



**THIRTY-EIGHTH PARLIAMENT**

**REPORT 16**

**STANDING COMMITTEE ON PUBLIC  
ADMINISTRATION**

**REPORT – PUBLIC DISCUSSION PAPER:  
*PUBLIC SECTOR REFORM***

Presented by Hon Max Trenorden MLC (Chairman)

November 2012



## STANDING COMMITTEE ON PUBLIC ADMINISTRATION

### **Date first appointed:**

**17 August 2005**

### **Terms of Reference:**

The following is an extract from Schedule 1 of the Legislative Council Standing Orders:

#### **“3. Public Administration Committee**

3.1 *A Public Administration Committee* is established.

3.2 The Committee consists of 5 members.

3.3 The functions of the Committee are to –

(a) inquire and report on –

(i) the structure, efficiency and effectiveness of the system of public administration;

(ii) the extent to which the principles of procedural fairness are embodied in any practice or procedure applied in decision making;

(iii) the existence, adequacy, or availability, of merit and judicial review of administrative acts or decisions;

(iv) any Bill or other matter relating to the foregoing functions referred by the Council;

and

(b) consult regularly with the Parliamentary Commissioner for Administrative Investigations, the Public Sector Standards Commissioner, the Information Commissioner, the Inspector of Custodial Services, and any similar officer.

3.4 The Committee is not to make inquiry with respect to –

(a) the constitution, functions or operations of the Executive Council;

(b) the Governor’s Establishment;

- (c) the constitution and administration of Parliament;
- (d) the judiciary;
- (e) a decision made by a person acting judicially;
- (f) a decision made by a person to exercise, or not exercise, a power of arrest or detention; or
- (g) the merits of a particular case or grievance that is not received as a petition.”

**Members as at the time of this inquiry:**

Hon Max Trenorden MLC (Chairman)                      Hon Jim Chown MLC

Hon Jon Ford MLC (Deputy Chairman)                      Hon Ed Dermer MLC

Hon Ken Baston MLC

**Staff as at the time of this inquiry:**

Dr Colin Huntly (Advisory Officer)                      Mr Alex Hickman (Advisory Officer (Legal))

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## **Government Response**

This Report is subject to Standing Order 191(1):

*Where a report recommends action by, or seeks a response from, the Government, the responsible Minister or Leader of the House shall provide its response to the Council within not more than 2 months or at the earliest opportunity after that time if the Council is adjourned or in recess.*

The two-month period commences on the date of tabling.



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# REPORT OF THE STANDING COMMITTEE ON PUBLIC ADMINISTRATION

## IN RELATION TO

### REPORT 16 – PUBLIC DISCUSSION PAPER: *PUBLIC SECTOR REFORM*

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#### 1 REFERENCE AND PROCEDURE

##### Terms of Reference

- 1.1 On 30 November 2011, we resolved to undertake an inquiry into the role and functions of bodies equivalent to the State Public Sector Commission in other jurisdictions, and in particular:
1. accountability mechanisms applicable to the role, with particular focus on Parliamentary accountability;
  2. employment practices and procedures, with particular reference to the recruitment, appointment, and retention of senior executive service personnel equivalents;
  3. performance management practices and procedures with particular reference to the recruitment, appointment, and retention of senior executive service personnel equivalents; and,
  4. any other relevant matter.
- 1.2 On 6 March 2012, we advised the Legislative Council of the above own-motion inquiry (the **Inquiry**), by way of Special Report.<sup>1</sup>

##### Inquiry Process

- 1.3 We subsequently resolved to investigate the Public Sector Commission equivalents in Singapore, British Columbia and the United Kingdom. An inquiry-related Committee visit to these jurisdictions was undertaken between 23 August 2012 and 9 September 2012. We acknowledge our gratitude to the following individuals and groups for their generous support and assistance in making this important research opportunity so valuable:

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<sup>1</sup> Hon Max Trenorden MLC, WA, Legislative Council, *Parliamentary Debates (Hansard)*, Tuesday, 6 March 2012, p572.

