

Chairman; Mr Eric Ripper; Mr Colin Barnett; Mr Murray Cowper; Mr Tony Krsticevic; Mr Joe Francis; Mr Paul Papalia; Mr Mark McGowan

Division 4: Public Sector Commission, \$21 150 000 —

Mrs L.M. Harvey, Chairman.

Mr C.J. Barnett, Premier.

Mr M.C. Wauchope, Public Sector Commissioner.

Mr D. Volaric, Deputy Commissioner, Agency Support Services.

Ms T.C.C. Yow, Chief Finance Officer.

Dr E.B. McCaffrey, Director.

Ms C.R. Chesney, Director.

Mr R. May, Deputy Chief of Staff, Office of the Premier.

The CHAIRMAN: This estimates committee will be reported by Hansard staff. The daily proof *Hansard* will be published at 9.00 am tomorrow.

The estimates committee's consideration of the estimates will be restricted to discussion of those items for which a vote of money is proposed in the consolidated account. This is the prime focus of the committee. While there is scope for members to examine many matters, questions need to be clearly related to a page number, item, program, or amount within the volumes. For example, members are free to pursue performance indicators that are included in the budget statements while there remains a clear link between the questions and the estimates. It is the intention of the Chairman to ensure that as many questions as possible are asked and answered and that both questions and answers are short and to the point.

The Premier may agree to provide supplementary information to the committee, rather than asking that the question be put on notice for the next sitting week. For the purpose of following up the provision of this information, I ask the Premier to clearly indicate to the committee which supplementary information he agrees to provide and I will then allocate a reference number. If supplementary information is to be provided, I seek the Premier's cooperation in ensuring that it is delivered to the committee clerk by Friday, 5 June 2009, so that members may read it before the report and third reading stages. If the supplementary information cannot be provided within that time, written advice is required of the day by which the information will be made available. Details in relation to supplementary information have been provided to both members and advisers, and accordingly I ask the Premier to cooperate with those requirements.

I caution members that if the Premier asks that a matter be put on notice, it is up to the member to lodge the question on notice with the Clerk's office. Only supplementary information that the Premier agrees to provide will be sought by Friday, 5 June 2009.

It will also greatly assist if when referring to the program statements volumes or the consolidated account estimates, members give the page number, item, program and amount in preface to their question.

I now ask the Premier to introduce his advisers to the committee.

[Witnesses introduced.]

The CHAIRMAN: The member for Belmont has the call.

Mr E.S. RIPPER: I refer to the first dot point on page 85 of the *Budget Statements* regarding the appointment of an independent Public Sector Commissioner.

Mr C.J. BARNETT: On which page is this?

Mr E.S. RIPPER: Page 85.

Mr C.J. BARNETT: That is the wrong section; it starts on page 97.

Mr E.S. RIPPER: Yes, page 97 relates to the whole division because it relates to the appointment of an independent Public Sector Commissioner.

Mr C.J. BARNETT: That is fine, yes.

Mr E.S. RIPPER: I do not think we need to go further; it was actually referred to in the earlier division. My first question is: what is the legal basis for the commissioner's activities? My second question is: by what instrument are the commissioner's powers and rights determined? My third question is: is the commissioner legally capable of being directed; and, if so, by whom is he legally capable of being directed?

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Mr C.J. BARNETT: The prime legal basis of the Public Sector Commissioner is, as I understand it, the Public Sector Management Act 1994, which is the prime piece of legislation that the commissioner has responsibility for. I would imagine that, in theory at least, as Premier, I would be able to give a direction to the Public Sector Commissioner on some matters, but probably not all. Implicit in the member's question is accountability and reporting to Parliament, which is an issue that is being considered. The Public Sector Commissioner and I had a chat recently about that, and as his role emerges I think there is some merit in implementing a reporting process to the Parliament. It is early days, but what was envisaged in setting up the Public Sector Commission was to have the commissioner be the head of the public service in Western Australia. That is part of this government's commitment to building professionalism and ensuring the independence of the public sector in Western Australia. I will ask the commissioner to comment on some of the legalities and the direction that the Public Sector Commission will take.

