

# Submission to the Independent Review of the Australian Public Service

August 2018



Premier  
& Cabinet

NSW has a strong track record when it comes to public services, programs and implementation. NSW is leading the way with innovative approaches to improve service delivery. We put our customers first, to improve their experience of government and provide greater access to services. We have implemented new approaches to measuring outcomes, tracking priorities and holding government accountable. We are driving innovative methods to design and deliver better services, including the use of real-time data and behavioural insights techniques to inform our policies and programs. We are collaborating with the private and community sectors to tackle complex challenges, including through new social impact investment approaches. We put our citizens at the heart of everything we do.

However, federal-state relations are constraining the ability of public services in all jurisdictions to collaborate efficiently and effectively, and to deliver benefits and accountability to Australian citizens. States that are performing well and leading the way should be rewarded with greater autonomy. This will help ensure the public sector in all jurisdictions has the ability to drive innovation and productivity, tackle complex challenges and deliver outcomes that improve our citizens' experience of government.

### **NSW puts customers first to improve their experience of government**

Service NSW has revolutionised the delivery of government services in NSW, changing the way that customers and government interact. It has been shaped by our citizens, who told us what they expect from government services: easier access, faster service, and a single point of contact so they only have to “tell government once”.

Service NSW now delivers services to customers and businesses through 79 service centres, 32 council agencies and six self-service digital kiosks, a virtual contact centre with a single phone number, a transactional website and the Service NSW app. Around 77 per cent of the network is located in rural and regional NSW, so that customers and businesses in rural and regional areas have access to the same services that are delivered in metropolitan areas. This means low wait times, higher levels of customer satisfaction and greater access to more services at one location.

In only a few years since its inception, Service NSW has established a strong reputation for delivering a high standard of customer service and has continually maintained a customer satisfaction rating of 97 per cent. Customers and businesses can now access over 1,000 transactions from 40 government agencies in one location, and between 2014 and 2017, Service NSW helped over 36 million customers to do so.

### **We have clear priorities and track outcomes to hold government and agencies to account**

The NSW Government announced the 12 Premier's Priorities in September 2015. Each one is supported by specific and time-limited targets for improved performance in a range of areas important to citizens, including jobs, education, hospitals, child protection, domestic violence and housing.

Responsibility for delivering a priority has been allocated to a Minister and senior departmental executive. The Premier's Implementation Unit was established in 2016 to support the lead agency to deliver the priorities, applying a clear focus on citizen outcomes, and working with frontline teams on data-led, evidence-based interventions to improve results. The Unit routinely tracks and reports on progress against milestones and targets, taking a 'try, test and learn' approach to continuous improvement.

Since 2015, NSW has driven significant progress across all 12 priorities, with real, tangible benefits for our citizens. Achievements include:

- 167,700 NSW students are now in the top two NAPLAN bands;
- Fewer children have been re-reported to the child protection system;
- More than 550,000 Active Kids vouchers have been created, supporting a reduction in childhood obesity;

- More than half a billion containers have been returned through the container deposit scheme, reducing litter in our environment by 37 per cent from a 2015 baseline; and
- More than 305,000 jobs have been created since September 2015, exceeding the job creation target of 150,000 new jobs by 2019.

### **NSW is ensuring our policy and program responses are informed by real-time data**

In a world of increasing complexity, population growth and rapid change, data analytics has the potential to deliver innovation in service provisions and improve outcomes by generating new perspectives on complex problems. In 2015, NSW established a Data Analytics Centre (DAC) to facilitate data-sharing across government agencies and to facilitate more efficient, strategic, whole-of-government evidence-based decision making. The DAC has since commenced delivery of priority projects, working with agencies to share data and develop partnerships with external specialists.

NSW has also established the *Data Sharing (Government Sector) Act 2015* to enable the DAC to fulfil its role and address both real and perceived barriers to the sharing of non-personal information. The NSW DAC was the first of its kind in Australia, and serves as a useful model for other jurisdictions to improve the use of data to ensure real-time information is used to inform policy and program responses.

