

PUBLIC ACCOUNTS COMMITTEE

INQUIRY INTO THE IMPLICATIONS OF THE NEW STRUCTURE AND FUNCTIONS OF THE DEPARTMENT OF THE PREMIER AND CABINET AND THE PUBLIC SECTOR COMMISSION

**TRANSCRIPT OF EVIDENCE TAKEN
AT PERTH
WEDNESDAY, 11 MARCH 2009**

SESSION TWO

Members

Mr J.C. Kobelke (Chairman)
Mr J.M. Francis (Deputy Chairman)
Mr A.J. Carpenter
Mr A. Krsticevic
Mr C.J. Tallentire

Hearing commenced at 9.55 am

WAUCHOPE, MR MALCOLM CHARLES
Public Sector Commissioner, Public Sector Commission,
examined:

YOUNG, MS RUTH
Principal Policy Officer, Public Sector Commission,
examined:

The CHAIRMAN: On behalf of the Public Accounts Committee, I would like to thank you for your interest and for your appearance before us today. The purpose of this hearing is to assist the committee in gathering evidence in its inquiry, for which you received the terms of reference. The Public Accounts Committee is a committee of the Legislative Assembly of the Parliament of Western Australia. This hearing is a formal procedure of the Parliament and therefore commands the same respect given to the proceedings in the house itself. Even though the committee is not asking witnesses to provide evidence on oath or affirmation, it is important that you understand that any deliberate misleading of the committee may be recorded as a contempt of Parliament. This is a public hearing and Hansard will be making a transcript of the proceedings for the public record. If you refer to any documents during your evidence, it would assist Hansard if you could provide the full title for the record. Before we proceed to the questions we have for you today, I need to ask you a series of questions. Mr Wauchope, have you completed the "Details of Witness" form?

Mr Wauchope: Yes.

The CHAIRMAN: Did you understand the notes at the bottom of the form about giving evidence to a parliamentary committee?

Mr Wauchope: Yes.

The CHAIRMAN: Did you receive and read the information for witnesses briefing sheet provided with the "Details of Witness" form today?

Mr Wauchope: Yes.

The CHAIRMAN: Do you have any questions in relation to being a witness at today's hearing?

Mr Wauchope: No.

The CHAIRMAN: Do you want to make any brief opening comments?

Mr Wauchope: No, I do not.

The CHAIRMAN: I thank you for the submission that you have made to the inquiry. Together with the information you provide today, your submission will form part of the evidence to this inquiry and may be made public. Are there any amendments that you would like to make to the submission already presented to us?

Mr Wauchope: No.

The CHAIRMAN: As you are not interested in making any introductory comments, I am sure we will have a free-ranging discussion that will give you the opportunity to make any points that you wish to the committee.

Mr Wauchope: Thank you.

The CHAIRMAN: The Premier in a media statement cited that the establishment of the Public Sector Commission would result in a more independent and professional public service. I emphasise that—independent and professional public service. What does “independent” mean in this context, and how will the Public Sector Commission achieve these improvements in independence and professionalism in the public service?

Mr Wauchope: I think the Premier was specifically relating to independence from the functions of the Department of the Premier and Cabinet. My understanding of it is that he held the view that it was very difficult for the head of the public sector or the head of the public service to be able to operate and to be seen to be operating in that capacity unless it was a separate entity, and so the independence is essentially from being bound up with other government-type functions that are held in the Department of the Premier and Cabinet.

The CHAIRMAN: The new structure creates the independence, rather than a different operational approach or procedures?

Mr Wauchope: Attached to that new entity was a delegation of the minister for public sector management’s powers, except section 11(1), which deals with special inquiries. All the rest have been delegated to the position of Public Sector Commissioner. It is a separate entity that has the powers that go with that to exercise the functions previously undertaken by the minister.

The CHAIRMAN: How will the new Public Sector Commission structure and its powers differ from the previous structure and powers when that role was being performed within the Department of the Premier and Cabinet?

Mr Wauchope: First and foremost, it is a separate department; it is a department of state created under the Public Sector Management Act, but it is separate from Premier and Cabinet and operates completely in an autonomous sense from that department. The key difference of course is that the powers that were previously exercised by the minister for public sector management are now exercised by me as the commissioner, with, as I said, the exception of section 11(1) of the Public Sector Management Act, which effectively provides the powers of a royal commission. That includes in particular section 10 of the Public Sector Management Act. Also, as a consequence of the delegation, the Public Sector Commissioner is now the employer of CEOs who are engaged under section 45 of the Public Sector Management Act.

The CHAIRMAN: Given that the Public Sector Commission corporate services are to be principally provided by the Department of the Premier and Cabinet, what steps have you taken or will you be taking to ensure that the Public Sector Commission maintains that structural independence?