The CHAIRMAN: Mr Wauchope.

Mr M.C. Wauchope: The Public Sector Commission was created as a department of state under the Public Sector Management Act. The minister's powers specified in that act have been delegated, by instruments of delegation, to me as the commissioner. All the powers referred to as those of the minister in the Public Sector Management Act—with the exception of section 11, which deals with special inquiries—have been delegated to me as the Public Sector Commissioner.

Mr E.S. RIPPER: Could that delegation be withdrawn at any time by action of the Premier as Minister for Public Sector Management; and, at any time, could the Public Sector Commissioner—as with any agency chief executive officer—be subject to a direction from the Premier as Minister for Public Sector Management?

Mr C.J. BARNETT: I will ask Mr Wauchope to comment.

Mr M.C. Wauchope: It is my understanding that the delegations could be withdrawn at any time, or indeed probably overridden, but that is certainly not the intent or application of the model.

Mr E.S. RIPPER: Is it intended that there will be legislation to establish the true legal independence of the Public Sector Commissioner, and to establish a commission; and at what stage could Parliament expect to see that legislation?

Mr C.J. BARNETT: There may well be some legislation forthcoming.

Mr E.S. RIPPER: There may not be!

Mr M.J. COWPER: There may well be!

Mr C.J. BARNETT: I would think "may well be" is on the positive side of the halfway point. There may well be legislation. I make the general comment that we have a number of accountability bodies and public sector bodies of which there needs to be a review and perhaps a simplification.

It is certainly this government's and my intention that, as I said, the professionalism and the independence of the public sector be established. This is operating in a way that will enshrine that as a permanent feature. Yes, legislation probably will be prepared. We are broadly looking across a range of accountability; for example, at the Corruption and Crime Commission, where the issues are greater. There are a number of accountability bodies. It is a major policy commitment of the new government to have an independent Public Sector Commissioner and to have that person, Mr Wauchope, essentially be the head of the public service and to deal with public service matters. They should not be dealt with by politicians, in my view. Part of that split that occurred was to leave the Department of the Premier and Cabinet as the policy-oriented agency charged with coordination across government, and with implementing the policy of an elected government. That distinction is appropriate. I do not think there was any intent to confuse or mislead in any sense previously, but I think it was a basic conflict to have the head of the public service also as the head of Premier and Cabinet. I do not think that was the appropriate model.

Mr E.S. RIPPER: What is the legal relationship and the demarcation between the so-called independent Public Sector Commissioner responsible for managing the public service and the independent Commissioner for Public Sector Standards responsible for, among other things, recruitment processes for CEOs?

Mr C.J. BARNETT: That is an area in which there is some obvious overlap, and that overlap was probably already there implicitly in terms of the role that Mr Wauchope played as head of Premier and Cabinet. He had some responsibilities and there were also responsibilities of the Public Sector Standards Commissioner. That is not the only one, but it is one area in which I think the line of demarcation and responsibility needs to be clarified. That may well necessitate legislation coming before Parliament. I am very aware of the issue. I understand where the Leader of the Opposition is coming from. I agree with him; that is an area in which accountability bodies have grown, albeit with good reason and intent. However, the time has come to step back

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and look at the whole structure and decide whether it is the most appropriate. But I think some legislative changes will need to be made to simplify it and make clear who is responsible for what.

Mr E.S. RIPPER: Can the Premier guarantee there will continue to be an independent Commissioner of Public Sector Standards? Can he also guarantee that the extent to which the Public Sector Commissioner takes over her functions, he will have the same legal guarantees of independence that the Commissioner of Public Sector Standards currently enjoys?

Mr C.J. BARNETT: The answer to the first question is no; I am not giving any guarantee. We are looking at this whole issue. But can I assure the member that the responsibility and the independence of that role and the reporting to Parliament will be guaranteed.

Mr A. KRSTICEVIC: I notice on page 104 that funding the Western Australian Leadership Program will cease in 2009-10. Given that funding will no longer be available, what does the Premier intend to do and how does he intend to continue the development of leadership and build the capacity of the public sector in future years?

