

Division 4: Public Sector Commission, \$26 731 000 —

Ms R.S. Stephens, Chair.

Mr M. McGowan, Minister for Public Sector Management.

Ms S. O'Neill, Public Sector Commissioner.

Mr D. Volaric, Executive Director, Integrity and Risk.

Mr S. McLeod, Manager, Corporate Services; Chief Financial Officer.

Mr L. Warner, Executive Director, Workforce Policy and Diversity.

Ms T. Milici, Executive Director, Data Analytics and Technology.

[Witnesses introduced.]

The CHAIR: This estimates committee will be reported by Hansard. The daily proof *Hansard* will be available the following day. It is the intention of the chair 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 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. Questions must be clearly related to a page number, item, program or amount in the current division. Members should give these details in preface to their question. If a division or service is the responsibility of more than one minister, a minister shall be examined only in relation to their portfolio responsibilities.

The minister may agree to provide supplementary information to the committee, rather than asking that the question be put on notice for the next sitting week. I ask the minister to clearly indicate what supplementary information he agrees to provide and I will then allocate a reference number. If supplementary information is to be provided, I seek the minister's cooperation in ensuring that it is delivered to the principal clerk by close of business Friday, 1 October 2021. I caution members that if a minister asks that a matter be put on notice, it is up to the member to lodge the question on notice through the online questions system.

I give the call to the member for Roe.

Mr P.J. RUNDLE: I refer to public sector training programs, right at the bottom of page 72. Once again, I refer to the royal commission and the super-department of Local Government, Sport and Cultural Industries. As the Premier is aware, the director general, Duncan Ord, pointed out that he had no skills, experience or training to handle that category. Is the Premier concerned that the directors general in some of his super departments may not have the skills required when they are asked to blend four or five departments into one director general's skill set?

Mr M. McGOWAN: Are we on the "Public Sector Training Programs" on page 72?

Mr P.J. RUNDLE: Yes, the public sector training programs. I assume there needs to be more training, as Duncan Ord readily admitted.

Mr M. McGOWAN: I think it is a very long bow but I am happy to answer the member's question and invite the director general to say a few words. As I said to the member before, we brought together various agencies that made sense and we still have the most agencies of any state in Australia. The member will find that someone running a major company might be involved in mining and manufacturing but they will not be an expert in every single thing. They run an organisation. They have to trust their people and they have to have staff employed in various areas who have various skill sets. They cannot possibly know the minutiae of every logistics system, how to be an engineer, how to be an IT professional and how to be an accounting expert. They do not know every single thing about every single thing within the agency. They are expected to be good managers and to empower their people, and to have a broad understanding of most things across the agency.

Casino regulation is quite a specialised area. We do not have a department for casino management. The cities with casinos—Brisbane, the Gold Coast, Sydney, Melbourne, Adelaide, Hobart and Darwin; everywhere!—do not have casino departments. They have an agency with people within it who manage the probity rules and the like around the casino. People are responsible for that area. The royal commission will no doubt come up with recommendations about how to train or better ways to put people into positions who understand rules around conflicts, probity and all those sorts of things. No doubt, we will be able to do some great things when the report is handed down. At this point, it has handed down only an interim report that did not contain any of that information. We will await the final report, which will be next year, when we can implement whatever changes need to be implemented. We do not want to call a royal commission and then put in place changes that we might have to undo. We want to wait for the changes to be given to us so we can put in place whatever needs to be done. I will ask the director general to provide additional information.

[4.00 pm]

Ms S. O'Neill: The line item “Public Sector Training Programs” that the member referred to points to some new programs we are putting on for mid-level managers. We are getting into the micro-credentialing space. COVID has shown us that we need to deliver training programs in a somewhat different way and so we are working out a new program that can be more expansive and delivered across the state, rather than being centred in the metropolitan area. I am glad that the member pointed to that because we are very proud that we are moving into that area.

In relation to the member’s broader question about the competencies, talents and expertise of directors general, as the Premier said, we do expect, and always have done, directors general to be able to have a broad range of skills and experiences to cover their portfolio. In my previous role as director general of Education, although I was an educator, there was an expanse of subject matter and statutory requirements that I was required to get my head around quickly. But it is not all on the director general; we require them to have in place appropriate systems, approaches and ways in which they will be briefed, and to use the skills of the highly skilled senior executive that they have around them. That is another component that we require directors general to have. As the Premier said, not every director general will know every detail of their whole portfolio, but, as Public Sector Commissioner, I expect them to put in place appropriate processes to do that.

