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Senior Executive Service Case Study – Western Australia

RESEARCH

Australia & New Zealand School Of Government

SENIOR EXECUTIVE SERVICE CASE STUDY – WESTERN AUSTRALIA

By Professor Brian Head (UQ) and A/Prof Linda Colley (CQU)

PREFACE

This ANZSOG Research Insights paper is one of a series of eight case studies which summarise how senior executive arrangements in the public service have evolved since the 1980s in Australia. The series includes the Commonwealth, all six states and the Northern Territory. The papers cover the legislative and policy changes that have influenced the work of each public service over recent decades, and provide a snapshot of recent arrangements for senior public servants in each jurisdiction through to around 2021.

The papers are being published as a resource that may assist students and researchers who want to understand more about the comparative arrangements across jurisdictions.

The papers were compiled by a research team led by Brian Head, Professor of Public Policy at the University of Queensland, and Linda Colley, Professor of Work and Employment at CQUniversity. Valuable research assistance was provided by Shelley Woods, Chris Salisbury and Prue Brown. The research team is grateful to a network of contact officers in each jurisdiction who assisted in checking the accuracy of the materials. They are not responsible for any errors or oversights that remain.

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Glossary

DEOPE: Director of Equal Opportunity in Public Employment PAC: Public Accounts Committee PSC: Public Sector Commission PSM Act: *Public Sector Management Act 1994* PSR Act: *Public Sector Reform Act 2010* SPRP: Service Priority Review Panel

1 WA Governments, elections and institutions

1.1 Discussion

Western Australia (WA) has been governed for lengthy stretches by either the Labor or Coalition parties over the last 40-plus years, with the Coalition holding office only half a dozen years more than their opponents during that time. All governments in that time have held a legislative majority, except for the first term of the Barnett Government between 2008-2013.

<u>1980s and 1990s</u>

In 1986, the Burke Government released a White Paper entitled *Managing Change in the Public Sector*, which led to legislative amendments the following year to abolish the Public Service Board (established in 1978) and revert to a single Public Service Commissioner – a role that had been in place since 1904 (PAC, 2014). The WA Senior Executive Service was also established in 1987.

The relationship between the WA Government and the business sector came under increased scrutiny in the 1980s under the Burke Government. The perceived scandals later led to a Royal Commission into the Commercial Activities of Government and fresh public sector legislation in 1994 (PAC, 2014, p. 9).

After stepping down as Premier in 1988 in the wake of a merchant bank rescue scandal, Burke was appointed Ambassador to Ireland by Prime Minister Bob Hawke. Following his return to Australia, Burke became the first Australian premier since Federation to be convicted of a criminal offence – jailed twice (in 1994 for rorting travel expenses; and in 1997 for spending political donations on a personal stamp collection) – subsequently becoming a controversial lobbyist and later being charged with lying to the Corruption and Crime Commission (Barry, 2010).

Dr Carmen Lawrence made history in early 1990, becoming Australia's first female Premier. After only four years in the Legislative Assembly, Dr Lawrence made her mark by taking steps to end the Labor government's "messy entanglement" with private enterprise in what had become known as WA Inc (Humphries, 2020, Feb 11). These steps included establishment in 1991 of a Royal Commission into the Commercial Activities of Government. Her government lost the 1993 state election.

Legislation passed in 1994 by the government of Liberal Premier Richard Court led to the establishment of a Commission for Public Sector Standards, regulation of remuneration arrangements for CEOs and executive officers, and the establishment of a Commission on Government to report on issues raised by the Royal Commission.

<u>2000s</u>

WA reverted to Labor governments from 2001 to 2008 under Premiers Geoff Gallop (also the Minister for Public Sector Management) and Alan Carpenter. In the lead-up to the 2001 WA election, Labor had committed to reducing the number of government agencies and enhancing the effectiveness of the public sector.

Soon after his election as Premier, Gallop appointed a four-member taskforce to review the structure of the public sector, with a brief to recommend machinery of government changes to reduce the number of departments and agencies, noting that WA had the largest number of government departments of any Australian state (Gallop, 2001, Mar 11). Labor had also committed to reducing the number of chief executive and senior executive officers by 60 at a saving of \$20 million over four years (Gallop, 2001, Mar 11).

