

1. **The Hon. Dr SARAH KAINE:** We've had quite a few different witnesses, and there seems to be a consensus—and I don't disagree—that from time to time there will be a need for bespoke consultancy arrangements. You will have expertise that you don't need consistently. Given that, what kind of processes would you recommend? You spoke about accountability before. I know that's a theme in your submission. Is there a process or aspects of a process that you would recommend on those occasions when you do legitimately need to engage contractors?

STEWART LITTLE: You need to look at it in terms of return on investment. There has to be accountability, there has got to be a proper procurement strategy and it should look at engagement with our university sector. We provide a world-class university system. We export university education. How much does the New South Wales public sector interact with that university sector? They do in parts. They do here and there, but nowhere near where they could. That's just one example. You do need accountability through a proper procurement strategy. It's probably something I can take on notice as well.

PSA Response: The engagement of an external private sector consultant should be as a last resort. This should be done when, and only when it can be demonstrated that:

- There is no internal capability or capacity.
- The tertiary education institutions in NSW do not have this expertise available.
- Other public services – either at Commonwealth or State level doesn't have the capability to deliver the activity.
- There are no providers within the not-for-profit sector.

If the response to all of the above is negative, then there are grounds for the engagement of a consultant. We would argue though, that the business case for the use of a consultant is accompanied with a business case for developing the expertise internally.

Here, it is worthwhile noting the creation of an in-house management consultancy within the APS in an attempt to negate the need to utilise external consultants. Given that the NSW public sector is much larger than the APS, we would contend that there is considerable scope to create an in-house consultancy unit in NSW – assuming that there is the political will to do so.

2. **The Hon. Dr SARAH KAINE:** It's quite useful for us to have illustrative examples. That RFS example was useful. Are there any others, either recent or over the period that you have looked at in your research, that spring to mind as particularly noteworthy or, in fact, that we should investigate a bit further?

STEWART LITTLE: Again, it's where consultants and where the issue of contractors intertwine or interface. We have had issues with a couple of agencies, unfortunately, when it comes to—and we're working on them, so to speak. It's often in an industrial context when you go to an agency and say, "Look, we want to know how many people work in these particular roles for transparency and openness." The police is also a very large agency which we

think could be more transparent, for obvious reasons. We have a lot of members who work within the justice portfolio—ICAC, the crime commission, corrections and right across. And we've got a lot of members that work within the police. Getting that sort of data from them has been very, very difficult, I have to say. Obviously, they would argue, "We're special and we're different," and all of that. Really, they're probably no more special or different to any of those agencies that I just mentioned where we do have a fairly open dialogue.

A committee like this is long overdue to look at this question because it's so important that the taxpayer gets value for money. If they are going to engage, as Dr Asquith said, there has to be a business case. There has got to be value for money; there has got to be a legitimate reason. It can't just be a line on a paper. To go to your question, I think that all agencies really should have much better reporting requirements when it comes to their annual reports—certainly, far more than what we're getting at the moment. For example, if you use the example off the back of icare, they're a large agency with a huge budget. And you just get this little one line, despite there being millions of dollars. Again, that's something we'd like to take on notice.

PSA Response: We feel that in both our written and oral evidence, and in the written and oral evidence provided by other submissions to the Inquiry, that this has been adequately dealt with..

3. **The Hon. MARK BUTTIGIEG:** Mr Little, thanks for your testimony. I wanted to explore—I've been trying to listen in a little bit, but in terms of the current state, it's not ideal, to put it mildly. So if you could maybe just contrast where we're at because it seems to me one of the value-add propositions is for the public sector agencies to start talking to the unions about how we might better assess how to rebuild that public sector capacity and the subject matter expertise on the ground, which your members, obviously, possess, in order to make that happen. Presumably, there have been attempts at doing this over the last 10, 15, 20 years, which may have fallen on deaf ears, from what we're hearing. I just thought it might be handy for you to contrast that sort of state of affairs, if that's a correct characterisation, compared to where you want to go, where you'd like to see it go.

STEWART LITTLE: Thanks again for the question. I think for some of this we probably could take some of this on notice because there are so many parts of the public sector.

PSA Response: In a generic sense, we want the public sector to be firmly founded upon the principles of public service – serving the citizens of NSW equitably and fairly. We would argue that the principles should be based upon those proposed by Nolan (1995) which were highlighted in our submission. Key here is leadership within the public service by individuals who support and understand these core public service principles. As Margaret Crawford, the NSW Auditor General noted in her recent Garran Oration, "we want to know our government is competent, reliable and honest. We have the right to expect that government puts public interest ahead of political interest – that it listens and strives to create the conditions for us all to prosper."

It is imperative that we move away from the discredited belief that it is acceptable to recruit into senior public service roles from the private sector simply because someone has had a successful managerial career within a private sector entity. This ignores the fact that managing in the public and private sectors are fundamentally different activities. Whereas the private sector is driven by short term objectives for the benefit of a few (shareholders), the public sector management is a much longer-term activity designed to benefit all citizens and operates within a political environment. We are told time and time again by our members across different departments throughout NSW that there is often a clear and profound distinction between senior managers who have risen 'through the ranks' and those appointed to senior roles purely because of their managerial expertise. Whilst the former are more likely to have an understanding and appreciation of the realities of daily operational activities, the latter do not.

Within the NSW setting, a key step here is the repeal of the GSE Act (2013) and its replacement with a more traditional public sector employment regime for our senior public servants. Alongside this, we need to partner with the tertiary education sector across the state, and instigate a rigorous, comprehensive education, development and training programme to emphasise the virtues of public service.

It is crucial that any education, development, and training programmes are relevant to the needs of the public sector. We are aware of the Australia and New Zealand School of Government Executive Master of Public Administration programme. This is an elite programme, and not available to the majority of public servants. What is required is a much more accessible range of programmes. Whilst there are a number of programmes in *public policy* within the tertiary sector in NSW, there is very little provision in the *public management* space. A notable exception here is the Institute of Public Policy and Governance (IPPG) at the University of Technology Sydney where the PSAs Research Officer is also a Fellow. IPPG offers Certificate, Diploma and MBA level education to the local government sector and is working on model for others in the public sector or who work with the public sector.

In addition to the above, the Chair asked about the 1,500 employed as contract labour in 'education corporate'. The majority of these are employed in the call centre which provides the key link between our schools and the Department of Education. We are aware of two primary deficiencies of this arrangement – over and above the issues around the use of contract labour in general:

- a) There is considerable staff turnover in the call centre. Those employed as contractors do not stay in the role for very long. This is the result of inadequate staff training and an oppressive organisational culture. The impact upon both commitment and customer service in such an environment are well documented.
- b) For our schools, the negative situation in the call centre is two-fold: literally hours can be spent on the phone waiting to speak to someone. When schools are eventually able to speak to the call centre, all too often they find themselves talking to someone who both lacks knowledge and who is disinterested.