

Foreword from the Commissioner

2023 State of the NSW Public Sector Report

I am pleased to share the *2023 State of the NSW Public Sector Report* with you. This is my fourth independent assessment of the performance of the NSW public sector as Public Service Commissioner.

The past year has seen machinery of government and other changes following the election of a new government in March 2023. The stewardship, continuity and stability that the Public Service provides during changes in government is an important feature of our democracy.

The importance of integrity

Recent events, including high-profile inquiries, have highlighted the need for the Public Service in NSW and other jurisdictions to maintain an unwavering focus on integrity and ethical conduct. A gap between stated integrity values and real-life practice has been a recurring issue in both the public and private sectors.¹

As public servants, the work we do makes a difference to the lives of millions of people across NSW. This immense privilege comes with an obligation to uphold the principles of the Westminster system of government and to act in accordance with the public sector's core values of integrity, trust, service and accountability. At times, this may mean having the courage to tell ministers what they need to hear rather than what they want to hear.

The public rightly expects the Public Service to be apolitical and public servants to act professionally, ethically and impartially. The public's trust in the Public Service as an institution depends on us meeting these expectations. And if we fall short, we need to reflect, implement the learnings and be accountable.

Building a pro-integrity culture across the sector

Agencies must aim for institutional integrity, such that the whole agency can be described as having integrity. That is, integrity is embedded in culture, systems and practices, and goes beyond employees' compliance with a set of rules. Institutional integrity is achieved when employees assume leadership and responsibility to ensure that the combined effect of their actions helps build an agency the public sees as consistent, coherent, legitimate and trustworthy.²

Ethical leadership is crucial for embedding a culture and practice of integrity. In this year's People Matter survey, 54.5% of respondents felt that senior managers model the values of their organisation.³ While this represents an increase of 1pp from 2022, there is significant room for improvement. The People Matter survey also shows that positive perceptions of an organisation's ethical culture are associated with higher levels of employee engagement.

Recent reforms that support integrity

Recent legislative reforms strengthen the frameworks that support integrity.

The GSE Act was amended in November 2022 to articulate the roles and responsibilities of a secretary of a department, and to state that a secretary is not subject to the direction or control of a minister when exercising their employer functions.

The 2022 amendments also require government sector senior executives employed in the most senior bands, and other heads of Public Service agencies, to first seek my guidance before accepting an offer of employment in the private sector that directly relates to their role or responsibilities held during the previous 2 years.

The new *Public Interest Disclosure Act 2022* strengthens the framework that facilitates public interest reporting of wrongdoing, and details how to report serious wrongdoing.

Last year, I issued a sector-wide code of ethics and conduct, which is adopted as a mandatory code under the amended GSE Act. The Code of Ethics and Conduct for NSW Government Sector Employees sets out the mandatory requirements and best practice conduct for all government sector employees. It promotes the Ethical Framework in the GSE Act and provides clarity on the roles and responsibilities of employees.

Living our public sector values includes how we interact with our colleagues in the workplace. Earlier this year, I issued a statutory direction that supports respectful conduct in public sector workplaces. The direction requires government sector agencies to implement a sexual harassment policy that meets certain minimum standards, by March 2024. The PSC has developed a model policy reflecting best practice in preventing and responding to sexual harassment, which agencies can adopt and tailor to their own context.

Looking ahead

To support the sector in living our public sector values – particularly integrity – in 2024 the PSC will:

- issue a new sector-wide code of conduct and ethics, following a comprehensive review and consultation process, to ensure we have a code that remains fit for purpose
- support the embedding of the new code of conduct and ethics by rolling out mandatory online training, launching an ethics hub on our website, and establishing a community of practice focused on ethics
- deliver an applied ethics course for our most senior leaders through the Australia and New Zealand School of Government

- ensure that the refreshed suite of NSW Leadership Academy programs continues to put public sector values front and centre.

I take this opportunity to thank the many public servants across the sector who bring our Public Service values to life every day, and who serve the people of NSW with the highest level of dedication and professionalism.

Kathrina Lo

NSW Public Service Commissioner

December 2023

¹ Demmke and Moilanen (2012), as cited in Kirby and Webbe (2019)

² Kirby and Webbe (2019)

³ The results for 'Senior managers model the values of my organisation' were 54.5% favourable, 26.7% neutral and 18.8% unfavourable.

Next section: Our structure

The sector's size and distribution across our state.