Mr C.J. BARNETT: I guess programs come and go. I very much see the role of the Public Sector Commission and the commissioner as providing that leadership to the public service in all regards—in ethics, standards, competencies and the like. It is of concern that, partly due to the economic environment and partly due to some other factors outside the public service itself, we have lost a lot of people of great talent from our public service, and there are areas within the public service that are lacking in leadership. I would like to think we can meet that need by promoting people within the sector, but there are some serious gaps at the moment. Therefore, we can expect to see some outside people come into the public sector. Philosophically, in the longer term, I think it is healthy if senior people within the public sector move between the public sector here and maybe the commonwealth or other state public sectors or even the private sector. That movement is part of a modern democracy. The commissioner might like to comment on some of the leadership issues, but I think it is a key reason for setting up the Public Sector Commission.

[11.40 am]

Mr M.C. Wauchop: Madam Chair, the Public Sector Commission has a fairly strong focus on leadership, having regard to the demographic shift in Western Australia—both the community and the public sector have an ageing population. I think we still have the oldest public sector in the nation. Investment in programs such as our Pathways Program, conducted in conjunction with the University of Western Australia and Australian Institute of Management, will continue. We have invested in the past, and hope to continue to invest in the future, in the Australia and New Zealand School of Government. We send graduates to that school every two years. We are very much focused on our graduate development program. This is part of the renewal of the public sector. Currently, something like 139 graduates taken into the sector this year are going through an overarching program run by the Public Sector Commission. We try to give the graduates a whole-of-government focus with the idea of fast-tracking them into leadership positions in the future.

Mr E.S. RIPPER: I refer the Premier to the first dot point, dash five on page 98, where the following is written —

advise Government on a process of structural consolidation, ...

In short, part of the Public Sector Commission's role is to advise government on a process of structural consolidation. I ask, first, what advice was provided on the merit of breaking up the Departments of Industry and Resources, Planning and Infrastructure, and Local Government and Regional Development? Second, how can a process of consolidation succeed when the new government has created new departments? Third, how many new government departments have been created already? Fourth, does the government have plans to create yet more new departments?

Mr C.J. BARNETT: In response to the first example given, the break-up of what was the Department of Industry and Resources was an election commitment that I made and repeated a number of times during the election campaign. I said that we would have a specialist mines and petroleum department because the largest industry in the state should have a specialist agency. It was clear that work on mining and petroleum had been distracted by a whole lot of other issues, including science and technology—all worthy areas—and that the government had lost the focus of a key mines agency. Related to that was the decision to have a specific development department—the Department for State Development—working on major state agreements for mining and petroleum projects and projects such as the Ord River, and indeed dealing with the commonwealth on projects such as the sinking of the railway line through Perth, and so on. They were similar policy decisions. Although they did not get as much comment during the election campaign, the return to separate departments for transport and for planning was the Liberal Party policy position through the course of the last election. There was some confusion in the Department for Planning and Infrastructure—which department will cease from 1 July,

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when the departments of transport and planning will be reinstated. Senior people in both the public and private areas of transport and planning have strongly endorsed that change because previously there was confusion about agency roles. I do not make this as a political comment, but given the former Minister for Planning and Infrastructure's enthusiasm for transport projects, there had been, in my view, a lack of attention to planning issues for the state. That was a natural consequence of her bent and enthusiasm for transport projects. I think ours is a clearer and better structure. The changes to the regional development department largely reflect the policy decisions developed through the National Party and the way in which we had decided we would progress the Ord River project.

Finally, setting up the Public Sector Commission was a clear policy commitment of the Liberal Party going into the last election. Will there be other changes? I do not rule that out, but certainly the major structural changes have been made. We are not contemplating other such changes, albeit there may be some minor adjustments, such as incorporating a number of smaller agencies into the major structures. I am not a big fan of offices and little independent groups floating around. I want to have a clear, easily understood public sector structure.

Mr E.S. RIPPER: Is the government's policy for structural consolidation or for more departments consistent with what the Premier said before the election? Does the creation of more government departments not add to the cost of running the public sector at a time when the government is, for example, axing 450 education assistant jobs in schools?