Mr Wauchope: We will be getting our corporate services from both the Department of the Premier and Cabinet and the Office of Shared Services. The transactional services will be provided by the Department of the Premier and Cabinet, but the strategic HR and financial services, including the chief finance officer, will actually be within the new commission. I think the equivalent of about 10 positions will be transferred from DPC, so there will be no net gain in total positions but there will be a transfer and they will be within the Public Sector Commission and will include the chief finance officer. In relation to the question about maintaining that independence, the services delivered will be the subject of service level agreements that are still being negotiated with DPC.

The CHAIRMAN: Mr Wauchope, these go to the issues of the structural independence, but I suppose the implication in the statement by the Premier was that that independence might be more than just structural. Do you see the need for any real political independence, given that your role really is that of a delegate of the minister? They are all delegated powers.

Mr Wauchope: Yes.

The CHAIRMAN: I think I am correct in saying that when you look to the Office of the Public Sector Standards Commissioner, you have political independence, and the independence that is

established for the Office of the Public Sector Standards Commissioner does not apply to your position; that relates to the fact that your office is not specifically referenced in a statute. That is correct?

[10.00 am]

Mr Wauchope : Yes, that is correct.

The CHAIRMAN : You do not have a statutory requirement to act independently as the Public Sector Standards Commissioner does?

Mr Wauchope : No.

The CHAIRMAN : Whereas the Public Sector Standards Commissioner cannot be removed from office except through special provisions, you can be removed under section 49?

Mr Wauchope : Yes.

The CHAIRMAN : The picture I am painting, and I would like you to correct me or put differently, is that the new role of Public Sector Commissioner is not in any way more politically independent of the minister than what the old structure was?

Mr Wauchope : It is certainly a department of state and is subject to the same, I guess, constraints as any other department, but it is separate. The functions are now distinctly separate from the Department of the Premier and Cabinet and do not get bound up with considerations. For example, where previously in looking at public sector management issues there may well be weighing up other issues that the Department of the Premier and Cabinet had to take into account, that is no longer the case. Any consideration may well involve consultation with Premier and Cabinet as it will indeed with Treasury and Finance and other agencies, but any decision and process will be completely separate and independent of those departments.

The CHAIRMAN : In your submission you cited that the Public Sector Commission retains responsibility for terms and conditions of ministerial officers and full management responsibility for special office holders. Why then, if the Public Sector Commission was created to promote and lead an independent public service, do you think it is appropriate that you retain these responsibilities rather than leaving those with the Department of the Premier and Cabinet?

Mr Wauchope : I think I should explain the context for that. The intention was of course that ministerial officers—and they do continue to be managed by the Department of the Premier and Cabinet—the requirement for my involvement in relation to seconded public servants and permanent public servants in relation to ministerial officers is a quirk of the act, both sections 70 and 75, which refer to the chief executive of the department principally assisting the minister who is responsible for the act; which is myself, not the head of Premier and Cabinet. What it means is that ministerial people who are seconded from a public service department to go and work in a minister's office are not seconded to Premier and Cabinet, they are seconded to the Public Sector Commission, which then places them into the relevant ministerial office. In a sense that actually gives more protection for the public servant. If you go back to the days of the old Public Service Commission, in fact that is exactly what happened in those days. In that sense, it is no different from that. They end up being seconded to the Public Sector Commission and then placed in the ministerial office. Of course they come back via that route back to their home agency when their secondment is finished. Section 68 appointees, the so-called "term of government" appointees, continue to be appointed by the Premier on delegation to the director general of the Department of the Premier and Cabinet.

The CHAIRMAN : Implied in what you are saying is that the restrictions of the Public Sector Management Act really dictated, even if there may have been a preference for policy reasons to do it differently?

Mr Wauchope : Yes. The act prescribed—because of the reference to the chief executive of the department principally assisting the minister in the management of the act, meant that it had to be the commissioner rather than the director general of Premier and Cabinet. Having said that, actually it is not dissimilar to what happened when the Public Service Commission existed and that is the public servants were handled through the Public Service Commission and then seconded into the relevant ministerial office.

The CHAIRMAN : I think, as you have already noted, the commission is really established as a department.

Mr Wauchope : That is correct.

The CHAIRMAN : It does not have a statute?

Mr Wauchope : No.

The CHAIRMAN : Not all commissioners do, I understand.

Mr Wauchope : That is right.

The CHAIRMAN : But it is generally accepted that the commission is a different role and therefore has its own statute. Why do you see the value in being called commissioner and having a commission when it is really legally just a department?