Western Australia has had a dedicated Public Sector Commissioner since late 2008 (occupying an independent statutory office since 2010). Experienced senior bureaucrat Mal Wauchope was appointed following a public sector restructuring introduced by new Liberal Premier Colin Barnett. Prior to this, the system of public sector management was overseen by the Public Sector Standards Commissioner and Department of Premier and Cabinet, and earlier a Public Service Commissioner, those offices having been established in public sector reforms introduced at different times by Labor Premier Brian Burke and Liberal Premier Richard Court (PSC, 2017).

The Barnett Government introduced three rounds of voluntary public sector redundancies (ABC News, 2014, Oct 9; Barnett, 2013, Oct 23; Barnett & Buswell, 2013, Jun 13). The Premier noted that WA was the only jurisdiction in Australia without the capacity to undertake involuntary severance program and he introduced a Workforce Reform Bill to legislate forced redundancies (Barnett, 2013, Oct 23).

Despite \$600 million spent on redundancies for some 5000 public sector employees over four years, these initiatives "did not make any meaningful dent in the size and cost of the public service", but the government argued that administrative staff had been replaced by extra teachers, nurses and doctors (Kagi, 2017, Oct 8).

In the lead-up to the 2017 election, the Labor Opposition pledged to cut a further \$750 million from the public sector over four years (Laschon, 2017, May 4). The return of a Labor government after a decade of conservative rule heralded a period of fast-paced and significant public sector reform. Soon after his election on St Patrick's Day, incoming Premier Mark McGowan made early commitments to reduce the number of government departments by 40% and cut the SES by 20% (McGowan 2017, Apr 28).

Cuts of 3000 public servants were announced in the McGowan government's first Budget (Kagi, 2017, Sep 7). The number of government departments was reduced from 41 to 25 within months of the election (McGowan, 2017, Aug 17). Figures from July 2017 already showed \$5 million in payouts to top executives, with a further 100 SES positions to follow (Kagi, 2017, Oct 8). The government was criticised for moving some executives to a "departure lounge" performing "other functions" while still collecting salaries of up to \$400,000 (Kagi, 2017, Oct 8).

The McGowan Government was re-elected at the State Election in March 2021. The following month, the Public Sector Commissioner announced changes to the leadership of eight government departments. These changes reflected the returned McGowan Government's new Ministry and key priorities, as well as the impending retirement of four Directors-General (PSC, 2021).

A major public sector reform program was foreshadowed, as noted in Section 2 below.

1.2 Summary of institutional and political changes

Table 1. Western Australian Governments, Public Service Institutions and Commissioners

Election / Assumed Office	Defeat / Left Office	Premier	Party	Public Service Institution	Public Service Commissioner	Balance of power?
17 Mar 2017 Re- elected Mar 2021		Mark McGowan	Labor	Public Sector Commission	Sharyn O'Neill (from July 2018) Mal Wauchope	Majority
23 Sep 2008	17 Mar 2017	Colin Barnett	Liberal	Public Sector Commission Office of the Public Sector Standards Commissioner (established 2010)	Mal Wauchope (from Nov 2008) Ruth Shean	Minority (with support of Nationals and Independents ; majority from Mar 2013)
25 Jan 2006	23 Sep 2008	Alan Carpenter	Labor	Commissioner for Public Sector Standards	Ruth Shean Maxine Murray	Majority
10 Feb 2001	25 Jan 2006	Geoff Gallop	Labor	Commissioner for Public Sector Standards	Maxine Murray Don Saunders	Majority
16 Feb 1993	10 Feb 2001	Richard Court	Liberal	Commissioner for Public Sector Standards (from 1994) Public Service Commissioner	Don Saunders Digby Blight (Public Sector Standards Commissioner, from Oct 1994) Dr Ken Michaels	Majority
12 Feb 1990	16 Feb 1993	Carmen Lawrence	Labor	Public Service Commissioner	Marwood Kingsmill Digby Blight Dr Michael Wood	Majority
25 Feb 1988	12 Feb 1990	Peter Dowding	Labor	Public Service Commissioner	Marwood Kingsmill Frank Campbell	Majority
25 Feb 1983	25 Feb 1988	Brian Burke	Labor	Public Service Commissioner (from 1988) Public Service Board (abolished 1987)	Frank Campbell (Public Service Commissioner, from Jan 1988) Ken McKenna	Majority