Mr C.J. BARNETT: Splitting agencies certainly involves a cost. Although I think the cost associated with the physical aspects of splitting Premier and Cabinet, including alterations and office relocations, was about \$260 000, obviously there were additional salary costs associated with the Public Sector Commissioner's position. Similarly there will be an additional salary for a director general of transport, given that planning and transport will now have separate DGs. What the member says is true, the number of departments has increased; however, the consolidation point will unfold as a number of smaller entities and bodies either disappear or become a part of these substantive departments.

Mr E.S. RIPPER: Which ones are for the axe?

Mr C.J. BARNETT: During the last division, the opposition raised Indigenous employment as one such area. The prime function, be it in health, education, transport or planning, will be administered by a minister with clearly defined responsibilities and a department and head of department with that clear responsibility. Some of the former government's attempts—I will not go near the Office of Shared Services fiasco, which was meant to save money but has cost \$300 million or \$400 million so far —

Mr E.S. RIPPER: Will the government abolish that office?

Mr C.J. BARNETT: To be honest, we are trying to salvage what we can out of the mess. We are trying to salvage something. A dramatic change in consolidation will be seen. I remember well how the now Leader of the Opposition scoffed in this Parliament that we had not counted government committees when I said that there were more than 1 000 of them. We have counted them and we have identified 1 258 committees and organisations hanging off or in government. We want to drastically reduce that number—probably halve it if we can. That will take some time and some of it will require statutory legislative change. That huge inefficiency is in-built in government, but some ministers have already managed to peel away a few such bodies. However, making government both clear and simple will be a big task. One problem is that several bodies advise the Minister for Fisheries on policy; the bigger problem is that those bodies never agree with each other. The process does not take the minister anywhere; it does not help or contribute to the good management of the Department of Fisheries.

Mr J.M. FRANCIS: My further question to the Premier was about the boards and committees and the review that he was undertaking. I was going to ask about the review and how many committees were found in its discovery process. What are the likely savings?

Mr C.J. BARNETT: As I said, 1 258 boards were discovered in what seems now to be a fairly exhaustive process. I think there are 130 advisory committees in agriculture alone—almost a committee for every 10 farmers! I do not really know how it works out, but it is an absurd number. That work is being coordinated through the Department of the Premier and Cabinet. The savings will not be so much in sitting fees and the like—paid representatives serve on approximately 500 of those committees—but in the time use of the public sector servicing, managing and responding to these committees. That is where the big saving will be made. Also, it will improve the quality and the clarity of the advice coming to government. It is a big task. I am now advised the latest number is 1 276 committees—the number goes up as we speak! We keep finding them. We think we have finally flushed them all out and we find more! This would be a great episode for *Yes, Minister*.

The CHAIRMAN: The member for Belmont has indicated he has a further question.

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Mr E.S. RIPPER: No; not a further question.

The CHAIRMAN: I am asking for further questions, not questions. I have a list.

Mr E.S. RIPPER: I am sorry, Madam Chair. I do not have a further question on this topic.

The CHAIRMAN: Member for Warnbro.

Mr P. PAPALIA: I refer the Premier to budget paper No 2, volume 1, and to the line item in the table at the bottom of page 104 that reads "Western Australian Leadership Program". Notwithstanding the Premier's response to an earlier Dorothy Dixier on this, I am very keen to have the commissioner explain further why the amount allocated to this program more than tripled this year to \$726 000, up from \$220 000 last year.

What sorts of programs precisely is that money intended to be expended on this year; and why suddenly is it no longer considered necessary next year and thereafter to fund them?

[11.50 am]

Mr C.J. BARNETT: I defer to the commissioner.