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- Public Service Commission of Singapore, in particular; Mr Yeo Whee Jim, Ms Leong Sook Ting and Ms Daisy Kao.
- Parliament of Singapore, in particular; Dr Teo Ho Pin MP and Mr Edwin Tong MP.
- Public Service Agency, British Columbia, in particular; Ms Deborah Bowman, Mr Bert Phipps, Ms Erika Taylor, Mr Stuart Knittelfelder, Ms Shelly Silbernagel, Ms Colleen Sparks, Mr Ken Forman and Ms Lucy Rutkauskas.
- Ms Fiona Spencer, Merit Commissioner for British Columbia.
- Ms Linda Reid MLA, Deputy Speaker, Members and Staff of the Legislative Assembly of British Columbia, in particular; Mr Douglas Horne MLA, Mr Bruce Ralston MLA, Mr Bill Routley MLA, Mr John Rustad MLA, Ms Mable Elmore MLA, Mr Dave Hayer MLA, Mr John Les MLA, Mr Ralph Sultan MLA, Dr Josie Schofield, Dr Byron Plant, and Ms Susan Sourial.
- Department of Political Science, University of British Columbia, in particular; Professors Richard Johnston, Gerald Baier and Campbell Sharman.
- Cabinet Office, Her Majesty's Government, United Kingdom, in particular; Mr Andrew Campbell, Ms Jennifer Hutton, Ms Sally Perry, Mr Gavin Lambert, Ms Kate Starkey, Ms Anna Sanders, Ms Harriet Pickup and Mr Gary O'Hara.
- House of Commons Select Committee on Public Administration Committee Chair, Mr Bernard Jenkins MP and Members.
- Institute for Government, in particular; Rt Hon Peter Riddell CBE and Mr Akash Paun.
- Warwick School of Business University of Warwick, Coventry, in particular; Professors Jean Hartley and John Benington CBE, Ms Stella Manzie CBE and Ms Phumzile Mlambo-Ngcuka.

### **Public Discussion Paper**

- 1.4 As a result of our discussions with the above professionals and the research we have undertaken to date, we believe that the entire community needs to engage in an important public conversation about the vital question of public sector reform.
- 1.5 In order to commence this conversation and provide some initial structure surrounding the key issues, we have resolved to publish a Public Discussion Paper, a copy of

which is attached to this Report at Appendix 1. Submissions in response to this Public Discussion Paper are welcome from both individuals and or organisations and should be addressed to the Committee on, or before **Friday, 8 February 2013**. We encourage all interested individuals and organisations to make a submission in response to any, or all, of the questions raised in the Public Discussion Paper.

1.6 We therefore acquaint the Legislative Council accordingly.



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**Hon Max Trenorden MLC**  
**Chairman**

**13 November 2012**



*APPENDIX 1*  
**PUBLIC DISCUSSION PAPER:**  
*PUBLIC SECTOR REFORM*



# APPENDIX 1

## PUBLIC DISCUSSION PAPER:

### *PUBLIC SECTOR REFORM*

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#### STANDING COMMITTEE ON PUBLIC ADMINISTRATION

13 November 2012

#### **PUBLIC DISCUSSION PAPER: *PUBLIC SECTOR REFORM***

On behalf of the Legislative Council of Western Australia's Standing Committee on Public Administration, I would encourage all Western Australians to read this public discussion paper, which deals with some important issues about public sector reform.

I would also encourage all Western Australians to think about the issues and questions raised in this Public Discussion Paper. We all have a stake in the continued professionalism, efficiency and vitality of the public sector. We are all participants in our democratic processes. This discussion paper will give everyone a chance to have their views listened to, and reflected back to the community through the Parliament.

All submissions will be gratefully received and should be addressed as follows:

The Chairman  
Standing Committee on Public Administration  
Legislative Council Committee Office  
GPO: Box A11  
Perth WA 6837

Submissions close at **5.00pm on Friday, 8 February 2013**, or otherwise by arrangement. Any questions can be addressed to Standing Committee on Public Administration Staff on 9222 7300 during normal business hours.