25 Jan 1982	25 Feb 1983	Ray O'Connor	Liberal	Public Service Board	Ken McKenna Keith Mann	Majority
8 Apr 1974	25 Jan 1982	Charles Court	Liberal	Public Service Board (from 1978) Public Service Commissioner	Keith Mann, Commissioner of the Public Service Board (1974-84). George Cooper (Chairman, Public Service Board (1974-79). Ken McKenna (Chairman, Public Service Board from 1979-86).	Majority

2 WA Reform context

1980s and 1990s

WA in the 1980s and early 1990s was overshadowed by 'WA Inc'. Following controversial business dealings of the government of Brian Burke, his successor Carmen Lawrence established a Royal Commission into Commercial Activities of Government and Other Matters. Reporting in late 1992, the Commission found – of relevance to the WA public service – that "the merit principle had been jeopardized and people [had] been 'parachuted' into the public sector" (PAC, 2014, p. 15). It recommended reinstatement of the merit principle, proposed an independent commissioner to nominate suitable CEO candidates to ministers, and suggested that provisions should be made for the Governor to reject the nominee and appoint another person instead (PAC, 2014, p. 15).

The election of a Liberal-National Coalition government in 1993 heralded a period of major public sector change, with employment levels declining as services were privatised or contracted out (Bailey et al, 2010, p. 100). The intention was both to decentralise and deregulate the WA industrial relations system, including the public sector (Bailey et al, 2010). The government encouraged workplace agreements instead of collective bargaining and took actions to "circumscribe the effectiveness of unions", including through a decision to cease union payroll deductions (pp 101, 107).

A number of legislative amendments ensued in 1994 under the Court government in response to the recommendations of the Royal Commission. These included the establishment of a Commissioner for Public Sector Standards, a Commission on Government, and regulation of remuneration arrangements for CEOs and executive officers. The Commissioner for Public Sector Standards was established as an independent statutory officer appointed by the WA Governor and reporting directly to State Parliament (APSC, 2003).

2000 to 2020

After a flurry of activity under the Court government, the public sector remained relatively stable under the Labor governments of Geoff Gallop (2001–2006) and Alan Carpenter (notwithstanding some initiatives via the *Public Interest Disclosure Act 2003*, the *Corruption and*

Crime Act 2003 and the *Auditor-General Act 2006*) until a change of government in 2008 saw the return of a Liberal government and a fresh round of reform.

Public sector reform under the government of Premier Colin Barnett (2008–2017) included establishment of the WA Public Sector Commission (2008), formalisation of arrangements between Ministers and departments (2009), and the appointment of an independent Public Sector Commissioner (2010), with responsibilities for the employment of CEOs, management of the SES and the broader public sector (*Public Sector Reform Act 2010*). The Commission took on responsibility for minor misconduct, and corruption prevention and education, previously the responsibility of the Corruption and Crime Commission.

Since the 2017 election of a Labor government under Premier Mark McGowan, a significant period of public sector reform has been underway, with major machinery of government changes reducing the number of government departments, SES officers and public sector employees. Three CEO Working Groups – Public Sector Efficiency, Local Service Delivery, and Workforce Management, were established in April 2017 to advise the government on improving public sector efficiency to reduce costs, duplication and red tape (PSC, 2018).

Former New Zealand State Services Commissioner Iain Rennie was appointed to chair a Service Priority Review Panel (Laschon, 2017, May 4). The panel produced a 'blueprint for reform' (Rennie et al., 2017), recommending the redesign of executive performance systems (Rec. 13), the introduction of performance-based pay for agency heads (p. 131), and the "re-establishment" of the SES as a "strategic, collaborative and mobile leadership group, as originally envisaged under the PSM Act" (p. 135).