Mr M.C. Wauchope: That was part of a five-year funding program that was approved under the previous government. The funding runs out after next financial year and we will be going back to the government as part of the next budget process to seek further funding for programs in the out years. The funding is for programs such as our membership of the Australia and New Zealand School of Government and what we consider to be our flagship programs, Pathways to Leadership and Foundations of Leadership, that we run with the University of Western Australia and the Australian Institute of Management in a number of different skills workshops. Basically, the funding was only for a five-year period. The expenditure was lumpy, as there was more expenditure in some years than in other years. For example, with the ANZSOG membership we fund 10 scholarships every two years for people around the public sector, which I think are worth about \$40 000 each; therefore, every two years there is a bit of lumpy expenditure. That funding program runs out the year after next financial year and we will be going back to government to continue it.

Mr P. PAPALIA: I have a further question. Noting the comments from the Premier with regard to perhaps a little criticism of the leadership capacity within the public sector and the clear benefits of the Australia and New Zealand School of Government scholarship program, why has it not already been considered valuable enough to continue the funding and why was inclusion not advocated for in the forward estimates of this year's budget?

Mr C.J. BARNETT: I will comment on the question. I think there is a distinction between leadership and leadership development within the public service, and the number and level of chief executive officers. My comments reflected on the fact that we have lost a number of senior CEOs from the public sector in recent years and that has left a bit of a gap. That is an issue, but there are two aspects to the problem.

Mr P. PAPALIA: Further to that, I get a sense that the Premier is in favour of developing the leadership capabilities within our public service and our senior leadership capacity.

Mr C.J. BARNETT: Yes.

Mr P. PAPALIA: As I understand it, the scholarship program in particular goes directly to the heart of developing our own public servants' future career paths, identifying potential leaders for the future and giving them a leg-up via that scholarship program. I would regard that as being completely in accord with the Premier's argument that we need to develop our own leaders.

Mr C.J. BARNETT: Yes.

Mr P. PAPALIA: I thought it would have been included in the forward estimates and not left open to be cut when times got tougher.

Mr C.J. BARNETT: I guess some programs have been cut, but that is more of a sustained program within the public sector. Right now we have some gaps at the most senior level of the public service that need to be filled. In the longer term I support the principle that the public sector has responsibility to train, develop and provide leadership to members of the public service.

Mr M. McGOWAN: A moment ago the Premier was talking about 1 276 committees, boards et cetera.

Mr C.J. BARNETT: Yes.

Mr M. McGOWAN: I agree with the Premier that it is too many. I suspect that the majority are defunct in any event.

Mr C.J. BARNETT: No; these are ones that are still operating.

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Mr M. McGOWAN: It is a very large number, but sometimes there are reasons behind keeping some. Perhaps the Premier can provide the answer to my question by way of supplementary information. I understand that the Premier wants to cut the number of committees and boards, and I agree with that. However, I did an analysis, based on short ministerial statements, of the number of new reviews, committees and boards that have been created whilst this Premier has been in office. I came up with the number of roughly 50. I cannot, though, be across every committee and every board on the basis of short ministerial statements, and I wonder whether the Premier will provide by way of supplementary information how many reviews, boards, committees and task forces the Premier has created across his government in his time in office.

Mr C.J. BARNETT: Yes, there have been a number created. I think when we are talking about 1 276, we are talking about ongoing entities, some that were created by statute and some that were not. I am certainly happy to provide that information. I recognise that this government has created a number of new bodies; also some have gone. In fact, one group actually wrote to the minister and said that it had served its purpose, and had probably done so long ago, and it thereby voluntarily abolished itself, which was very admirable. I expect some more bodies will do that. However, as a new government we have simply come into office with our policy agenda and commitments. We made commitments and have set up bodies, for example, in areas of child protection and elsewhere. We made a commitment to seniors and we have set up a body for them. We have honoured our election commitments and that, having occurred in the first half-year of this government, has resulted in an increase in the number of bodies. However, there will be over the term of this government, hopefully, a very large reduction in the number of committees. I will provide by way of supplementary information committees and reviews that have been established so far by this government.

[*Supplementary Information No A36.*]

Mr E.S. RIPPER: I refer the Premier to the third dot point on page 99, which states, in part —

Future capacity of the public sector is reliant on a commitment to and investment in the development of strong leadership and professional development at the highest levels.

Mr C.J. BARNETT: Yes.

