



Ref: A4500518

Mr Peter Achterstraat AM  
NSW Productivity Commissioner  
NSW Productivity Commission  
Department of Treasury  
GPO Box 5469  
**SYDNEY NSW 2001**

*Peter*

Dear Commissioner

I am writing in response to your invitation to make a submission on the Discussion Paper *Kickstarting the Productivity Conversation* by the NSW Productivity Commission.

I appreciate the opportunity to make this submission because the Discussion Paper concerns potential areas of reform that are particularly relevant to the functions of the Public Service Commission (PSC).

### **Role of the PSC**

The PSC has the lead role in designing and implementing workforce management strategies and reform to ensure the capability of the NSW public sector workforce to deliver world class public services to the people of NSW. The objectives and functions of the Public Service Commissioner are set out in Part 3, Division 1 of the *Government Sector Employment Act 2013*. These include identifying reform opportunities for the government sector workforce, advising the Government on policy innovations and strategy in those areas of reform, and leading the strategic development and management of the government sector workforce in relation to (most relevantly):

- workforce planning;
- learning and development; and
- staff mobility.

The core business of the PSC is focused on optimising the performance of the NSW Government's human capital, both now and in the future.

## **Comments on Chapter 4, Building Human Capital for a Modern and Evolving Economy**

### NSW Government is the State's largest employer

While the Discussion Paper refers to the NSW Government's role in improving utilisation of labour resources as an employer, it does not touch on the scale of this opportunity. The NSW public sector is the largest employer in NSW and so there is great potential for it to be a major driver in improving the productivity of the State's workforce.

### Digital disruption will require workforce transformation, but also offers significant opportunity for service redesign

To deliver world-class education, health, housing and other infrastructure and public services outlined in the *NSW 2040 Economic Blueprint*, we need to develop and build the labour resources of the sector to ensure they are capable of efficiently delivering these service standards to the public. The Discussion Paper acknowledges it is 'crucial for governments to invest in skills and education so citizens have the right skills for the jobs of the future' and that technological innovation will continue to affect the skills required by the economy. However, the PSC sees the need for a stronger focus on the impact of digital disruption on work of the future and service delivery.

The impact of digital technology on the future of the State's labour resources should not be underestimated. McKinsey<sup>1</sup> estimates that digital disruption, which includes technologies such as automation, augmentation and artificial intelligence, may displace 50% of current work-tasks performed by people by 2030. The PSC is currently engaged in research to understand and prepare the sector's workforce for the changes digital disruption will have for the future of work.

Further to this, if the estimated impact of digital disruption is realised, it presents an incredible opportunity to enhance productivity. Service delivery to citizens will be transformed through technology. To take full advantage of the productivity benefits that technology and digital offer, we need to reconsider and redesign our public service offerings to reflect modern practices and with the citizen at the centre. Although the Discussion Paper touches on the opportunities that technology offers citizens and the workforce (and the associated likely productivity uplift), a deeper exploration is warranted. The PSC would be able to provide insights to inform potential reform to the work of the future.

### Life-long learning essential for future workforce productivity

The Discussion Paper identifies the key institutions responsible for developing human capital as schools, universities and vocational education and training providers. Recent work done by the PSC has found that the responsibility for improving education and skills

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<sup>1</sup> McKinsey & Company 2019, 'Australia's automation opportunity: Reigniting productivity and inclusive income growth, viewed May 2019, <https://www.mckinsey.com/featured-insights/future-of-work/australias-automation-opportunityreigniting-productivity-and-inclusive-income-growth>

required for work in the future cannot rest solely on those educational institutions as has happened in the past. It is imperative that the Government, private sector and not-for-profit employers are recognised as major partners and collaborators in this space. The Government are providers not only of data relating to skills gaps and digital disruption, but providers of training, re-training, micro-learning and skills development in the workplace.

#### Productivity of human capital is affected by workplace cultures

A large part of PSC's program of work is to drive inclusive and safe workplace cultures to enable the workforce to deliver for the citizens of NSW. The recent [State of the Sector Report](#) made the following comments in relation to inclusion in the workplace:

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

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

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

The Discussion Paper would benefit from exploring how to ensure meaningful workforce participation of all the diverse members of our community.

#### **Additional Comments**

The PSC also makes these additional comments in relation to the Discussion Paper:

- There is opportunity to expand the focus of Chapter 9, 'Forward-looking regulation that supports innovation and competition' so that discussion can extend to enabling growth, rather than controlling it. This would encourage conversations about incentivising partnerships and collaboration between sectors.
- Further work could include a discussion on the interdependencies of all the priorities, explaining how each of these individual priorities combine and align to support citizens to improve productivity.

Thank you for inviting the PSC to help shape this important work and please let me know if the PSC can be of assistance in further developing the ideas put forward in the Discussion Paper.

Yours sincerely