The Service Priority Review was followed by an independent review of the PSC in 2018, with a focus on strengthening the Commission to embrace the review recommendations. The *Independent Review of the Public Sector Commission*, led by Carmel McGregor (former APSC Deputy Commissioner) recommended:

- the PSC reassert its role and acquit its functions as prescribed by the *Public Sector Management Act 1994* an independent Advisory Board be established by the Premier as the Minister for Public Sector Management, with representation from outside the public sector
- the Premier be the employer of public sector CEOs (requiring legislative amendment)
- that decision making for executive structures and SES-related frameworks be delegated from the PSC to CEOs
- more robust accountability mechanisms
- diversity in the public sector be explicitly prioritised (McGregor, 2018, p. 11).

Other recommendations related to talent and performance management, CEO succession planning, and employee census and data (p. 12). In response to the review findings, the Government "noted" the 24 recommendations and rejected two, insisting there would be no change to either the Commissioner's employment arrangement with CEOs, or responsibility for dealing with minor misconduct (Govt of WA, 2019, pp 1–2).

A Special Inquiry into Government Programs and Projects, headed by former Under-Treasurer John Langoulant, was tasked in 2017–18 to examine the "governance arrangements, decision-making processes and financial consequences" of projects undertaken by the previous government (PSC, 2019).

The McGowan Government also established a Public Sector CEO Steering Committee, Public Sector Reform Ministerial Steering Committee, a Public Sector Leadership Council and a Public Sector Reform Unit in DPC (DPC, 2020).

In early 2020, the McGowan Government launched a 10-year plan to address gender equality, with government to lead by example, with a target of 50% of women in top-level public service positions and a trial of public sector reporting to the Workplace Gender Equality Agency (McGurk, 2020, Mar 4).

The McGowan Government was re-elected in March 2021.

3 The public service during global crises

This section outlines public service measures in response to the Global Financial Crisis (GFC) and the COVID-19 pandemic.

GFC

In March 2009, the Barnett Liberal government announced a 3% efficiency dividend and a ceiling of 99,000 FTE staff across the public sector (Colley, 2012). Voluntary severance packages were offered for 'surplus' employees – 469 in 2009, 333 in 2010 and a further 400 in 2011 (Colley, 2012: 627). Public sector unions negotiated higher increases than the government's proposed 2.5% cap on wages growth (Colley, 2012).

COVID-19

The Western Australian Labor government did not appear to introduce any major new measures, continuing some existing efficiency programs. It announced in October 2020 that the wage cap introduced in 2017 (of \$1000 per annum) would continue, as would the freeze on the salaries of the highest-paid bureaucrats and politicians (Jenkins, 2020, Oct 9; McGowan et al., 2017). In June 2021, the Premier reiterated the government's commitment to maintain the wages policy, with the CPSU/CSA recommending that members accept the government's offer to extend the \$1000 per annum pay-rise for a further 12 months (CPSU/CSA, 2021; Law, 2021, Jun 9). However, local media reported that a "public sector alliance" was forming in opposition to the policy (Law, 2021, Jun 9).

The Public Sector Commissioner was appointed to head the State Recovery Advisory Group – illustrating the importance given to the public service in managing recovery.

The following table illustrates public service austerity measures during the GFC and COVID-19 pandemic.

Crisis	Party	Pay approach	Recruitme nt	Downsizing (approx n)	SES
GFC	Liberal	Attempt at wage suppression unsuccessful. 3% efficiency dividend	Ceiling of 99,000 FTE	1200 VSPs 2009-2011	5% cap on salary increases 2008 to 2010
COVID	Labor	Pre-pandemic cap of \$1000 p/a increases to continue.		Nil	Continuation of 2017 pay freeze for politicians and highest paid bureaucrats

 Table 2. Summary of crisis responses

4 WA Legislation

4.1 Historical background

WA's first public service legislation came in the form of the *Public Service Act 1904*, which made provision for the Governor to appoint a Public Service Commissioner to oversee the Public Service and ensure its efficiency (Public Accounts Committee, 2014). A three-member Appeal Board was established to hear appeals against decisions made by the Commissioner.