### **We have led the way to bring the private and community sectors into service delivery**

Social impact investment is an innovative and emerging approach to public policy and service delivery, generating social impact alongside financial return. Social impact investment is unique in using cross-sector partnerships to innovate, share risk and achieve outcomes. Under social impact investment:

- Government identifies an outcome it seeks on a pay for success basis;
- Service providers have flexibility to use their experience and try new ideas to achieve the outcomes; and
- Investors provide capital and commercial expertise to help service providers address the issue.

NSW is a market leader in social impact investment ([www.osii.nsw.gov.au](http://www.osii.nsw.gov.au)). At present, there are six investments in NSW valued at over \$200 million supporting better services for 16,000 people and families in NSW. The investments are achieving benefits for citizens as well as investors. For example, through the Newpin social impact investment:

- 260 families have been reunited;
- 63 per cent of children in care participating in the service have been restored safely to their family, compared to 19 per cent of children in business-as-usual government services;
- The Resilient Families investment has similarly seen 32 per cent fewer children enter care.

### **Behavioural Insights is driving innovative approaches to design and deliver better services**

NSW was the first government in Australia to establish a Behavioural Insights Unit ([www.bi.dpc.nsw.gov.au](http://www.bi.dpc.nsw.gov.au)). Our use of behavioural insights supports our commitment to put people at the centre of government. Behavioural Insights draws on the behavioural sciences to understand how people act and make decisions in everyday life – ways that are often different from those assumed in standard economic models. This helps us design public services and policies in ways that work with the way people actually behave and help people to make better decisions for themselves and for society.

By focusing on how, why and when people make the choices they do, we can design and deliver better services, with greater efficiency. Principles of behavioural insights continue to be embedded in government processes, supporting our ongoing development of policies and programs that make meaningful differences in the lives of the people of NSW.

The Behavioural Insights Unit (BIU) works across the NSW Government helping to improve the effectiveness of public services and policy by applying what we know about the way people think and act. BIU develops and applies innovative interventions to improve public policy and services, both breaking new ground and drawing on developments from other jurisdictions. Our achievements using behavioural insights include:

- Fewer no-shows at domestic violence court hearings: using a behaviourally-informed text message led to a 23 per cent reduction in no shows;
- Easier to understand domestic violence orders: we developed and rolled out a new Apprehended Domestic Violence Order that is much easier to understand and incorporates behavioural messaging;
- More student teachers opting for rural and remote placements: making the opportunities more salient and easier to access and sending a range of behaviourally-informed communications led to a threefold increase in student teachers opting for rural and remote placements;
- More fines paid on time with fewer late fees: clarifying and improving a range of fine and enforcement notices has led to increases in people paying on time, with fewer late penalties and drivers licence suspensions;
- Encouraging payment of rental arrears: sending social housing tenants a behaviourally-informed text message when they fell into arrears led to a 9.4 per cent increase in them paying off their debt; and
- More women attending cervical cancer screenings: changing a reminder letter led to an additional 7,500 women each year attending their cervical cancer screening appointments.

### **We are working with the private and community sectors to tackle complex challenges**

The NSW public service is well-equipped to work in collaboration with the community, business and citizens to tackle complex challenges. An example of this is our approach to social and affordable housing. The Social and Affordable Housing Fund (SAHF) is a dedicated fund established to help address the shortage of social and affordable housing in NSW. The SAHF will support projects which deliver additional social and affordable housing stock through innovative partnerships between community housing providers, non-government organisations and the private sector. The SAHF fulfils the NSW Government's commitment to introducing innovative financing mechanisms into the social housing system. The SAHF will generate investment of over \$1.1 billion to deliver up to 3,400 new social and affordable housing dwellings and associated services.