Yours sincerely

A handwritten signature in black ink, appearing to read 'Max Trenorden'.

**Hon Max Trenorden MLC**  
(Chairman)

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## **Public Discussion Paper: Public Sector Reform**

### **Developing a Shared Reform Program**

- 1.1 In its recent “*Scorecard on Government*”, the Western Australian Chamber of Commerce and Industry highlighted the need for public sector reform. The key questions that this raises are; what is public sector reform? What does it look like? How will we know it when we see it?
- 1.2 This year we have examined what public sector reform looks like in Singapore, British Columbia, and the United Kingdom. The insights gained from this examination convinced us that our State needs to develop a clearly articulated, well defined and shared idea of what public sector reform can achieve.
- 1.3 The jurisdictions where public sector reform has been most successfully implemented seem to be those where the reform process has been inclusive, well considered and expertly managed. This requires a careful project plan to be developed before implementation commences. The purpose of this Public Discussion paper is to highlight some of the key issues that we think a good project plan for public sector reform might include. We also want to start the public debate about a matter of vital importance to the State’s future prosperity.
- 1.4 Given what is at stake for all Western Australians, as much as possible, any successful reform program must last beyond the life of a single Government, and needs to take the public sector and community in general along with the process. For that reason, we believe that the only truly successful program of public sector reform will be bipartisan and shared in nature.
- 1.5 The United Kingdom House of Commons Select Committee on Public Administration has stated that a good public sector reform plan should have: Clear Objectives; the right Scope; genuine Political and Administrative commitment; Central Co-ordination and Accountability; and clear Timescales.<sup>2</sup>
- 1.6 The Institute for Government in the United Kingdom suggested the following tests for a public sector reform plan:<sup>3</sup>

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<sup>2</sup> United Kingdom, House of Commons, Public Administration Select Committee. *Change in Government: the agenda for leadership*. (2011) 13<sup>th</sup> Report of Session 2010-12 at p21.

<sup>3</sup> Peter Thomas, *Civil Service Reform: Seven crucial tests for the new reform plan*. (2012) Institute for Government, London, UK 11 June 2012.



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- 1 *Is there a clear direction of travel for reforms that people understand and support? ... The outcomes of reform should be compelling.*
  - 2 *Does the reform plan address the right strategic issues?*
  - 3 *Can we ... identify cross departmental savings ... ?*
  - 4 *Is it clear how reform intent will be converted into actions?*
  - 5 *What is the most effective public sector leadership model?*
  - 6 *Is there the right political support?*
  - 7 *Is a coalition of senior leaders committed to leading the plan?*

1.7 We call for submissions that address some, or all, of the following questions:

**Question 1**

Does Western Australia need a public sector reform plan? If yes, why?

**Question 2**

What issues should a public sector reform plan address? A submission can address any or all of the issues we have discussed above, or can suggest others.

**Question 3**

What needs to be done to make sure that any public sector reform plan is “shared” by participants?

### **The Imperative to Implement Reform**

1.8 Each of the jurisdictions that we have looked at are experiencing economic hardship - and a degree of social disruption - as a result of the ongoing global economic challenges. As a consequence of these challenges, national and state Budgets around the world are shrinking, while demand for services from Government is increasing. It is clear from the experience of other jurisdictions that the public sector models they inherited often do not adapt well to this type of double-sided challenge. As the world economy continues what is proving to be a long, slow recovery, those economies that

have adapted to the current challenges by reforming their public sectors will enjoy a competitive advantage that other economies will not share.

- 1.9 As the most prosperous State, in one of the most prosperous countries in the world, Western Australia has, to some extent, been shielded from the current global economic hardship. The need to embark on a wide-ranging program of public sector reform may not be as obvious here in Western Australia as it is in other jurisdictions. For example, since the onset of the Global Financial Crisis, the entire United Kingdom economy has shrunk by almost ten per cent. This reduction has forced the United Kingdom to embark on a significant program of public sector reform that is unprecedented in recent times. The stakes are obviously high, but the potential long term benefits from intelligent public sector reform are significant.
- 1.10 As stated above, despite, or perhaps even because of, the relative prosperity that Western Australia has experienced in recent years, the need for public sector reform may not be as obvious as it is in less well-off jurisdictions. However, the potential long term impact on productivity and general living standards in this State from public sector reform is no less significant. If the opportunity to reform our public sector is not harnessed and maximised, we will lose an important competitive advantage to our local, regional and global competitors. Western Australia will be left behind, and general living standards will begin to fall.
- 1.11 We call for submissions that address some, or all, of the following questions:

**Question 4**

What benefits, if any, might flow from public sector reform?