This legislation remained in place until it was repealed by the *Public Service Act 1978*, which abolished the position of Public Service Commissioner and established in its place a threemember Public Service Board headed by a Chairperson appointed on a seven-year term (PAC, 2014, p. 8).

In the meantime, a Salaries and Allowances Tribunal was established under the *Salaries and Allowances Act 1975* to set remuneration for CEOs and senior executives.

The release of a Burke Government White Paper in 1986, *Managing Change in the Public Sector*, preceded an Amendment Act in 1987 which abolished the Public Service Board, reverting to a single Public Service Commissioner to assume the Board's responsibilities (PAC, 2014, p. 8). Importantly, the amendments also created a Senior Executive Service, with departmental heads designated as chief executive officers (CEOs) (PAC, 2014, p. 9).

4.2 1990s

The next major public sector reforms, including amendments to the definitions and functions of the SES, arrived in the form of the *Public Sector Management Act 1994* (legislated by the Court government). Some of its provisions were generated by government responses to two commissions of inquiry – the Royal Commission into the Commercial Activities of Government (WA Inc Royal Commission) and the Independent Commission to Review Public Sector Finances (the McCarrey Commission). Reporting in 1992 and 1993, "sweeping recommendations" were directed towards employment practices and professional conduct (PAC, 2014, p. 9). The recommendations for public sector reform were largely incorporated in a Bill presented by Premier Richard Court, which became the *Public Sector Management Act 1994*.

Key features of the PSM Act were:

- Articulation of principles of official misconduct
- The creation of a Commissioner for Public Sector Standards to replace the Public Sector Commissioner
- Responsibility for the efficiency and effectiveness of the public sector moved to the Premier (as Minister for Public Sector Management)
- Specifications on CEO appointments
- While the Public Sector Standards Commissioner had responsibility for CEO recruitment processes, "this was done on the advice of the Premier, who assumed responsibility for recommending appointments (and removals) to the Governor (ss45 and 49)" (PAC, 2014, p.10).
- Expansion of the Public Sector Standards Commissioner's remit (under the previous legislation, only public servants, some 20% of public sector employees were within the Public Service Commissioner's jurisdiction).

Remuneration arrangements for CEOs were a matter for the Minister (administered by the department) who could recommend the office be included in the Special Division of the Public Service with remuneration set independently by the Salaried and Allowances Tribunal.

The PSM Act endured without substantial change for the next 14 years, notwithstanding a series of inquiries and reviews relating to its operation that were undertaken in the meantime – see Public Accounts Committee (2004), Fielding (1996), Gregor (1995), Hicks et al. (2001), Kelly (1997) and Whitehead (2004).

The *Commission on Government Act 1994* was in response to a further recommendation of the WA Inc Royal Commission that a commission be established to report on a range of issues that emerged during the Royal Commission's investigations. The Act also established a Standing Committee of Parliament, comprising five members of each House, to approve the appointment of commissioners to the Commission on Government, oversee its administration and receive its reports (Gregor et al., 1995, Report No. 2).

4.3 2000s

The *Public Sector Management (Breaches of Public Sector Standards) Regulations 2005* were introduced to advise on recruitment complaints and requests for review of decisions.

The WA Public Sector Commission was established in November 2008, administering the responsibilities and functions of the Minister for Public Sector Management (power remained with the Minister), with the exception of special inquiries and the employment of ministerial officers (PSC, 2017). The PSC issued a circular in 2009 requiring Ministers to make formal arrangements in writing regarding communications between their offices and departmental staff, with agencies to nominate particular officers to handle requests for briefings (PSC Circular, 2009–10).

Public Sector Reform Act 2010

In July 2009, incoming Premier Colin Barnett announced his intention to implement further public sector reform by amending the PSM Act to merge the roles of the Public Sector Commissioner and the Commissioner for Public Sector Standards (PAC, 2014, p. 11).