Mr E.S. RIPPER: I agree with that statement, but I fear that there is a huge gap between the government's rhetoric and reality, and I ask the Premier to comment on that. In particular, the member for Warnbro has drawn attention to what will happen to the future funding for leadership development programs. I have had complaints from public servants that training in their agency has been cut as a result of the three per cent efficiency dividend exercise. I ask the Premier whether in his savings approaches he has directed agencies not to attack funding for training, professional development and leadership. If he has directed agencies, what was the nature of the instructions and what action is he taking to ensure that agencies are not—contrary to statements in the *Budget Statements*—actually cutting funding for training and professional development as part of the budget savings measures?

Mr C.J. BARNETT: The commissioner might wish to comment on that. Leadership and professional development training is all important, and I am not denying that there have been some cuts to that area in some agencies. That has been part of the reality of the environment in which we find ourselves, both with the three per cent efficiency dividend and the gross loss of overall revenue. However, training and professional development, as important and essential as they are, are only part of the story. The behaviour of government itself is essential, in my view at least, to creating an increasingly professional and independent public service. For example, under this government staff members will not be moving and interchanging between the professional public service and term-of-government appointments; that will not happen. We will keep a strict delineation between staff members appointed to work as term-of-government employees and staff members from the public service within ministerial offices.

Mr E.S. RIPPER: It is contrary to the Public Sector Management Act for a term-of-government employee to apply for a job in the public sector. That has always been the case.

Mr C.J. BARNETT: The Leader of the Opposition will find that there has been a fluidity of movement between TOGs and the public service, which will not happen under this government.

Mr E.S. RIPPER: If so, it is contrary to the law.

Mr C.J. BARNETT: I will not go back in history, but that will not happen under this government. We are keeping a sharp distinction between the roles of ministers and ministerial staff and the professional public service. Those are the prime reasons, as I said, in the public service —

Mr E.S. RIPPER: The Premier has placements and secondees that are permanent public servants in ministerial offices.

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Mr C.J. BARNETT: Secondees and placements in ministerial offices are appropriate. Indeed, four or five administrative staff members in my office are placements from the public service, and they do a very fine job. My preference is that the number of term-of-government appointments be minimised. As I said previously, there are 152 compared with nearly 200 under the previous government. I want to keep that constrained. I think it is a good thing for public servants to be able to work within ministerial offices, but they should be confined basically to administrative matters or providing a link with departments and so on. I am also insisting—I hope it is happening universally—that ministers in this government deal directly with the CEOs of their agencies and do not start dealing with people at lower levels. That was a dreadful problem, I must say, during the Labor years, when ministers routinely circumvented the chief executive officers and dealt down the line. I guess that is getting off the point, so I will not go on. However, part of how a government, its ministers and staff in ministerial offices conduct themselves is essential to having a truly independent and professional public sector. I do not know whether the Public Sector Commissioner wants to make any further comments on the specific aspect of training.

[12 noon]

[Ms L.L. Baker took the chair.]

Mr M.C. Wauchop: In relation to agencies' approaches to training and development, I had two meetings with chief executive officers to brief them and the Public Sector Commission did urge them to refrain, if possible, from hitting training and development expenditure as a source of finding their savings. I made particular mention of the graduate programs because it is critically important that CEOs refresh the public sector, and the graduate program, as I see it, and the training programs that go with it, is one of the fundamental underpinnings of that.

Mr E.S. RIPPER: Given the possibility that agencies will attack training and professional development expenditure, does the commission accept some responsibility for accounting for the overall government effort and investment in training and professional development in the public sector? Can the commission say, for example, that in this year it spent this much across the public sector on professional development and training and that next year it will spend more, or is it essentially something that the commission might have good intentions about, but cannot actually control or be accountable for?

Mr M.C. Wauchop: Currently, with the way the budget arrangements are, we do not have access to that information within agencies. I guess we could ask to have that information provided to us, but we have not seen the need for that to date. I think it is more important that, particularly under the construct of the Public Sector Management Act, the chief executive officers take responsibility for development in their own agencies. We will provide strategic direction and access to some of the better training opportunities, but it is up to agencies to get into that space themselves.

The appropriation was recommended.