**Question 5**

What kind of leadership would successfully reform Western Australia's public sector to improve the sector's responsiveness?

**Question 6**

Is our public sector as efficient and effective as it should be?

**Question 7**

Is the community's expectation of public sector service delivery reasonable or unreasonable?

**Enhancing democratic accountability**

- 1.12 One of the suggestions that was recently put to us, is that it is sometimes difficult, if not impossible, to know who in the public sector is responsible and accountable for any given decision. Acts of Parliament often make Ministers or Chief Executive Officers responsible for certain things, but they usually have the power to delegate. Within government, it is common for Ministers and Chief Executive Officers to properly delegate their functions and responsibilities to more junior officials, so that the important work of government can go on from day to day.
- 1.13 Some Departments do publish their delegation arrangements on corporate websites, for example, the Education Department. However, not all Departments make their delegation arrangements public. Even if they are made public, there is often confusion about what “*delegation*” actually means. As a result it is sometimes unclear which public official is responsible for a given decision. Should the delegator be held responsible for a given decision when they were not involved in the actual decision? Should the delegate be held responsible for a decision when they are acting for another person who was given primary responsibility under an Act of Parliament in the first place? Should the delegator be held responsible for choosing a capable and upright delegate to discharge the delegated responsibilities?
- 1.14 Another trend in modern democracies has been the transfer of more and more decision-making power away from democratically elected representatives, such as members of parliament and Ministers, towards unelected officials with specialist technical skills. There are strengths and weaknesses, costs and benefits and unintended consequences in both models. However, we are not entirely convinced that any individual human being is truly, or completely, either “*independent*” or all knowing. All of us are subject to bias, preference and short-sightedness.
- 1.15 The key structural consideration must be to maintain the appropriate mix of checks and balances in any system of government. It must be acknowledged that, for all its frailties, a system designed around representative democracy also enshrines the basic idea that all citizens are entitled to participate in how the laws that govern them are made. Citizens are also entitled to scrutinise the way that the business of Government is conducted. When any of these powers are taken away from elected representatives, including Ministers, they are taken out of the hands of the electors.

- 1.16 We believe that any public sector reform process should enhance, rather than restrict the democratic accountability of the public sector. The lessons of the Royal Commission into the Commercial Activities of Government, and the subsequent Commission on Government, have been learned. For all of its trauma, that unfortunate era in Western Australia's political history reminds us of the importance of maintaining a vibrant democracy, a strong Parliament, and the right mix of checks and balances.
- 1.17 It has been suggested to us, during discussions held in the United Kingdom, that there should be a single senior public service official, perhaps the Director-General of the Department of Premier and Cabinet, who is responsible to the Cabinet for the operational performance of the entire public sector. This officer would have a key role in implementing, and being personally accountable for, any public service reform program. Accordingly, they would need to report to both the Premier, and any Minister specifically charged with the development and implementation of a public sector reform program.
- 1.18 We call for submissions that address some, or all, of the following questions:

**Question 8**

Should the general community expect Ministers to be responsible for the way public sector agencies operate?

- If yes, should they have their own Ministerial staff to help with the task, or should they have staff provided to them by their agencies?

**Question 9**

Should Ministers performance-manage the heads of public sector agencies?

- If yes, what sort of professional support should Ministers be given in performance management functions?
- If no, should the heads of public sector agencies be performance managed by an independent public sector commission, or by a senior public servant who answers directly to the Cabinet?

**Question 10**

Should Ministerial and Chief Executive Officer responsibilities be able to be delegated?

