistical bulletin 2017*.

Integrity and conduct survey (ICS)

The annual ICS requests information from all other public authorities about designated public interest disclosure officers, internal procedures and any disclosures received, as well as activities undertaken by authorities to respond effectively to and prevent unethical behaviour. The ICS is sent annually to the principal officers of public authorities. Authority-level responses for local governments, universities and other Schedule 1 authorities are published in the *State of the sectors statistical bulletin 2017*.

Employee perception survey (EPS)

The annual EPS evaluates public sector employee views about their workplace, including ethical behaviour, equity and diversity, and job satisfaction. The *State of the sectors statistical bulletin 2017* lists sector-wide EPS data. De-identified data is made available at www.data.wa.gov.au.

Human resource minimum obligatory information requirement (HRMOIR)

The quarterly HRMOIR collection reports data on workforce characteristics across public sector agencies. The *State of the sectors statistical bulletin 2017* lists key statistics, both sector-wide and at the agency level.

Equal employment opportunity survey (EEO survey)

The annual EEO survey assists the Director of Equal Opportunity in Public Employment (DEOPE) to monitor workforce data on public authorities, including State Government agencies, local governments, public universities and government trading enterprises. The Commissioner administers the EEO survey of behalf of the DEOPE.

Formal oversight activities

Formal oversight activities described in legislation include minor misconduct allegation assessments (CCM Act Section 45C), reviews of operations of public sector bodies (PSM Act Section 24B), powers of investigation (PSM Act Section 24) and special inquiries (PSM Act Section 24H and CCM Act Section 45Q). Other oversight activities not described in legislation rely on the Commissioner's general powers (PSM Act Section 22G). They include examinations, evaluations and assurance exercises. Information and data for these activities are collected through a variety of methods.

Table 1: Summary of data collected by authority type

Collection tool	Collected from						
	Department	Schedule 1 entities					Non-government organisation
		SES organisation	Non-SES organisation	Local government	Public university	GTE	
HRMOIR	✓	✓	✓				
EEO survey				✓	✓	✓	
EPS	✓	✓					
PSES	✓	✓	✓				
ICS			✓	✓	✓	✓	✓
Formal oversight activities	Varies according to terms of reference						

Appendix C: Supplementary data tables

Minor misconduct

Table 2: Number of minor misconduct matters notified to the Commission by sector

Sector	Notifications (Section 45H)	Reports (Section 45E)	Total
Public sector	260	107	367
Local governments	51	49	100
GTEs	48	1	49
Public universities	3	7	10
Out of jurisdiction	0	8	8
Total	362	172	534

Table 3: Number of allegations by categories of misconduct

Type of misconduct	No.
Personal behaviour	621
Fraudulent or corrupt behaviour	152
Misuse of public resources	42
Conflicts of interest	35
Misuse of information and recordkeeping	43
Inappropriate provision of gifts or hospitality	20
Pending assessment	1
Does not relate to the conduct of a public officer as defined within the CCM Act	55
Total	969

Table 4: Number of actions taken by the Commission in relation to minor misconduct allegations

Type of action	Matters	Allegations
Referred to authority – outcome requested	144	252
Referred to authority – report requested for review	65	127
Referred to Corruption and Crime Commission (CCC) or other agency	126	184
Referred to authority – no response required	8	10
Investigated by Public Sector Commission	2	40
Ongoing	14	78
Did not meet the definition of minor misconduct or had otherwise been dealt with appropriately at time of receipt	175	278
Total	534	969

123 matters were referred to the CCC and three matters to the Ombudsman. Generally, matters are referred to the CCC under Section 45M(d), where:

- the matter, or at least one allegation within the matter, appears to be serious misconduct
- it appears to otherwise fall within the CCC's jurisdiction
- it involved issues known to be of interest to the CCC.

The number of matters and allegations referred by the Commission to the CCC, and those the CCC report were received from the Commission, are not the same. This is due to a number of factors including:

- the CCC's notification figures not including matters that have been received, but not yet assessed
- the point-in time the respective data sets used for reporting were extracted
- the assessment of matters, and subsequently the number of allegations recorded, is subject to individual agency practices.

Table 5: Number of actions taken against individuals

Outcome	Public sector	Local government	GTE	Public universities	Total
Training, counselling or other improvement action	48	10	16	1	75
Employment terminated	29	12	25	2	68
Not terminated, but other sanction applied	40	2	2	1	45
No sanction applied	4	0	2	0	6
Total	121	24	45	4	194

Note: The Commission has made one recommendation under Section 45X(1)(b) of the CCM Act that an agency give consideration to the initiation of a disciplinary process against an employee. The disciplinary process has been initiated and is ongoing.