Mr Wauchope : It is legally a department, but the value in having it called a commission is to set it apart from the other departments in terms of being seen to be the head of the public sector, which is the intention of the change. In reference to other jurisdictions, yes, you are quite right—if you look at the way the arrangement is set up in each jurisdiction, they are different, but mostly they are employed by the Premier of the day.

The CHAIRMAN : How will you see your Public Sector Commission being able to promote the overall efficiency and effectiveness of the public sector when section 29 of the Public Sector Management Act vests authority for HR management functions with the CEOs of the various agencies?

Mr Wauchope : The Public Sector Management Act has been predicated on the basis that CEOs are responsible for the management of their agencies. Going back into the history of that, at the time that the Public Sector Management Act was introduced, the last couple of Public Service Commissioners have pretty well delegated everything to the CEOs in order that they could manage their departments. There was never an intention that the Public Sector Commission would become the employer of all staff, and those functions required to manage departments would remain with the CEO. The key function or the key powers for the Public Sector Commissioner is the section 10 powers because it actually does deal with efficiency and effectiveness. That is where you can provide the framework for the policy settings and the management of the public sector. Again, the model devolves responsibility to the CEOs as it should be, and that has not changed.

Mr A.J. CARPENTER : Mal, can I ask you a few questions. I hope I already know the answers! I just want to make sure. When were you first appointed as head of Premier and Cabinet?

Mr Wauchope : October 1997, I think

Mr A.J. CARPENTER : By Geoff Gallop?

Mr Wauchope : By Richard Court.

Mr A.J. CARPENTER : And subsequent to that, reappointed?

Mr Wauchope : Reappointed by Geoff Gallop about five years later, I guess at the end of 2002, and then reappointed by yourself in 2007.

Mr A.J. CARPENTER : About 12 years in the role?

Mr Wauchope : A bit over 11 years, yes.

Mr A.J. CARPENTER: Under Liberal and Labor governments?

Mr Wauchope: Yes.

Mr A.J. CARPENTER: Were you ever asked about your political affiliation during that process by anybody?

Mr Wauchope: No, never:

Mr A.J. CARPENTER: In that role that you had, were you ever aware of the Premier of the day acting politically at an appointment level for CEOs or appointing people on the basis of their political affiliation? Have they ever had that sort of discussion with you?

Mr Wauchope: With the Premiers I have served, the answer is no.

Mr A.J. CARPENTER: Richard Court, Geoff Gallop and me—none, never?

Mr Wauchope: No. Not that I can recall:

Mr A.J. CARPENTER: With those three Premiers, never had a discussion about your own political affiliation?

Mr Wauchope: No.

Mr A.J. CARPENTER: Never?

Mr Wauchope: Never:

Mr A.J. CARPENTER: Or your personal relationships with people in politics?

Mr Wauchope: No.

Mr A.J. CARPENTER: Never?

Mr Wauchope: No.

Mr A.J. CARPENTER: From your observation, the assertion that somehow or other there was politicisation at the senior levels of the public service over that 10 or 12 years, would that be true or false?

Mr Wauchope: My view is that I do not think the public sector is politicised. The WA Inc royal commission suggested there might have been some politicisation during, I guess, the 1980s, but in my time as the CEO of Premier and Cabinet I do not believe there has been politicisation.

Mr A.J. CARPENTER: It is hard to depoliticise it then, is it not; it is over 12 years?

Mr Wauchope: I guess by definition.

Mr A.J. CARPENTER: You are answerable now to the Premier basically, are you not?

Mr Wauchope: Yes.

Mr A.J. CARPENTER: As you were before?

Mr Wauchope: Yes, as I was before.

Mr A.J. CARPENTER: There is no change. There is in function, I suppose, but in relation to your line of reporting, it is exactly the same? You would anticipate being able to act apolitically as well now, as you have been?

Mr Wauchope: Yes.

Mr A.J. CARPENTER: Without making judgements about any of the people, in that 12 years were you ever aware of political affiliations or support of political parties by any of the directors general? Not in a way that would compromise their work but just through your state of knowledge of the people that we are talking about and their activities in the broader community?

Mr Wauchope : I guess I am doing this very much off the top of my head, but the answer is I cannot think of anything at this time, no.

Mr A.J. CARPENTER : Over those 12 years?

Mr Wauchope : Over the 12 years, yes.

Mr A.J. CARPENTER : Over those 12 years you did not come across a director general who you knew had an affiliation or openly supported a political party?

Mr Wauchope : Again, I would have to say, to answer that fully, I would need to think about it, but off the top of my head, no, I cannot think of one.