The Public Sector Reform Act 2010 established an independent office of Public Sector Commissioner, incorporating the functions of the Standards Commissioner, with responsibilities including the employment of CEOs and management of the Senior Executive Service. However, in his second reading speech, the Premier indicated that "the Minister responsible for public sector management [the Premier] will be empowered to require the Commissioner to appoint a person nominated by the Minister" (PAC, 2014, p. 18). The legislation provided the new Commissioner with employment authority over CEOs but required consultation with the Premier and responsible ministers prior to transfer or acting arrangements for CEOs.

In 2013, after several rounds of voluntary redundancies, the Barnett government introduced a Bill to provide for the involuntary severance of public sector employees surplus to an agency's requirements. The *Workforce Reform Act 2014* amended the *Industrial Relations Act 1979* and the *Public Sector Management Act 1994* to allow for the involuntary redeployment, redundancy or termination of public sector employees.

A Parliamentary inquiry in 2014 investigated "the extent to which the amended Act promotes a public sector that is both operationally independent, while at the same time sufficiently responsible to the policy priorities of the government of the day" (PAC, 2014, Foreword). The Public Accounts Committee also examined CEO employment issues and whether transparency and accountability matters were commensurate with the increased level of responsibility of the

Public Sector Commissioner. The Committee found that the Act had prevented the appointment of CEOs on a "term-of-government basis" (p. xiii).

Recent regulatory reform

In September 2017, Premier McGowan announced his intention to amend legislation to remove the 'right of return' provisions for SES officers and to reduce payouts for early termination (Rennie et al., 2017 p. 134.). In August 2018, the government introduced the *Public and Health Sector Legislation Amendment (Right of Return) Bill 2018* to amend the PSM Act for that purpose. The Bill passed the Legislative Assembly the following month (September 2018), with amendments requested by a Legislative Council Committee in November 2018. The Bill provides a transition period of six months for existing SES officers, during which time they may exercise the right of return to permanent tenure. For those without a right of return whose contract is terminated before its end date, the Bill limits the potential compensation payout to a maximum 12 months' salary (Ellery, 2018). The Bill did not progress during 2021.

5 SES Policy changes in WA

5.1 Discussion of changes

Western Australia's Senior Executive Service was established by the *Acts Amendment (Public Service) Act 1987,* which designated department heads as CEOs. The amendments to the *Public Service Act 1978* also abolished the Public Service Board, reverting to a single Public Service Commissioner to assume the Board's responsibilities.

Section 42(1) of the *Public Sector Management Act 1994* defines the Senior Executive Service as:

a group of executive officers capable of furnishing high-level policy advice, undertaking managerial responsibilities in agencies, and being deployable within and between agencies to promote the efficiency of the public sector (Rennie et al., 2017, p. 133).

On appointment, Chief Executive Officers (CEOs) enter performance agreements with the Public Sector Commissioner (PSC) and the agency's Responsible Authority. Chief Executive Officers (CEOs) seek approval from the PSC to advertise and fill SES positions, including reappointments, transfers and secondments within the public sector (PSC, 2010 – *Approved Procedure 2*). Contracts of employment differ for senior executives remunerated according to the Public Sector CSA Agreement 2019 and those whose remuneration is determined by the Salaries and Allowances Tribunal.

The McGowan Government's public sector reform program included changes to the numbers and employment conditions of SES officers. A major reduction in government departments (from 41 to 25) through machinery of government changes led to a corresponding reduction in CEO and SES numbers (McGowan, 2017, Aug 17). Before the 2017 election, Labor had committed to a 20% reduction in size of the SES.

The 2017 *Service Priority Review* endorsed the McGowan government's election commitment to introduce performance-based pay for the state's most senior public servants (McGowan, 2017, Dec 6).

The Salaries and Allowances Amendment (Debt and Deficit Remediation) Act 2018, saw a pay freeze legislated for senior government officers who had their remuneration set by the Salaries and Allowances Tribunal, along with a government Bill to reduce termination payouts and

prevent their return to the public service (which did not move beyond a Legislative Council Committee). The pay freeze ceased in 2021.