Communities Plus is a new and innovative partnership with government that harnesses the expertise and capacity of the private and not-for-profit sectors to deliver integrated communities and improved social outcomes. The NSW Government has committed to a significant building program through this model to fast track redevelopment of its social housing portfolio. In partnership with the private and non-government sectors, these sites will be transformed into sustainable communities of mixed social, affordable and market housing. This will include developments with pilot programs that link housing assistance to education, training and local employment opportunities. The \$22 billion program will deliver up to 23,000 new and replacement social housing, 500 affordable and 40,000 private housing dwellings over the next 10 years.

### **The NSW public service is also working to raise the quality of regulation**

NSW's recent Independent Review of the NSW Regulatory Policy Framework identified opportunities for the public service to improve citizens' experience of regulation. The review's recommendations will raise the quality of regulation in NSW. The review found a need for better stewardship, clearer governance and better use of digital services and data. This will require a change in the culture and capabilities within agencies to support new approaches and new regulatory environments, particularly with regard to making greater use of digital and data-driven options and responding to future technologies. Government agencies will need to ensure their staff

are able to incorporate new tools and considerations in the decisions around when and how to regulate.

### **There is a an opportunity to improve the effectiveness of federal financial relations**

As the examples above demonstrate, NSW is driving innovative approaches to improve service delivery, putting our citizens at the heart of everything we do. However, federal financial relations between the Commonwealth and the States are not serving the citizens or the governments of Australia well. Reform is needed to ensure the APS, and the public service in each state and territory, are able to collaborate efficiently and effectively, drive innovation, and deliver benefits and accountability to citizens.

Currently, there are too many agreements under the Intergovernmental Agreement on Federal Financial Relations (IGA FFR). Negotiation processes are wasteful, and agreement conditions are not enabling local innovation or service improvements. Federalism discussions are too heavily focused on the distribution of funds and accountability between governments, and are not sufficiently focused on improving accountability or outcomes for citizens.

Our federation is diverse, and so are the challenges governments face in delivering outcomes for citizens. What works in one jurisdiction may be counterproductive in another. Strong performance is not recognised with greater autonomy for states. Instead, overly prescriptive agreements continue to stifle innovation and limit the ability of the public sector to deliver efficient policy solutions that are appropriate for each jurisdiction and responsive to changing circumstances.

The time and resourcing spent by the public services of all jurisdictions in negotiating and administering agreements is also wasteful and unsustainable. This restricts the ability of the public sector to be agile and efficient, and to drive policy and implementation.

### **A more dynamic federalism would drive outcomes and accountability for citizens**

There is an opportunity to reform federal financial relations to decrease the administrative burden for all jurisdictions, and open the space for public services to work collaboratively to drive policy and implementation in areas of shared interest and responsibility. A more dynamic federation would see the number of agreements rationalised and the conditions refined to enable innovation. This would in turn streamline the negotiation process.

Conditions would be limited to when they are essential, and would have a more consistent focus on citizen benefit and accountability. A more dynamic federation would also structure conditions to stimulate reform by reflecting the diversity and autonomy in our federation. States that are performing well and leading reforms should be rewarded with increased autonomy, and incentivised to continue driving innovation and delivering outcomes for Australian citizens.

### **Reform is being progressed through the Council of Australian Governments**

In response to a proposal from NSW in 2017, COAG has agreed to pilot these reforms in the health portfolio. The pilot will rationalise current agreements under the IGA FFR into a single health agreement with streamlined conditions and a better balance between accountability and autonomy.

NSW is working with the Australian Government and states and territories to progress this pilot. Following the pilot, the reform should be expanded to include all other portfolios. There are currently over 70 agreements nationally. This should be rationalised to no more than 10.

The reform presents a significant opportunity to improve the efficiency of federal financial relations to ensure the public services of all jurisdictions are able to collaborate in an effective way. The NSW Government urges the APS Review to consider the benefits of reform to federal financial relations and opportunities to progress a more dynamic federation.