Mr A.J. CARPENTER : Without wanting to be too controversial, what about your state of knowledge of Peter Conran's political inclination? Without being judgemental on him and without being judgemental on the whole process, you must have read the same stuff that —

Mr Wauchope : I am aware that Mr Conran was employed by the former Prime Minister, John Howard, in his cabinet office. Obviously he had to be someone of a) ability and b) be trustworthy to work in a cabinet environment. I guess like everybody, he probably does have political affiliations. To that extent he seemed to have worked for the Howard government, but he also worked for me as my deputy back in 1999-2000, around about that period. I see Mr Conran as a competent public servant.

Mr A.J. CARPENTER : He would be the only one probably then over that 10 or 12 years that you would have some inkling that he has asserted to have had an affiliation with the Liberal Party?

Mr Wauchope : I guess if I was given the opportunity and went back and had a look at names, then I could form a view in terms of everybody I have dealt with over the last 12 years. Obviously Mr Conran is a recent appointment but, as I said, I see him as a competent person who has got considerable skills.

Mr A.J. CARPENTER : Nothing to preclude him from having this position?

Mr Wauchope : No. At the end of the day that is the judgement made by others.

Mr A.J. CARPENTER : Can I prompt you on a couple of names? What about Peter Browne?

Mr Wauchope : Peter Browne was always in the public sector system. He went through the same selection process as anyone else to become CEO of the —.

Mr A.J. CARPENTER : That is not the line of inquiry, just your state of knowledge. Was Peter Browne ever associated with the Liberal Party?

[10.15 am]

Mr Wauchope : I honestly do not know. All I know is what I read. I have observations, like others.

Mr A.J. CARPENTER : I will not roll up the list.

Mr Wauchope : We could speculate about people but I do not.

Mr A.J. CARPENTER : We are talking about assertions of deep politicisation. What I am trying to draw from you is where is the politicisation to depoliticise? Basically you are saying that there is not any, from your experience.

Mr Wauchope : From my experience as the head of DPC, I do not believe it was politicised. Obviously there were ministerial officers and there is an arrangement in place to deal with that.

Mr A.J. CARPENTER : The royal commission recommendations basically dealt with those issues.

Mr C.J. TALLENTIRE : I refer to the actual structure and physical location of your office. Are your staff intermingled with DPC staff?

Mr Wauchope : No, not now. We took a couple of months to get the logistical arrangements in place, having regard to the financial stringencies. We are on different floors to DPC. We are in the

same building but we are in the same building as Treasury and a number of other government departments as well. We are physically separate. We do share corporate services. That means that our people are entitled to go up to that floor and deal with HR matters.

Mr C.J. TALLENTIRE: So key things to do with HR, things like reception, phone calls, they all go through the same entity?

Mr Wauchope: No, there is a separate phone system for reception phone calls. The only services that DPC provides are corporate services such as finance, financial transactions in conjunction with the Office of Shared Services, HR, which is payroll, processing of entitlements, records—they provide us with a very good records service—IT, library, although I think that may be going to Treasury.

Mr C.J. TALLENTIRE: Your submission actually says that reception switchboard is provided by DPC.

Mr Wauchope: That is probably on the ground floor. That is a general reception for government at any rate. That may well be what we are talking about. I have a separate reception on my floor, including the public sector commissioner. There is no-one else on that floor.

Mr C.J. TALLENTIRE: Do you have any idea of the costs involved in making this separation?

Mr Wauchope: We do not know the final cost but we did have an estimate that we put to government for approval. It was around \$260 000, which is to deal with IT, phone systems, stationery, internet and things like that.

Mr C.J. TALLENTIRE: Are you then being asked to implement three per cent cuts?

Mr Wauchope: Yes, we are required to implement the three per cent cuts, along with every other department.

Mr A. KRSTICEVIC: Do you see the split that has occurred as adding value and actually contributing to a more efficient public service and public sector?

Mr Wauchope: There is a big opportunity to do some really important work as a consequence of the split. Separating from DPC enables a greater focus to go on the public sector issues. It is quite timely given that we are now going through another phase, particularly with the changing labour market, the changing climates and the ability to plan for the future. The issue that we need to continue to have in the back of our mind is that whilst we are going through a cycle in the economy, which impacts on the state government, the demographics and the basic requirements will not change. Where we are now and where we are going to be in 2020, for example, will not change. We need to make sure that the public sector keeps its eye on where it has to be positioned. That is a key role for the Public Sector Commissioner, which will be more difficult in a diluted role in Premier and Cabinet.

The CHAIRMAN: Perhaps I could move into a different area to elicit information regarding the establishment of your structure and what you have in your budget et cetera. Clearly, the Barnett government made an election commitment for the establishment of a new structure. Can you give us an outline of the administrative processes with a new government coming in for the establishment of the Public Sector Commission?