Unethical conduct

Table 6: Number of completed discipline/breaches of ethical code

Type of action	Discipline processes	Breaches found
Offensive or inappropriate personal behaviour (e.g. threatening or abusive language/conduct)	507	241
Repeated unreasonable or inappropriate behaviour directed towards a worker, or group of workers, that creates a risk to health and safety (e.g. bullying)	110	50
Failure to manage conflict of interest	90	21
Inappropriate acceptance/provision of gift/benefit	7	5
Corrupt behaviour (e.g. misusing position for benefit for self/detriment to others)	34	13

Type of action	Discipline processes	Breaches found
Misuse of computer/internet/email (e.g. illegal content)	71	48
Discrimination, harassment, sexual assault or other discriminatory/indecent behaviour	57	32
Illicit drug use/alcohol intoxication	135	94
Inappropriate physical behaviour (e.g. assault)	211	101
Inappropriate access/use/disclosure of information	147	51
Workplace bribes/theft (e.g. cash/workplace equipment)	32	12
Misuse of public resources (e.g. vehicles, credit card)	115	51
Fraudulent behaviour/falsification of information/records	101	60
Neglect of duty (e.g. careless or negligent behaviour in performance of duties)	322	206
Criminal behaviour outside work	23	6
Unauthorised secondary employment outside work	12	7
Disobeying or disregarding a direction or lawful order	143	122
Failing to act with integrity (e.g. intentionally failing to perform or acting in a dishonest way)	106	73
Others	126	65
Total	2349	1258

Table 7: Number of completed discipline processes by type of outcome

Outcome	Total
Training, counselling or other improvement action	966
Employment terminated	170
Not terminated, but other sanction applied	63
No sanction applied	207
Total	1406

Public interest disclosures

Table 8: Types of public interest information contained in appropriate public interest disclosures

Category	Total
Improper conduct	6
Offence under State law	2
Substantial irregular or unauthorised use of public resources	2
Substantial mismanagement of public resources	3
Act or omission that involves a substantial and specific risk of injury to public health; prejudice to public safety; harm to environment; or harm to environment	2
Matters covered by the Ombudsman	2
Total	17

One public sector agency reported two allegations of non-compliance with the PID Act. There were no allegations of non-compliance with the PID Officer’s Code of Conduct and integrity.

Grievances

Table 9: Number of formal grievance cases by sector

Sector	Total
Public sector	316
Local governments	285
GTEs	54
Public universities	79
Boards and committees	27
Total	761

Breach of standard claims

Table 10: Number of breach of standard claims dealt with by public sector agencies and the Public Sector Commission (Commission)

Type of breach standard claims	Public sector	Commission
Employment standard	79	74 (recruitment) 1 (transfer)
Grievance resolution standard	16	13
Performance management standard	1	2
Redeployment standard	0	0
Termination standard	2	0
Total	98	90

Appendix D: Authorities participating in Commission evaluations

Public sector

- Botanic Gardens and Parks Authority
- Disability Services Commission
- Department for Child Protection and Family Support
- Department of Corrective Services
- Department of Education
- Department of Health
- Department of Housing
- Department of Mines and Petroleum
- Department of Transport
- Mental Health Commission
- National Trust of Western Australia
- North Metropolitan Health Service
- Office of the Auditor General
- Office of the Director of Public Prosecutions
- School Curriculum and Standards Authority
- Perth Zoo
- WA Country Health Service

Local governments

- City of Cockburn
- City of Fremantle
- City of Mandurah
- City of Swan
- Mandarie Regional Council
- Town of Port Hedland

Public universities

- Curtin University
- Edith Cowan University
- The University of Western Australia

Government trading enterprises

- Mid West Ports Authority
- Horizon Power
- Water Corporation

Appendix E: Compliance statements

In accordance with Section 31(2) of the PSM Act, organisations which are not listed in Schedule 1 of the *Financial Management Act 2006* are required to provide a statement to the Commissioner each year on the extent to which they have complied with the Public Sector Standards in Human Resource Management, Code of Ethics and any relevant Code of Conduct. These compliance statements are reported below, in accordance with Section 31(4) of the PSM Act.

Compliance statements provided under s.31(2) of the PSM Act, 2016/17

Architects Board of Western Australia

No compliance issues concerning public sector standards, Codes of Ethics or the Board's Code of Conduct arose during the period from 1 July 2016 to 31 March 2017.