When the Crown report is completed, if there are implications for the whole sector—I think the member talked before about regulatory skills—we, as a commission, will look at that to see whether there is some learning in that for the whole sector and, in fact, whether we need to put in place some adaptive learning in new programs to build some skills in that area. That is what we do; we look for trends and patterns in areas across agency capability, and if there is some broader learning for the sector, we might build, either ourselves or with other people, an appropriate program to offset some of the skills deficit. Some months ago, last year perhaps, there were some questions around building the capability of chief finance officers. The member might remember that that was after the Department of Communities matters. We, with other subject-matter experts, took on the responsibility to build programs around that, but, at the end of the day, each director general is an accountable authority under the act and it is part of their responsibility to ensure that they have the appropriate capability in place. That means that, across the executive, deep subject-matter experts sometimes sit inside the department.

Mr P.J. RUNDLE: The royal commissioner, in the interim report, has already identified 10 areas for improvement. I assume that they will flow on in the final report. One is the training and regulation required. Now that the previous director general has readily admitted he had no experience or training in that area, will the Public Sector Commission provide training to the new director general in that space? We have a period until the royal commission puts out its report and the government acts on it, so has appropriate training been put in place for the new director general in that space?

Mr M. McGOWAN: The acting director general’s name is Lanie Chopping. She came to the role with regulatory experience. That is her background. She worked in the Consumer Protection division so that is her strong suit. I expect that she is very focused on these issues.

Just so the member knows, Duncan Ord was director general of the agency for, I think, four years or so. He came to the role on the recommendation of Barry Sargeant, who had been a longstanding director general of the former Department of Racing, Gaming and Liquor. As I said, a director general cannot know everything about everything. A person running a mining company cannot know how to operate a digger, set explosives, drive a Haulpak, fix a Haulpak, conduct international currency transactions, manage staff, conduct litigation against other companies, and have a medical degree to help people injured in the workplace. People in those roles cannot know everything. They are managers who manage people. They put people with the right skills and abilities into different places.

I am advised that Ms Chopping is already lifting the capability of the department, setting standards and ensuring appropriate expertise is in place. She is very proactive. But as I said to the member earlier, we will await the outcome of the royal commission before we put in place any final reforms. I might also add that other governments around Australia are experiencing this—for instance, the casino in Melbourne. Inevitably, with these sorts of establishments, there will be issues. I am pretty sure that if the member went to casinos in the United States or Asia, he would find all sorts of issues. That is the nature of these places.

Mr P.J. RUNDLE: I guess, Premier, that is my exact point. My concern is that blending all these agencies into super departments is creating a weakness whereby a director general is expected to know only so much. The Public Sector Commissioner pointed out that there is a training program across middle management. Does that extend up to directors general? I certainly would not expect that a director general from the Department of Water and Environmental Regulation would go across to the Department of Communities. I am sure it would be very difficult to be in a totally different field. It is very difficult for a director general of a super department to have the skills required across all the portfolio areas. Is that when things slip through the cracks?

Mr M. McGOWAN: We have tried to have directors general who can move around agencies. It is actually a good thing to have a range of roles. I read in the paper the other day that the new CEO of Crown—a gambling organisation—is a guy I met who used to run one of the construction companies, Leighton or Multiplex, which, as far as I can tell,

had nothing to do with gambling. If people have the right management ability and integrity and the capacity to foresee issues and bring people with them, they can run an organisation. That is what happens in all organisations. The head of the Australian Defence Force, General Angus Campbell—whom, once upon a time, I used to know—would not know the first thing about driving a warship or flying a plane, yet he is in charge of the Air Force and the Navy because he has management skills. That is the nature of organisations.

We have a more specific agency managing the casino than any other state in Australia, but we are not going down to a department for the casino, a department for the stadium and a department for parks. We have to have a sensible arrangement of government agencies; we cannot have 200 government departments. We have the largest number of government departments of any state in Australia, with 26. Victoria, which has the biggest casino in Australia at this point in time, has eight. Victoria has brought a range of agencies together into one department, and that department manages the casino. I will ask the Public Sector Commissioner to comment further.