Mr Wauchope: The first process was advice from the Premier that he wished to make the change. That was some time in the post-election period, when it was clear that they were going to form a government. I was aware of that as a policy position. They made that statement during the election campaign. It then went to cabinet, if I recall, to get approval to create the new entity. The processes are, as would normally apply under section 35 of the Public Sector Management Act, to create a designated department and then, by way of disposition under section 35, transfer all the people. It was decided that the components that would go into the Public Sector Commission from Premier and Cabinet would be the old public sector management division, the Office of e-Government and

the accountability support unit, which was a small unit that Premier Carpenter assisted in setting up. Then there was the issue of my office support team. I basically proposed that the people who worked for me had a choice to stay in DPC or come across. I needed a similar, although smaller, support team. They elected to stay with me.

In relation to the question about corporate services, discussions were conducted with DPC about what services could be provided and what could not be. That was going to be and still will be the subject of service level agreements. There was then some discussion about what other functions in the public sector might well sit in the commission. Some discussions are being held with other agencies along those lines although no decisions have been made at this point.

The CHAIRMAN: Are you able to indicate just broadly what those functions are and which other agencies you are in discussion with?

Mr Wauchope: We have had discussion with the Department of Commerce, the old DOCEP part, in relation to some of the labour relations functions. They intersect public sector management. For example, we have had some discussions around the specified callings area. Perhaps more importantly from my point of view was the attraction and retention benefit. Under the previous model, the Department of the Premier and Cabinet had been responsible for the attraction and retention benefits for SES people only and all others fell within DOCEP. My concern was that you tended to have the potential for a disconnect between decisions made in relation to the SES type people and those that might be made in relation to the people they supervised. I thought that was not a good management arrangement. There is a logical connection. There were some discussions around that. There have been some discussions with Dr Shean regarding the diversity work that is done out of the Director of Equal Opportunity in Public Employment. We have not finalised that but there has been a general agreement about some of the policy issues. Diversity and employment should be disconnected from employment policies generally. That is probably where it will end.

The CHAIRMAN: Coming back to the process by which the Public Sector Commission was established, clearly you had direction from the Premier in terms of a clear policy position. Was there a position paper on the detail or did you or someone in the agency have to develop that in relation to what you would seek to achieve?

Mr Wauchope: The only documentation we had to work with was the election commitment and a discussion with the Premier, me and his chief of staff about what he was expecting out of a public sector commission and looking at resourcing it. I proposed that the logical business of Premier and Cabinet would come across. I was happy to have all services provided by DPC.

The CHAIRMAN: Was there a position paper developed on this or just the cabinet submission?

Mr Wauchope: Papers were prepared as proposals but ultimately they ended up in the cabinet submission.

Mr A.J. CARPENTER: Mal, were you ever asked if you were interested in Premier and Cabinet's position?

Mr Wauchope: No, I was basically asked by the incoming Premier whether I would take on the role as Public Sector Commissioner and I was happy to do so.

Mr A.J. CARPENTER: Who did you anticipate was going to get the job?

Mr Wauchope: I had no idea, to be quite frank. I would have expected a lot of people to put their hands up. I would have thought it was a job that a lot of people would be interested in.

Mr A.J. CARPENTER: Were you surprised that so few did?

Mr Wauchope: I do not know how many were. I was not on the panel. The selection process was handled by the standards commissioner. I do not think a lot of people were interested.

The CHAIRMAN: Am I correct in believing that Mr Conran was in the building and working for the Premier from day one?

Mr Wauchope: Mr Conran was appointed on a ministerial contract for service. At that time we were facing a COAG meeting. As it turned out, it was not as important as we thought it was going to be. I think it was in October.

Mr A.J. CARPENTER: It was two weeks into the term of the new government.

Mr Wauchope: It was very short notice. It was considered that Mr Conran had considerable experience.

The CHAIRMAN: I am not doubting that; I am just trying to tie down specific dates. The government was sworn in on 23 September. To your knowledge, was Mr Conran already on the scene prior to that or did he arrive the next day?

Mr Wauchope: I do not know. If he was on the scene, he would have to have been in some other capacity other than being engaged but I do not think he would have been engaged by us at that point. I would have to check the records or ask DPC to provide the records.

The CHAIRMAN: Are you able to provide us with that information?

Mr Wauchope: I would have to go to the Department of the Premier and Cabinet to get that information but I can certainly ask it to provide that.

The CHAIRMAN: I come to some of the practicalities of the Public Sector Commission. Are you available to provide us—I do not expect you to do it now—with the budget for the units providing those functions when it was in DPC and what your budget is now? I presume you do have an established budget for the Public Sector Commission.