Commissioner for Children and Young People

It is expected by CCYP that all its employees comply with the public sector standards and ethical codes.

Conservation and Parks Commission

In accordance with Section 31(2) of the *Public Sector Management Act 1994*, the Conservation and Parks Commission is not a statutory authority within the meaning of the *Financial Management Act 2006*, but is a statutory body established by Section 18 of the *Conservation and Land Management Act 1984*. Conservation and Parks Commission staff are employees of Parks and Wildlife. Parks and

Wildlife provides the framework for human resource management within the Conservation and Parks Commission through an operational relationship agreement. In the management and direction of the Conservation and Parks Commission service unit, the Director has complied with Public Sector Standards in Human Resource Management, the Western Australian Public Sector Code of Ethics and the Conservation and Parks Commission's Code of Conduct. Information on both the Code of Ethics and the Code of Conduct is provided to new employees and members of the Commission on commencement with the Conservation and Parks Commission.

Equal Opportunity Commission

In accordance with Section 31(1) of the *Public Sector Management Act 1994*, the Equal Opportunity Commission has fully complied with regard to the public sector standards, Commissioner's instructions, the WA Code of Ethics and the Commission's Code of Conduct.

Office of the Information Commissioner (OIC)

The OIC has a Code of Conduct which was last updated in April 2017. The Code has been distributed to all staff and is available on the intranet. New staff members are provided a copy as part of their induction. Among other things, the Code outlines the requirement to: refer to the WA Public Sector 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; and report any gift or hospitality offers. The OIC's gift decision register and all purchasing card transactions are published on our website. The OIC is guided by the public sector standards in our employment processes. During 2016/17, no staff were redeployed, terminated or disciplined, and no grievances lodged. Two short-term secondments were arranged during the year, both for three month periods.

Legal Practice Board

All public sector standards and ethical codes are adhered to within policy and are published in the Employee manual.

Parliamentary Commissioner for Administrative Investigations

In the administration of the office of the Parliamentary Commissioner for Administrative Investigations, I have complied with the Public Sector Standards in Human Resource Management, 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.

Veterinary Surgeons' Board

The public sector standards and ethical codes have been complied with.

Glossary

Term	Definition
Aboriginal Australians	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.
Act	A law made by Parliament, and known as an Act of Parliament.
Allegation	A claim that an individual has engaged in a specific instance of conduct which is suspected to amount to minor misconduct. A matter may contain more than one allegation. Where the term allegation is used outside its minor misconduct definition, it takes the meaning, a claim, or assertion that someone has done something illegal or wrong.
Authority	See <i>public authorities</i> .
Breach of standard	A determination by the Commissioner that one or more of the requirements of a public sector standard have, or have not been, complied with.
Code of Conduct	A formal written policy documenting the behaviour expected of all employees of a public authority. Under the PSM Act each public sector body is expected to develop a Code of Conduct consistent with the Western Australian Public Sector Code of Ethics.
Code of Ethics	The Western Australian Public Sector Code of Ethics outlines the minimum standards of conduct and integrity for public sector bodies and employees outlined in the PSM Act.

Term	Definition
Department	An organisation established under Section 35 of the PSM Act.
Director of Equal Opportunity in Public Employment	A statutory role pursuant to Part IX of the EO Act. The DEOPE currently resides within the Public Sector Commission and currently holds an Executive Director position.
Ethical codes	Ethical codes are made up of the Code of Ethics together with authority-specific codes of conduct.
Full-time equivalent (FTE)	One FTE is one person paid for a full-time position. FTE totals include all current employees except board members (unless they are on a public sector authority payroll), trainees engaged through any traineeship program, award or agreement, and casuals who were not paid in the final pay period for the financial year. FTE calculations do not include any time that is not ordinary time paid, such as overtime and flex-time.
Headcount	Number of employees directly employed by a public sector agency at a point in time, regardless of employment type.
Improvement action	Any action taken to improve an employee's conduct (e.g. warning, training, counselling) other than a formal sanction (e.g. demotion, fine).