The Public Sector Commissioner also planned a more strategic approach to identify emerging leadership talent, observing that the existing approach was "unsystematic and rather sporadic" (PSC, 2020c: 48). Consideration of the SES classification process, and how the SES is managed and developed, was also underway. This included the development of a new capability framework and CEO performance approach (PSC, 2020c). In 2020, a fresh approach to leadership and capability was underway by the PSC, with the development of an Expectations Framework to provide "a one-sector approach to leadership, capability and performance" (PSC, 2020b).

5.2 Summary table

This summary table compares the 1999 position and more recent arrangements.

Table 3. Employment conditions – Senior Executive Officers – Western Australia

Employment Practices	1999 position	Interim changes	Current position				
Recruitment							
Advertised internally	Yes		Yes				
Advertised externally	Normally. Agency CEOs have discretion, but majority advertised	In March 2017, McGowan government instructed agency CEOs to deliver a 20 per cent reduction of the SES across the public sector by 31 March 2018.	Yes. All SES vacancies are advertised on the WA Government Jobs Board (jobs.wa.gov.au), unless otherwise approved by agency CEO and PSC.				
Search Agency	As required		Can be used in conjunction with general advertising.				
Selection body	Panel advice to CEO CEO appoints		Panel advice to CEO; CEO appoints (with approval from PSC to advertise and fill the position on an SES contract basis)				
Role of Portfolio Minister	No		No				
Role of Premier	No		No				
Role of Cabinet	No		No				
Role of Dept. Head	Appoints		Appoints				
Employment (Conditions						
Contract	Yes		Yes				
Contract timeframe	Up to 5 years		Up to 5 years				
Contract Extension	At agency CEO discretion, but not greater than 5 years overall. Advertised.		At agency CEO discretion, but not greater than 5 years per contract period. Approval to reappoint is required from the Public Sector Commissioner.				
	Maximum of 12 months remuneration determined	In September 2017, the McGowan government	Entitled to a maximum of 12 months remuneration as				

Redundancy/ Termination provisions	by Minister for PSM. Typically based on 2 weeks for each year of service.	approved changes that would reduce extent of compensation payouts to SES officers when their employment terminated/ made redundant.	determined by the Public Sector Commissioner.
Process re extension	Negotiation with CEO		Negotiation with CEO (and approval from PSC)
Performance	Management		
Program in place	Program at discretion of agency CEO; no common scheme.	In December 2017, the McGowan government endorsed Service Priority Review recommendations to embed CEO performance management agreements (in keeping with the <i>PSM Act 1994</i>).	 'Performance agreement framework' exists for all CEOs appointed to WA public sector. Performance assessment is given force by Section 47 of the PSM Act. In 2019, the PSC began a trial of a new CEO Delivery and Performance Approach.
Frequency of assessment			Annually (can be updated or amended at any time)
Types of measures	No common scheme		"Performance objectives should be SMART (specific, measurable, achievable, relevant and timely). Targets should be directed towards higher order outcomes but may be formulated to reflect short-term progress towards medium- or longer-term goals." Performance measured against key agency/sector priorities and personal development goals for the performance cycle.
Purpose	Development		Leadership development and accountability across the public sector.
Who makes assessment	CEO		'Responsible authority' as defined in the PSM Act (Minister/DG/Board Chair/ CEO and PS Commissioner)
Remuneration	1	·	·
	Head determines classification subject to approved procedures. Approved procedures give Office of PSM role in	Public Sector Reform Act 2010 placed authority to determine classification of SES positions in the Public Sector Commission.	CEO determines their executive structure. Approved procedures provides the PS Commissioner the role of determining classifications of SES positions.