Mr Wauchope: I am smiling because we are still going through that process. In the split, 90 per cent of it was fairly clear in terms of those units that I indicated. There is some other funding. It is not clear whether it falls into DPC or PSC. The answer is that I do not have a designated budget at this stage, although we are pretty close. It may well be if you can give us a little time, I can provide that information for you. I need it as part of our own budget process but I could not give it to you today.

The CHAIRMAN: Clearly, you are up and running and you are responsible for that expenditure.

Mr Wauchope: That is right.

The CHAIRMAN: Do you know what will be the additional net cost of the Public Sector Commission over the old operations?

Mr Wauchope: We can certainly give you the expected cost of the Public Sector Commission operation, assuming that we do not take on any more of these functions that I indicated earlier. I can give you an estimate of what was being provided. For example, the accountability support unit was not a separate service; it was buried in another area of the department. We need to extract all the oncosts that go with that as well as the direct costs. I can give you an estimate of both.

The CHAIRMAN: If you would. Because, as you have indicated, there may be some changes, can you please provide what would be the FTEs that you are taking into that budget in the old DPC and your FTEs within the Public Sector Commission? That means if there is some change later, we will know why the numbers changed. Following on from the question asked by Mr Tallentire earlier, what will be the three per cent efficiency dividend across your budget? Do you have a figure?

Mr Wauchope: No, I do not have it on hand at the moment.

The CHAIRMAN: The difficulty is how can you yield up to three per cent efficiency dividend if we do not know what your budget is?

Mr Wauchope: I think the three per cent has been applied on the total budget for DPC. It has been harvested in that way.

The CHAIRMAN: Can you provide us with the positions and organisational structure that you now have in the Public Sector Commission and what were the equivalent parts in the old Premier and Cabinet?

Mr Wauchope: I can do that. I will provide an explanation along the lines that we are obviously going through a restructure. Those positions will not look like that in several weeks' time.

The CHAIRMAN: Are there any further questions on that issue of setting up the structure?

Mr A. KRSTICEVIC: You talked about this change being positive for the public service and about adding new value to the whole process. Is this something that you have ever discussed with previous governments in terms of being able to head in this direction?

Mr Wauchope: We have had discussions with different Premiers about public sector issues. It is fair to say that over the past two or three years we were consumed by other bodies who were examining the public sector at that time. The former Premier had a very good understanding of the issues because he covered that as a reporter and probably understood that as well as anyone.

Mr A.J. CARPENTER: I understood that I was knee deep in blood and guts.
[10.30 am]

Mr A. KRSTICEVIC: I suppose all Premiers had a view that they needed to do more to improve that efficiency or do something different. ?

Mr Wauchope: All Premiers are very supportive of the public sector. We are trying to ensure that it is moving in the right direction. I think what has happened is that we have actually got to a point where, as I indicated, the labour market is changing. The demographics are not changing and we have some issues, as does everyone else. The public sector age profile in WA is probably the oldest across any jurisdiction in Australasia and something that we need to address. We should not get distracted in terms of the fact that we have some other issues to deal with in the meantime. We need to have the long view. I think the old model made it more difficult to get that longer view.

Mr A. KRSTICEVIC: I agree with Alan—you mentioned it as well—that the public service is not politicised. As much as *The West Australian* and our quality journalists there give us up-to-date information, when you look at the media statements issued by the Premier, he is very much focussing on professionalism, integrity and obviously assisting you in that process and it has nothing to do with political views but is more about creating efficiencies and better outcomes for the state.

Mr Wauchope: He is very much focussing on the longer term training and development and having regard to the fact that the age profile means that whilst we may have some breathing space because of the changed economic circumstances and people's retirement plans may well have changed, the longer-term picture has not; that is, we need to be positioned for the future.

The CHAIRMAN: Following on from information provided earlier relating to other agencies and whether some of those functions might be relocated, I want to make sure I am not confusing that again with something in a media statement and, therefore, I am not sure of the substance or whether it has been taken up, but there was a suggestion from the Premier, as reported, that a working group would be formed to look at interagency issues particularly involving the Office of Public Sector Standards Commission and the Public Sector Commissioner. In the evidence you have given, you have indicated that you do not see a problem with overlap. Has that working group been established or is it still on the agenda to look at the relationship between your organisation and the Office of Public Sector Standards Commissioner?

Mr Wauchope: I can answer that on two levels. Firstly, there has been considerable discussion between Dr Shean and myself about how we operate. Essentially, the interface does not change. Her

role is set out in legislation and does not change. My role, as you indicated, has been delegated from the powers of the minister and that has not changed. The bigger picture in terms of how these agencies interface is something that is obviously part of the bigger picture that will be considered by the economic audit committee. In some sense some of the other things have rolled over and taken their place in terms of process.