[4.10 pm]

Ms S. O'Neill: It is accepted in research and general practice that contemporary leadership skills require senior managers and leaders to be able to traverse a much broader skill set and set of responsibilities than they ever have before. Here, it is in our departments and it is in business across the nation. We require them to know the appropriate processes and have the appropriate culture in place to understand the data and to know how to analyse and retrieve the data so that in their management processes they are looking across the whole department and understanding what is happening. That does not mean that we require them to know everything, just like as director general of the Department of Education I would not have known about everything that was happening in 800 schools across Western Australia. It is about making sure that we have the right systems and processes in place so that they can see the trends and patterns as they are happening.

Going back to the micro-credentials that I mentioned—the new process for middle managers—we already have, and invest in, leadership training for senior leadership. We partner with Australian and New Zealand School of Government, which is seen as the pre-eminent leadership group in Australia. In the last financial year, we put 93 executives through that program. We put 500 executive people from middle management through what we call “management essentials”. We also have ongoing leadership conversations. That is a series we developed with ANZSOG that regularly puts in front of senior leaders the kinds of scenarios that they will be looking at and different options to approach them. Leadership skills are not static; they have to be nurtured consistently and always adapt. The kinds of leaders whom we are looking for are those that have an agile management style. When sitting across an agency that has multi remits—we have a number of them, as do all other government departments—our expectation is that they will select and have in place high-quality executives who can give the right advice. The director general’s responsibility is to look across and understand those trends and issues as they come forward. An agency does not rest on that one person, but the director general is the accountable authority and in their performance agreement we expect them to manage that in its totality. We select people who we believe can manage the total remit of the department. The remits change over time, but certainly that is our expectation of them. We are very proud of the work that the directors general have done this year and also in previous years to deal with the increasing complexity. On top of that is COVID-19 and the fantastic jobs that have been managed through the recovery plan. We saw public sector leaders work across areas that are not in their background, but that is not the issue; the issue is that they have the leadership skills that can carry them through that vast array of issues as they arise.

Mr P.J. RUNDLE: I have a final question. I understand the commissioner’s description about that being the appropriate way to manage these departments. Obviously, in this case the system failed. What is the Premier doing and what is the Public Sector Commissioner doing to make sure that it does not happen again?

Mr M. McGOWAN: As a consequence of the information we received about what occurred in New South Wales, we called a royal commission to get to the bottom of it and look at what measures should be put in place. The member questioned me earlier about how much it cost. It is a significant cost. It is not as though I will say, prior to the royal commission reporting, everything that we will do. Traditionally, royal commissions are allowed to report and then we look at the recommendations and progressively implement them.

Mr R.S. LOVE: Is the new “Agency Capability Review Program” on page 73 about trying to improve the management of these agencies? Is that an admission that these things need to be done better, and is the government trying to rectify some of the problems that have emerged from merging all these government departments into super departments?

Mr M. McGOWAN: I will let the director general comment in a moment. The director general came to me and asked whether we would fund some agency capability reviews to look at agencies and see how they could be improved. Obviously, this is spending money within government on government, so it is not exactly something that excites the general public, but it is one of those necessary things in government like IT upgrades. We have to continually look at what we do and see whether we can improve what we do and how we do it. That is the reason that we funded this. The total funding is a \$2.6 million increase on the commission’s recurrent funding. I will let the Public Sector Commissioner explain it to the member.

Ms S. O'Neill: In answer to the member's question, yes, it is one part of the jigsaw puzzle to strengthen the capability of agencies and to drive improvement throughout the public sector. Continuous improvement is clearly an objective in the remit that I have as the Public Sector Commissioner. We take that seriously. I expect agencies to always have their own programs for improvement, but to push that along we wanted to implement this program, which, as the Premier said, I approached him about. It is a trial over two financial years that ends in June 2023. The \$2.6 million over two years will be used to look at the extent to which agencies have the right structures, processes, resource use, and systems and governance in place for them to deliver the very best services possible for the Western Australian community.