Term	Definition
Leaders	A term used to refer to leadership roles in general and not only limited to management Tiers 1, 2 and 3.
Machinery of Government	A term broadly used to refer to the structure of government agencies and the configuration of the public sector.
Managers or middle managers	A general term used to refer to mid-level supervisors.
Matter	An issue being dealt with by the Commission (created by a report or notification) which relates to, or is suspected to relate to minor misconduct. This includes matters which may have been referred from the CCC. A matter may contain more than one allegation.
Non-SES organisation	A term defined by Section 3 of the PSM Act.
Other authorities	For the purposes of this report, the term refers to those organisations and bodies that responded to the Integrity and conduct survey, excluding public sector agencies.
People 24 and under	A term applied to the diversity group commonly referred to as 'youth'.
People 45 and over	A term applied to the diversity group commonly referred to as 'mature-aged'.
People from culturally and linguistically diverse backgrounds	A term applied to people born in countries other than those below, which have been categorised by the Australian Bureau of Statistics (ABS) as mainly English speaking countries as follows: Australia, Canada, England, Ireland, New Zealand, Northern Ireland, Scotland, South Africa, United States of America, Wales.

Term	Definition
People with disability	A term applied to people with ongoing disability who have an employment restriction that requires any of the following: modified hours of work or time 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.
Public authorities	For the purposes of this report, the term refers to those organisations and bodies that provided responses to the Public sector entity survey and the Integrity and conduct survey. That generally includes all State Government agencies, local governments, public universities, GTEs and many government boards and committees. The term public authority has specific legislative meaning in the PID Act, CCM Act and EEO Act.
Public interest disclosure	A disclosure made by any person on a matter of public interest and as characterised under the PID Act.
Public officer	For the purposes of this report, the term refers to all people in public employment.
Public sector	Refers collectively to departments, SES organisations, non-SES organisations and ministerial officers and is defined by Section 3 of the PSM Act.

Term	Definition
Public sector agencies	For the purposes of this report, the term refers to those organisations and bodies that provided responses to the Public sector entity survey.
Public sector employees	For the purposes of this report, the term refers to those employees that provided responses to the Employee perception survey.
Public sector workforce	The collective term used when describing characteristics of employees working in the public sector. Data on the public sector workforce is collected through HRMOIR.
Public service	For the purposes of this report, the term does not take a legislative meaning, rather refers to the principles of working in the public interest, while undertaking a public function.
Schedule 1 entity	Entities which are not organisations under the PSM Act, including local governments, public universities and GTEs.
Senior executives, SES	Generally comprises positions classified at <i>Public Service and Government Officers General Agreement 2014</i> equivalent salary bands 9 and above, with specific management or policy responsibilities.

Term	Definition
Senior leaders	A term used to refer to leadership roles generally in management Tiers 1, 2 and 3.
Service Priority Review	Refers to the State Government initiative announced on 4 May 2017, to conduct an independent review to effect sustainable and effective reform. The panel members are Mr Iain Rennie CNZM, Mr Michael Dillon and Ms Margaret Seares AO.
SES organisation	An organisation listed in Schedule 2 of the PSM Act.
Tier 1	Directs and is responsible for the public authority, as well as its overall development. Typical titles include Director General, Chief Executive Officer, General Manager, Executive Director and Commissioner.
Tier 2	Tier 2 reports to Tier 1 and assists Tier 1 by implementing organisational plans. Is directly responsible for leading and directing the work of other managers of functional departments. May be responsible for managing professional and specialist employees.

Shortened forms

Term	Definition
AIM	Australian Institute of Management
ANZSOG	Australian and New Zealand School of Government
AEDM	Accountable and ethical decision making
BETA	Behavioural Economics Team of the Australian Government
CCC	Corruption and Crime Commission
CCM Act	<i>Corruption, Crime and Misconduct Act 2003</i>
CEO	Chief Executive Officer
CFO	Chief Finance Officer
CHRO	Chief Human Resource Officer
Commission	Public Sector Commission
Commissioner	Public Sector Commissioner
CUA	Common use agreement
DEOPE	Director of Equal Opportunity in Public Employment
EO Act	<i>Equal Opportunity Act 1984</i>
EEO	Equal employment opportunity
EPS	Employee perception survey
FTE	Full-time equivalent

Term	Definition
GTEs	Government trading enterprises
HRMOIR	Human resource minimum obligatory information requirement
IBAC	Independent Broad-based Anti-corruption Commission
ICS	Integrity and conduct survey
ICG	Integrity Coordinating Group
ICT	Information and communications technology
MOG	Machinery of Government
OECD	Organisation for Economic Co-Operation and Development
PID Act	<i>Public Interest Disclosure Act 2003</i>
PSES	Public sector entity survey
PSM Act	<i>Public Sector Management Act 1994</i>
SES	Senior Executive Service
VLGA	Victorian Local Governance Association
VPSC	Victorian Public Sector Commission
WA	Western Australia or Western Australian

References

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