- If yes, how can the Parliament know whom to actually hold accountable for decisions?
- Should Ministerial and Chief Executive Officer delegation instruments be published on agency websites?

**Question 11**

What restrictions, if any, should be placed on the way a Minister, or their staff, gets information about their public sector agencies? Why, or why not?

**Respecting Independence**

1.19 We think that the old adage about public servants being free to give frank and fearless advice is a cornerstone of sound public sector practice. However, we are concerned that there is sometimes a tension between the necessary institutional independence of public sector agencies on the one hand, and the need for democratically responsible government on the other. The guiding principle of democracy as being “*government of the people, by the people, for the people*”<sup>4</sup> should not become hostage to variable ideas about public sector institutional independence. The Parliament is important in our democracy, not because of its members, but because of the fact that the people elect those members to represent the people. Parliament represents the people. It follows then that Parliament, and through it, the Cabinet, has a particular democratic legitimacy that other sources of authority do not.

1.20 Governments sometimes make mistakes. Human nature suggests that this is inevitable. If public officials were completely institutionally independent, and not subject to Ministerial control or direction, we believe that two problems would arise that would need new forms of checks and balances. Firstly, the question might be asked why we have Ministers sitting in the Parliament. Why not have them appointed from the general community to directly run government agencies the same way that some other democracies do, such as the Netherlands and the United States? The second question that might be asked if public officials were to become completely

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<sup>4</sup> Abraham Lincoln, *Gettysburg Address*. Gettysburg, Pennsylvania November 19, 1863.

independent is, how can we ensure that public officials are effectively held democratically accountable to the Parliament?

- 1.21 We believe that there are great strengths in the established order of our Westminster model of democracy in Western Australia. Changing the way our system was designed to operate carries considerable risks, and unintended consequences. Our clear preference is to recognise the professional independence of the public service, but we also assert our strong belief in the accepted concept of Ministerial accountability to Parliament. Accordingly, we would recommend that any public sector reform program should ensure that while public sector independence is essential, it must be secondary to properly accountable Ministerial authority. If Ministers are to bear the ultimate responsibility to the people of Western Australia for the performance of the public sector, they should be given the final say on all matters of public sector policy. After all, if the people don't like how Ministers are doing their job, they can elect an alternative government at the next election. The same is not true of public sector officials.
- 1.22 For Ministers to be appropriately assessed by the people on the fulfilment of their responsibilities, they must have access to all of the information held by public sector officials whose duty it is to assist the Minister in the implementation of policy.
- 1.23 It is sometimes the case that a Minister will need to have an uncomfortable conversation with a public service agency head; or the situation might be reversed, where a senior public servant needs to bring an awkward fact or opinion to the attention of a Minister. We believe that public servants should be fearless in providing the best possible advice. However, a Minister may elect to provide guidance or direction to a public sector agency contrary to that advice, based on wider public interest considerations. Provided always that Ministers are held properly accountable to Parliament for their actions and decisions, a Ministerial direction should not be viewed as either irregular or improper, in and of, itself.
- 1.24 We call for submissions that address some, or all, of the following questions:

**Question 12**

What do you think the idea of "*an independent public sector*" means today?

**Question 13**

What do you think the idea of "*Ministerial responsibility*" means today?

**Question 14**

How should the relationship between Ministers, and the agencies for which they are responsible, be managed?