The CHAIRMAN: Perhaps this is an appropriate time to move on to CEO appointments which clearly is a key role of the Office of the Public Sector Standards Commission. You are now, by delegation, the employing officer, correct?

Mr Wauchope: That is right.

The CHAIRMAN: Therefore you play a clear role. What matters do you consider you may request the Public Sector Standards Commissioner to take into account in nominating a person or persons for appointment to a CEO position in the public sector?

Mr Wauchope: The act requires the relevant minister of the Crown to have a view. The process would have me kicking it off requesting Dr Shean to commence the selection process. The minister responsible for the CEO would be required to review the duty statement to ensure that it reflects the current priorities. That minister would have the conversation with the Public Sector Standards Commissioner as to what their requirements are and the standards commissioner will then meet with that minister and, often, I think take the chair of the panel with her—I am not sure about that now; it used to be the case—and get the minister's view about what that job should entail. That would perform part of the briefing for the panel that she has established to conduct the selection process. They would go through the usual process of referee checks, and she will then nominate suitable people. They could range from none through to how many she feels are suitable. The nature of how that is described will depend on the particular report of the panel. Sometimes they may be put in rank order. Sometimes it may be, "Here are three names you may want to consider". That then comes to me and I will then have the discussions with the relevant minister of the Crown. If one of those names is suitable, we then take it to cabinet. I prepare the cabinet papers and I co-sign the executive council paper to appoint. Between the cabinet decision and the executive council appointment, I will negotiate with the person who has been nominated. Quite often, that is quite straightforward; there are no particular issues, but when you are dealing with someone who is coming from overseas or another jurisdiction there can be issues about remuneration, visas, resettlement of family and related matters.

The CHAIRMAN: What I am trying to get at is, what, if any, change is there about how you did that job as director general of the Department of the Premier and Cabinet and how you now do it as the Commissioner of the Public Sector. One of the clear changes is that, when the minister was the employing officer and responsible for it, you might have been seen as the right-hand person who had to make sure all the nuts and bolts were presented. The decision was then the Premier's. Now that it is delegated to you it is stated on paper at least that it is your call not the call of the Minister for Public Sector Management. I am keen to understand how the process is likely to be changed in any way. It is now your call as the delegated person responsible rather than that of the Minister for Public Sector Management.

Mr Wauchope: The call would be different if I had a problem with the suitable people being nominated. The other change is at the back end of that—that is, once they are appointed, the performance agreements are now with me as well as the responsible minister, not the Premier as the Minister for Public Sector Management. The performance agreement and assessment etc would be with me as commissioner, not with the Premier.

The CHAIRMAN: As we know, the performance agreements have been controversial over the past few years. Do you currently envisage you will be doing performance agreements differently or seeking to change the way they are done?

Mr Wauchope: I am proposing to review the performance agreements and certainly to look at doing them differently if we can. There is a requirement under section 47 of the act. The requirement in terms of the provision of the act is fine; it is how it has been applied. Yes I would like to do it a little differently.

The CHAIRMAN: Coming back to the role you have now as the delegate of the minister responsible for the Public Sector Management Act, given the power to reject or accept a nomination provided by the Public Sector Standards Commissioner, do you have the capacity to *Government Gazette* that rejection?

Mr Wauchope: We would face the same issue as previously. If we were not happy with the nominated candidate, we could ask the commissioner to provide another name. I think the interpretation is one name. If we got to a position of wanting to make an appointment outside that process, the same legal provisions would apply, which means we could do it but it would have to be gazetted and we would have to go through all the processes under sections 45 and 56 before we got there.

The CHAIRMAN: Under the old arrangement, if it did amount through the statute to a rejection, the minister responsible, who has been the Premier, would be required to gazette the rejection, correct?

Mr Wauchope: Yes.

The CHAIRMAN: The situation now is that you are the delegated person responsible. Am I correct then in assuming that you would have to take that responsibility for gazettal or would you still have to go back to the responsible minister for the gazettal of that rejection?

Mr Wauchope: My assumption is that I would be doing the gazettal, but if we got to that point, I would certainly seek the State Solicitor's advice before we did anything.

The CHAIRMAN: I turn to the recent appointment of the director general to the Department of the Premier and Cabinet. Clearly, that was done in a very short time—36 days. We are all very conscious that in the past some of those appointments have taken far too long, so it can be seen as a very clear advantage to have a more efficient system. But, clearly, we need to balance that to make sure that shortening the process does not undermine the standards of the process or the depth of the talent pool. Can you give the committee any sense of confidence that, if 36 days or something close to it, were to become the norm for appointment of CEOs we can manage that in a way that does not undermine the depth of the talent pool or the standards of the process?