In that two-year trial, we will choose eight departments. We will test the processes that we have designed and also the review framework that has been published publicly. In choosing the eight departments, I will look at demographic factors. We are interested in how it works in a large department and a small department and whether there are different remits. As the member already mentioned, some departments have multiple remits and some are more singular in their focus. We will look at other contextual factors such as whether they have a regional presence or a metropolitan presence only. I have announced the three departments to be reviewed in 2021. The background work has already started but the review, in its intensive form, will start in early November. The departments are the Department of Biodiversity, Conservation and Attractions, the Department of Water and Environmental Regulation, and the Department of Mines, Industry Regulation and Safety. Each review will be led by an independent lead reviewer supported by a team in the Public Sector Commission. Part of the money that we mentioned—the \$2.6 million—is for 11 new staff to come into the commission to assist. We will work through those reviews. Depending on the size of the agency, the reviews could take anywhere up to six months. That is short compared with some agency capability reviews. We will ask the departments to work on a plan in response to that review report. It is our expectation that in their annual report, the departments will report against progress. It will not be a review that does not go anywhere; they will need to report against progress, and the executive summary of those reviews will be made public.

We see this as a really exciting opportunity in Western Australia. It has not been done in Australia. It draws on work from New Zealand, Canada and the United Kingdom, which are leading work in the public sector. The New Zealand government is very interested in our model because we look very closely at and go to the heart of culture as well, which is a key component of agency capabilities. We are delighted to be able to trial this, learn from it and see how we can work with departments to improve what they have in place so that they can make sure their services are the best that they can be for the Western Australian public.

Mr R.S. LOVE: I thank the Premier and the commissioner for that response. It is obvious that there is a lot of thought behind the commissioner's work. I wonder why those particular departments were chosen. Was that in recognition that there is a problem with the approvals process or the siloing of information and the processes between them? We hear a lot of complaints about the need to improve time lines et cetera. It is a very important deliberation that those departments will undertake.

Mr M. McGOWAN: I will let the director general comment on that. The Public Sector Commission decided which agencies would be appropriate.

[4.20 pm]

Ms S. O'Neill: As an independent officer, the program is not in response to issues in departments. The trial is to work out if the process that we have envisaged and the framework itself are going to be useful in other departments. These departments were chosen for the reasons that I went through before; that is, they are of varying size—they have different numbers of ministers, for example—and have a different regional and remote presence. Each of the three departments that we have chosen has a focus on approvals work, which is a key underlying factor of the WA recovery plan to ensure that our agencies have the best processes for streamlined approvals so that we can get more economic stimulation and work done. A range of factors were chosen. There are still five departments that I have not announced. We are assessing all the departments against these, so it is more about which departments are going to be most helpful in testing the process and framework. It is about the demographics of those departments and their situation in terms of government priorities and other things. As the Premier said, I have chosen these departments to start with, but we have another five to do over the next few years.

Mr R.S. LOVE: I appreciate that this trial has been going for quite a while. I refer to the choice of department and the capacity for the Public Sector Commission to undertake that work with the budgeted amount of money. It would seem that to take on, say, the Department of Health would be a very large body of work simply by the size of the budget and the various agencies involved. Would the Public Sector Commission see that as a department that it could include in this trial or would that be out of the scope of the allocated resources?

Mr M. McGOWAN: I will let the Public Sector Commissioner comment.

Ms S. O'Neill: All 20 departments—I am looking at only departments of state at this point—are in scope for consideration. At some point, I think it will be useful to test the framework against a larger department, so the Department of Health, the Department of Education or the Department of Communities. I think we need to know whether the framework and the process is useful in a larger department. It might take a little longer and we might need to organise our resources to put into that particular review, but being a large and complex department does not mean that it will not be included. Obviously, the trial is for eight departments, and we are not going to do all 20, but we will need an indication of how it works in a larger department. In saying that, if I can clarify: this review does not go down into every individual site and hospital. As I said before, it is about the processes that it has in place.

Mr R.S. LOVE: The Public Sector Commissioner raised the matter of the Department of Communities. Given the obvious situation that occurred there with the oversight of some of the expenditures of the department of housing, would that be one of the departments that the commissioner would consider should be addressed with some urgency to ensure that there are processes in place to make sure that there is sufficient oversight and proper management of the department?

Mr M. McGOWAN: I will let the Public Sector Commissioner comment.