**Harnessing the Corporate Talent Resource**

- 1.25 In each of the jurisdictions that we have examined to date, some version of the idea of “one service, one career, one employer” has been articulated. That is to say, as much as possible, each of the jurisdictions is trying to create a common public service ethos and career experience for public servants across government. We see this as a key objective for any program of public sector reform.
- 1.26 Increasingly, modern democratic States are trying to harness the talent resource of its public service, towards whole of government objectives. In British Columbia a recent Minister for the public service announced that the senior public service executive group would be regarded as a corporate resource of the executive government, to be utilised according to the corporate objectives of government. This bold statement puts an important concept into sharp relief. Instead of describing senior public sector executives as “*Health Department executives*”, or “*Education Department executives*” or “*Treasury Department executives*”, increasingly other jurisdictions seem to be taking the view that the core executive talent base of the public sector is a corporate resource.
- 1.27 This is not to say that a program of public sector reform should ignore the importance of career paths for specialists. However, even with respect to specialists, there should be a similar employment experience across government. This could provide a sense of internal competition for talent both within, and across government - along with the potential for best practice to become widespread, and poor practice to be challenged.
- 1.28 It should not be possible for senior public sector executives to serve out their entire careers in a single agency of government. Whole of government orientation can only become entrenched if the public sector senior executive talent pool has internal mobility. Rather than senior executives feeling constrained from seeking broader public sector experience as a result of entrenched informal departmental pecking orders, broad career experience across government should be encouraged - perhaps even planned.
- 1.29 These principles of flexibility and internal competition should apply equally to heads of government agencies. Each of the jurisdictions we have looked at routinely rotate heads of public sector agencies to alternative postings after a number of years in the one posting. This practice, properly managed, appears to us to have many advantages. For example, any agency can benefit from the renewal created by a change in

leadership. Informal systems of patronage are less likely to emerge where there is a routine change in leadership. A greater appreciation of cross agency challenges are more likely to develop, along with the insight that agency heads could bring to peers about areas of mutual concern, where there is a body of genuinely shared experience.

- 1.30 Transition from the public sector executive service into the private sector is relatively common. There is some evidence to suggest that it is more difficult to attract executive talent into the public sector executive service from the private sector. The reasons why this additional source of talent is not readily attracted into the public sector is not well articulated or understood. We need to understand and address the reasons why more suitably experienced private sector applicants are not being attracted into the public sector executive service. To the greatest extent possible, barriers to exit from, and entry into, the public sector executive service need to be eliminated, so that the best possible people are attracted into public sector executive service, and retained, once they have been secured.
- 1.31 It has been suggested to us that one of the obstacles to developing a more unified public sector, particularly at an executive level, is the extent to which strategic functions are delegated to individual agencies. For example, if for all practical purposes the employing authority for senior public sector executives is the head of a given agency, it may be less likely for individual officers to have an incentive to pursue cross-agency policy priorities. It may also be less likely for such agency heads to encourage talented officers to develop their skill sets in other agencies.
- 1.32 We call for submissions that address some, or all, of the following questions:

**Question 15**

Should senior public sector executives be viewed as a corporate, whole of government, talent resource, or should they be required to devote themselves to a single agency of government?

**Question 16**

To what extent (if at all,) should public sector executives have a structured career path that encompasses a variety of policy and service delivery experiences across government?



**Question 17**

If a more whole-of-government corporate view is taken with respect to senior public service executives, how should the career paths of specialist professionals be managed?

**Question 18**

How can internal workforce mobility, and competition for talent across the public service, be encouraged?

**Question 19**

How can workforce mobility and competition into and out of the public service be facilitated?

- What are the barriers, if any, at present?

**Strategic Direction and Leadership Excellence**

- 1.33 It has been suggested to us that public sector reform requires high-level political and corporate leadership and commitment. Political leadership flows from the Cabinet. Although this is relevant to public service leadership, it is beyond the scope of this discussion paper. We do note, however, that professional development and performance management for Ministers is an issue that is being considered in other jurisdictions. There may be some benefit in developing a greater awareness of how other jurisdictions are addressing this challenge.
- 1.34 On the question of public sector corporate leadership, we have been interested to see how this is identified and developed in those jurisdictions we have examined. In Singapore, for example, the Public Sector Commission offers lucrative scholarships to 100 top secondary students. These scholarships pay for scholars to pursue university studies at the finest universities around the world, after which time the students enter leadership-oriented career development across the public service. We discovered an abiding commitment to carefully-considered public sector career development for executive talent in each of the jurisdictions we have examined to date.
- 1.35 In addition to talent development, we think that there needs to be a constant emphasis on performance in any program of public sector reform. Performance expectations need to be intelligently developed, and clearly stated. Where public sector executives are meeting or exceeding performance expectations, they need to be acknowledged

and rewarded. Where performance is not up to expectation, public sector executives are entitled to receive timely and thoughtful feedback, an opportunity for professional development, and a chance to demonstrate performance improvement. Where performance continues to be below expectations, public sector executives should be given a reasonable opportunity to re-deploy to a position more suited to their skill-set or, where this is not possible, an opportunity to leave the public service. Given the high level of professionalism within the State public service, we are confident that professional and effective performance management will be welcomed by the vast majority of public sector executive personnel.