Mr Wauchope: I am confident that the processes applied by Dr Shean are thorough and would satisfy all those requirements. In relation to the appointment of the director general to Premier and Cabinet, we all got lucky in the sense that that was the only job around at the time. In the past couple of years Dr Shean has had a lot coming through the pipeline through people retiring, moving on or whatever. She might have been handling seven, eight, nine or 10 CEO appointments at any one time. I stand corrected because only she can tell me this, but I think this is the only job she had on her plate at the time so could put all resources she needed to into one job.

The CHAIRMAN: It also goes to issues such as shortened advertising time and a whole lot of other things that may impact on the ability to attract the maximum depth in the talent pool.

Mr Wauchope: I think one of the problems in the past has been that, where there has been a desire to have certain people on panels and they are not available, quite often we have had a problem starting the process. I have chaired panels when key panel members were floating around overseas and we simply could not get them. Similarly, sometimes with the referee process, when you are trying to get an important referee check done, the person is doing a mountain trek somewhere and you cannot get hold of that person. That is the choice. You then delay the process to get that comfort from that particular referee you might need. I agree, I think the process can be streamlined.

I think it is important that is done. I believe you can do that without compromising quality and all the accountability requirements.

The CHAIRMAN: Are you able to outline your involvement in the appointment of Mr Conran at both the formal level as the director general and informally in conveying information?

Mr Wauchope: The former role I had obviously is what I have had previously, which was to contact the Public Sector Standards Commissioner to request commencement of a selection process. Obviously that is on the advice of the Premier. At the back end of that was getting the selection report and doing the paperwork to get the appointment through to cabinet and to executive council. Informally, Dr Shean had discussions with me along the way in terms of timing and had some discussions around selection panels. She was anxious to see the Premier as the responsible minister, as she would normally do, and asked whether I could move things along there.

The CHAIRMAN: Am I right in believing it was fairly late that you were able to provide an opportunity for Dr Shean to meet with the Premier?

Mr Wauchope: I think it was not as soon as she would have liked. A lot of things were happening given it was a new government, so I think that was part of the problem.

The CHAIRMAN: As the Director General of the Department of the Premier and Cabinet, I assume those processes, even the informal parts, would have been conveyed fairly expeditiously to the Premier or someone in the Premier's office?

Mr Wauchope: Yes. If I got a request or any informal discussion from Dr Shean, it would have been conveyed at some stage fairly quickly to the relevant people—the chief of staff most likely.

The CHAIRMAN: Were you concerned that the members of the selection panel first appointed appeared not to be available? Did you offer any advice on how that could be remedied?

Mr Wauchope: I do not think I offered any advice in relation to the selection panel. Dr Shean advised me who was on the panel. At least one person on the first panel said they could be available and simply was not. It might have been more than one.

The CHAIRMAN: You advised the Premier's office or the Premier of that panel?

Mr Wauchope: I am trying to think whether I did or not, but I probably did. I was advised subsequently of the change in the panel. I remember sending an email saying what was the panel and making sure the Premier was happy to proceed, particularly in terms of the timing. I think Ruth had indicated the timeframe. It was the process I would normally apply with any CEO appointment.

Mr A.J. CARPENTER: Mal, did anybody express any surprise to you that you were not asked whether you were interested in the Premier and Cabinet position, given that you had held it over a long period with successive governments?

Mr Wauchope: No-one has asked me whether I was surprised; people have asked me how I felt. I have always said that I am happy to take on the new challenge. The answer is that no-one has asked me whether I was surprised.

Mr A.J. CARPENTER: I was not going to ask you how you felt about it because I thought you might be a bit constrained in how you answered.

Mr Wauchope: No, I am very happy with my appointment.

Mr A.J. CARPENTER: So nobody has said, "Gee, Mal, I thought they would've asked you"?

Mr Wauchope: No, no-one actually said that.

The CHAIRMAN: Thank you for your evidence before the committee today. A transcript of this hearing will be forwarded to you for correction of minor errors. Any such corrections must be made and the transcript returned within 10 days from the date of the letter attached to the transcript. If the transcript is not returned within this period, it will be deemed to be correct. New material cannot be

added via these corrections, and the sense of your evidence cannot be altered. Should you wish to provide additional information or elaborate on particular points, and clearly we have agreed that you will provide quite specific additional information, please include that as a supplementary submission for the committee's consideration when you return your corrected transcript of evidence. Thank you very much for your evidence and for helping us with the inquiry.

Mr Wauchope : Thank you.

Hearing concluded at 10.45 am