

PUBLIC SECTOR — SENIOR EXECUTIVE SERVICE

Statement

HON TJORN SIBMA (North Metropolitan) [10.06 pm]: Bearing in mind the couple of days we have had and the extensive line-up of members' statements this evening, I pledge to keep my remarks very brief. I thought that would gain acceptance with the chamber. Members might recall earlier this morning I gave notice of a motion to introduce a bill to amend the Public Sector Management Act 1994 and the Health Services Act 2016 for the purpose of reducing payout compensation for senior executives appointed under those acts. I want to provide a bit of context on why I decided to take that action and what the implications might be.

First of all, I want to begin by expressing my respect for the Western Australian public service. I have worked with those public servants in varying capacities over the last 10 or so years. I actually began as a commonwealth public servant in the Department of Defence as an analyst. I have an understanding of how that sector operates, the dedication of senior executives in both those respective services, and their higher calling to provide sound advice to governments, irrespective of their political hue, for the betterment of their society, state or nation, as it may be. However, I have been moved to undertake work in response to a problem identified by the Premier earlier this year when certain senior executives in the Western Australian public service were, for one reason or another, relieved of the burden of fulfilling their contract. From time to time governments undertake those kinds of decisions. I am not going to reflect on those decisions or their reasons, other than to reflect on the time line and concerns that the Premier observed about the quantum of money required to pay those people out. I think that is a legitimate public policy issue to raise and the Premier is completely entitled to do it, but apropos this morning's front page, I want to review the time line in remediating this issue, if the Premier indeed takes it seriously.

With members' indulgence, I mention that it has been eight months since the first senior executive officers in government were advised that their services would no longer be required, it is now five months since the Premier advised the media that he was working on ways to reduce the payout to senior executives and it is three months since the Premier advised the media that his government and future governments wanted to avoid large successive payouts, which is fair enough. But it is also three months since the Premier said, in the estimates hearings in the other place, that he has a new policy for limiting these payouts and that limitations will apply once legislative amendments have passed. I have asked a series of questions in this place. It has not been an overwhelming focus of mine, but I have sought some clarification and updates about how this process might be proceeding. At one stage, I offered my services to the Premier and he wisely rebuffed that overture. I took that on the chin, as it were. Nevertheless, I was undeterred in my curiosity. I just want to explore how difficult these kinds of things are to do.

On 1 November I submitted a request through the Parliamentary Counsel's Office to draft a bill that would give effect to the policy direction that the Premier had outlined, and that was to investigate means by which public sector compensation payouts to senior executive officers might be appropriately limited. Within three and a half to four weeks I received it back. If that is easy for someone like me to do, I query why the government, with all its resources, has not been able to achieve this outcome, particularly in light of the fact that there are reviews on foot, but outcomes of those reviews would have been foreshadowed. The government cannot propose to undertake significant re-orderings of the public sector without also factoring in that a serious quantum of senior positions would be reallocated or removed. That is just a fact of life.

Hon Alannah MacTiernan: Can you just clarify that? You said earlier that the Premier said that he needed to wait until he changed legislation.

Hon TJORN SIBMA: That is my understanding, from testimony given in estimates.

Hon Alannah MacTiernan: You haven't got the —

Hon TJORN SIBMA: I do not have the transcript with me, minister, that is correct. I am prepared to be corrected if that is not the case, but that was certainly the implication that I drew.

This has been a very easy process to undertake. It has been achieved in four weeks and the Premier has had eight months. I propose to do two things: firstly, to set a time limit on notice to be given for the early expiration of contracts. As it stands, the only requirement is that there be not less than four weeks' notice, but I note there is no mention of any maximum period of notice. That is not a material thing, but it is something that is worth clarifying. Secondly, and more importantly, I propose to limit the compensation payable to officers of the senior executive service whose contracts have been terminated prior to their contracted expiry date. Currently, the Public Sector Management Act and the Health Services Act provide for a compensation payment that is the equivalent of up to 12 months' remuneration. It does not mean that that 12 months is applied. There is certain discretion that the practice has been to pay up to 12 months, plus entitlements. This proposal is to amend both the Public Sector Management Act and the Health Services Act in respective sections to replace this 12-month limit with six months as the maximum period of compensation, without any limitation being placed on entitlements, leave provisions and the like. If this kind of act had been in place prior to the 18 senior executives being relieved of their jobs earlier

this year, then the \$5.1 million compensation quantum would be reduced to a figure of approximately \$2.5 million. It is not a lot of money, but, obviously, we follow the logic.

Hon Alannah MacTiernan: But, member, just read your act. It is “up to”.

Hon TJORN SIBMA: Yes, “up to”.

Hon Alannah MacTiernan: That’s a question of policy. That can be changed by policy.

Hon TJORN SIBMA: There is a limitation, however, minister. The practice is that that 12 month period is in most cases paid out.

Hon Alannah MacTiernan: That was the existing policy.

Hon TJORN SIBMA: That is the practice. I am reducing that ceiling down by half with the expectation that that entire period would be paid out. That would be the effect given to this particular change.

Hon Alannah MacTiernan interjected.

The PRESIDENT: Order! This is member’s statements; it is not debating time.

Hon TJORN SIBMA: Fair enough, and I will come to a very swift conclusion. I am genuinely happy to have a discussion on this issue outside this chamber, minister.

I put it to the Premier that he should give consideration to what I am proposing, if only for the fact that the hundred or so senior executive positions identified are likely, conservatively, to represent a liability of up to about \$20 million or \$25 million in compensation payouts. That is if we apply the same logic that applied to the 18 people who were relieved earlier this year. This is a generic, conservative and ballpark estimate. I am providing the government with an opportunity to reduce that cost by half, and take control of government financial expenditure, as I have been invited to do by the Premier on a number of occasions this year. Thank you.