- 1.36 We acknowledge that the information asymmetry that exists at present between public sector agency heads and Ministerial offices can make Minister-led performance management of agency heads highly problematic in practice. The current performance management methodologies applying to heads of public sector agencies do not appear to us to be particularly well known or understood beyond the current key players. Confidence in the system requires that these methodologies be better and more widely understood generally.
- 1.37 It is clear that, with respect to performance management, there is the potential for overlap between operational considerations and strategic and policy priorities. We believe that there is less likely to be potential for overlap if the public sector commission were to be constituted along similar lines to that operating in each of the jurisdictions we have examined. Each of those jurisdictions has a part-time public sector commission, supported by a small, full-time secretariat. They have a narrow, policy and strategy brief, with a minor dispute resolution function relating to Chief Executive Officer appointment and performance management issues. In most cases, the functions performed in Western Australia by the Salaries and Allowances Tribunal are also part of the public sector commission's remit.
- 1.38 An indicative formula for public sector commissions, in those other jurisdictions that we have examined, involves the Cabinet of the day appointing a number of former senior public servants, former senior human resources professionals and former private sector chief executives, on a rotational basis, for fixed terms. The aim is to obtain a mix of skills and insights in determining public sector policy and strategy. In some jurisdictions this body provides advice, through a Minister, to the Cabinet. The Cabinet then has the final say on policy and strategy. In other jurisdictions, the public sector commission is more formally independent. Whichever model is adopted in this State into the future, we believe there needs to be a clear sense that the public sector commission is not responsible for the day to day operational management of the public sector. This degree of independence will ensure that there is clarity of purpose, and no potential for conflict of interest to arise in the settlement of public service policy and strategy.

- 1.39 Another feature which is evident in each of the jurisdictions that we have examined is a formal public sector senior executive forum for public sector reform. This typically meets either once each month, or bi-monthly. This forum is chaired by either the Minister for public sector reform, or the public sector official responsible to the Cabinet for public sector performance. This forum is a corporate accountability measure, designed to bring the public sector reform agenda into practical focus, and maintain the momentum of reform across the public sector. We see this type of corporate approach as having significant potential.
- 1.40 We call for submissions that address some, or all, of the following questions:

**Question 20**

Should there be a professional development program for Ministers?

**Question 21**

Should we retain the current operationally focussed independent Public Sector Commission, or should we adopt a model based around a part-time college of recently retired public and private sector executive leaders, having institutional independence and a more limited strategic mandate?

**Question 22**

What place, if any, does performance management have in senior public sector executive service?

- How can sound systems of performance management be established, in situations of information asymmetry?

**Encouraging Innovation and Competition**

- 1.41 The world is increasingly characterised by the tension between a growing demand for social services, and tougher budgetary restraint. In our view there has never been a time when innovation, and a competitive ethos, was more necessary within the public sector than it is right now. Established service delivery models must be constantly re-evaluated, public sector skill-sets need to be repositioned and public service leaders need to be able to inspire and build corporate talent to meet unprecedented challenges.