Ms S. O'Neill: It is useful to remember that the Public Sector Commission undertook a review for the government of the Department of Communities and the housing authority in relation to the matters arising from the allegations against Paul Whyte, so they have recently had quite an extensive review. Many recommendations came out of that review. The department reports back to me on the progress against those recommendations. I have had a report back in the last two weeks that shows that the greatest number of those recommendations are actually in place. However, I say again that out of the 20 departments that we are considering, I would not rule out the Department of Communities. I would rule all departments in for the moment; they are all being looked at for different reasons. I do not think we would want to swamp a department with multi reviews—they have to provide services as well—but, again, that might be another instructive department. At this point, none of the departments are ruled out. We are analysing and looking closely at them all to see what we can learn about the process from a department like the one the member mentioned, or the remaining 17.

Mr R.S. LOVE: I refer to page 75 of budget paper No 2, volume 1, and the service area “Assistance and Support”. It states that it “provides advice, assistance and support to public sector bodies and employees”. How many complaints of bullying, sexual harassment or other serious allegations has the Public Sector Commissioner or the Premier received in the last 12 months, and in which agencies did those alleged incidents occur?

Mr M. McGOWAN: In 2020–21, there were 18 allegations of bullying that related to public sector entities. None of the 18 allegations were substantiated. There were 36 allegations of sexual harassment, of which 14 were substantiated. I do not know what the consequences were. There were 14 allegations substantiated, which related to six people, because there were multiple allegations against some of those people. Of those six people, three had training and counselling, two resigned and one was terminated.

Mr R.S. LOVE: When these types of incidents occur, is the complainant required to maintain confidentiality when the process is complete; in other words, do they have to remain silent about what has occurred, or are they able to talk about it?

Mr M. McGOWAN: I will let the Public Sector Commissioner comment.

Ms S. O'Neill: No, people are not required to remain silent, as the member put it. Some people undertake other legal processes or there is a settlement and there may be some provision there for confidentiality, but there is no requirement for confidentiality in the oversight processes as an oversight body. That being said, many people prefer it, but there is no requirement for people to not talk about their allegation and what has happened. As I said, many people prefer to deal with it confidentially, particularly in matters of sexual harassment that they do not necessarily want known, and we certainly do not make comment on individual and personalised cases. But an individual who makes a complaint to us is not subject to a confidentiality clause in any particular outcome. As I said, they might be subject to that if they pursue another legal process, but that would be outside of our processes.

Mr R.S. LOVE: The original question I asked was whether the Premier could outline which agencies were involved. I am happy to take that as supplementary information if the Premier needs to take some time.

Mr M. McGOWAN: I can provide the member with that information by way of supplementary information. The supplementary information we can provide is which agencies were involved in substantiated complaints of sexual harassment. Just to refine that for the member, four were public sector agencies and two were local governments, because the Public Sector Commission has jurisdiction over local government. We can find out which government agencies and local governments were involved in the complaints against those six individuals, unless the agency or local government is small and could identify the individual.

[Supplementary Information No A3.]

[4.30 pm]

Ms M.J. DAVIES: I understand that the Premier has just agreed to provide a list of allegations of sexual harassment and bullying. Further to that, could the Premier provide a breakdown of the agencies about which complaints of minor misconduct were made to the Public Sector Commissioner and the numbers within each agency, again without revealing the identities if it is a small organisation? This information was provided last year.

Mr M. McGOWAN: There were 735 allegations of minor misconduct matters received in 2021. That could be an anonymous email saying that someone took a pen, someone was late for work and those sorts of things. There were 735 of those allegations received. As I said, they can be incredibly minor. The member identified some of the more serious ones before, in which six people were involved in substantiated complaints. Bear in mind, there are 140 000 people in the public sector.

Ms M.J. DAVIES: The information that I am asking for was provided by way of supplementary information in the last budget estimates—a breakdown of the agencies about which there were complaints of minor misconduct matters and the numbers within each agency. I am happy to take it by way of supplementary information.

Mr M. McGOWAN: Yes, we can provide some supplementary information on which agencies across government had allegations of what is termed minor misconduct matters. As I said to the member, it could be as simple as someone not leaving work on time and the next door neighbour ringing and saying that they saw them at home when they should have been at work. That is the sort of thing that happens.

[Supplementary Information No A4.]

The appropriation was recommended.