- 1.42 In those jurisdictions we have examined, social need and decimated budgets, have forced enormous structural changes on the public sector. In the United Kingdom for example, the public sector workforce has shrunk by one FTE out of every five since the onset of the Global Financial Crisis. At the same time, we are expecting much more from each public servant than ever before. Once again in the United Kingdom, using 2011 prices as the standard, consider that in 1955 each public servant was, on average, responsible for £200,000 in total managed expenditure. By 2011 this figure was estimated to have increased to £1,490,000. In many cases, this increase has been due to agencies being transformed from service providers into service funding agencies. However, the skill-set required of service providers is not the same as that for service funders. Accordingly, the bald figures, as remarkable as they are, still do not reveal the magnitude of public sector reform and restructure that has happened in the United Kingdom's public service. We believe that some of the same pressures are evident in this State's public sector.
- 1.43 Much has been written about change-exhaustion and reform-fatigue in the public sector. However, it should be recognised that many of the reforms of the past have improved the structure and effectiveness of the public sector. We believe that there is still much more that can be achieved through an intelligently developed - and carefully implemented - program of public sector reform. The starting point has to be capturing and focussing the energy and imagination of public sector senior executives. We should be able to put in place the right mix of incentives to ensure that innovation and competition are genuinely embraced and encouraged by these public sector leaders. Exposure to, and learning from, the best of private sector practice and contextualising the lessons from successful models of public sector reform in other jurisdictions, must be a priority of any reform program.
- 1.44 Central to any successful program of public sector reform has to be a renewed focus on those accessing public sector services. The need for this renewed focus was highlighted for us in some recent follow-up work we did into recreational land use in water catchments. We were struck by the extent to which public sector agencies struggled to negotiate cross-agency initiatives. We were equally struck by the lack of focus on the end-user of the systems that were being negotiated. This experience has convinced us that there is a real need, across the public sector, for a renewed focus on innovation, competition and the citizen-as-customer. We believe that there is a need for political leadership by signalling that these reform imperatives are highly valued.
- 1.45 We believe that a public sector reform program worth pursuing must be adequately funded, staffed, led and implemented. This will take a significant amount of political and corporate will. Unless these key resources can be found, there may be significant negative consequences in calling for a program of public sector reform. Real reform is usually accompanied by slogans and catch-phrases. But public servants are already busy enough in their work, without being burdened with new slogans and no real change.

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1.46 We call for submissions that address some, or all, of the following questions:

**Question 23**

What are some of the barriers to innovation and competition faced by public sector senior executives?

**Question 24**

How can we more fully embed a positive approach to cross-agency problem solving and customer focussed service delivery within the public sector culture and structures?

**Question 25**

What role does political leadership play in encouraging public sector innovation and competition?

**Are we there yet?**

- 1.47 A comprehensive program of public sector reform will have at its core systems of accountability, evaluation and reporting against pre-determined objectives. Many of the performance measures will be qualitative, but should still be meaningful and measurable with a high degree of confidence. This will confirm if real reforms are being successfully implemented. A single individual, supported by the right team and accountable to the Cabinet, needs to be given the operational authority to drive the reform program and they need to be held personally accountable for ongoing progress.
- 1.48 No process of reform is perfect. There should be an incentive for mistakes and implementation problems to be candidly acknowledged and addressed in a timely fashion. There should also be disincentives that can be applied if problems are not disclosed at the earliest possible time. Mistakes can offer valuable opportunities to learn, and to refine processes – but only when they are analysed and reflected upon.
- 1.49 This commitment to reporting and reflecting on progress needs to permeate a reform program. There should be a commitment to continuous and self-referencing evaluation and improvement. This will help us to know if, and when, any investment in public sector reform is paying the dividends we have been expecting.

- 1.50 We would prefer to see a narrowly focussed program of significant-impact public sector reform implemented well, than see an overly-ambitious program of reform that is poorly implemented. It may be appropriate for a wide-ranging reform agenda to be developed, and then have it implemented in a staged, modular format, over a longer period of time. Getting the reform framework right in the early stages must be a priority. That is why we have chosen to focus this initial public discussion paper so closely on the institutional structures, and leadership of the public sector. Your submission will help inform the public debate about the need for, and possibilities that can arise from smart, inclusive, well-implemented public sector reform.

All submissions will be gratefully received, and should be addressed as follows:

The Chairman  
Standing Committee on Public Administration  
Legislative Council Committee Office  
GPO: Box A11  
Perth WA 6837

Submissions close at **5.00pm on Friday, 8 February 2013**, or otherwise by arrangement.