	determining classification of SES position.	A public sector wages cap (pegged to inflation/CPI growth) was introduced by the Barnett government in March 2009, until changed in May 2017 by McGowan government to a limit of \$1000 p/a increase per F/T employee (followed in Feb 2018 by a senior executive 'pay freeze').	SES officers remunerated in accordance with the Public Sector CSA Agreement 2019, or if in the Special Division of the Public Service, rates of remuneration are determined annually by the Salaries and Allowances Tribunal (established by the Salaries and Allowances Act 1975).
Performance	Рау		
Availability	Unavailable, although some Enterprise and Workplace Agreements provide for productivity- based gains.	In December 2017, the McGowan government endorsed Service Priority Review recommendations to implement CEO and executive performance- based pay.	Not implemented. The intention was for this to apply to CEOs/senior executives, tying portion of remuneration to performance targets or Key Performance Indicators (KPIs) set by government.
Basis	N/A		Performance measured against KPIs
Who makes assessment	CEO		Minister, Director-General or CEO, depending on recipient officer's level
Right of Retur	rn		
	Has right if employed minimum of 6 months before appointment. No right if dismissed for substandard service or breach of discipline.	In September 2017, the McGowan government approved changes that would remove existing 'right-of-return' to ongoing employment available to SES officers. Prior to March 2017, records were not kept regarding the number of SES officers electing to exercise their right of return (PSC 2019 –1822161 – Tabled paper).	Currently under s58 of the Public Sector Management Act 1994 a 'right of return' is available to SES officers if they had six months' continuous service immediately before their employment in the SES. SES officers who did not have, or who had foregone, 'right of return' to the public sector are entitled to compensation under s59 for early termination of employment. [The Bill lapsed]

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6 Workforce data

6.1 Data sources, definitions and limitations

The Western Australian "government sector" comprises the "public sector" and "other government bodies" (PSC2020c)). According to Section 3 of the *Public Sector Management Act 1994*, the WA public sector includes "all agencies, ministerial offices and non-SES organisations". This includes doctors, nurses, teachers, police, emergency service workers and prison officers.

Section 36 of the PSM Act defines the "public service" as:

all departments, and any SES organisations that contain Senior Executive Service positions within their organisational structure; all persons employed within those entities; and any other persons employed under Part 3 of the PSM Act (Public Accounts Committee, 2014, p. 6).

The PSC publishes annual *State of the Western Australian Government Sector Workforce* reports and Quarterly Workforce Reports. While the former covers (as the title suggests) the 'government sector', the quarterly reports cover the 'public sector'.

PSC Quarterly Workforce Reports do not separate the 'public service' from the 'public sector', which includes:

... all departments, and any SES organisations that contain Senior Executive Service positions within their organisational structure; all persons employed within those entities; and any other persons employed under Part 3 of the PSM Act (PAC, 2014, p. 6).

At June 2020, there were 25 public service departments (PSC, 2020c). In 2019–20, there were approximately 145,000 public sector employees, with women outnumbering men by almost three to one (2.7:1), but men outnumbering women at higher levels (8 and above) (PSC 2020c: 19, 22). Women have consistently made up more than two-thirds (72%) of the public sector workforce since 2015 (PSC, 2020c, p. 36). 13,000 staff were transitioned from casual/contract employment to permanent positions (PSC, 2020c, p. 34). Of the 114,734 FTE, just more than half (54.9%) were permanent full-time employees (p. 16).

6.2 Senior Executive Service

A Service Priority Review (Rennie et al. 2017) reported considerable growth in the WA SES between 2004 and 2017 – from 342 to 514, a 33% increase. This was attributed to implementation of government policy initiatives, restructuring of the Department of Education and Training, machinery of government changes in 2011 to 2013 that increased the number of agencies, and increased demand for government services due to the resources boom (Rennie et al., 2017, p.133).

In April 2017, the government committed to reduce the size of the SES by 20% (PSC, 2020c; Rennie et al. 2017). This target was achieved within a year. By September 2017, SES numbers (364) were the lowest in more than a decade (PSC, 2019). The reduction was achieved by CEOs meeting agency reduction targets, the expiration of contracts, some members of the SES exercising their right of return to substantive positions, and others accepting termination payments under Section 59 of the PSM Act.

Women in the Senior Executive Service

The 2017 Service Priority Review found women were "significantly under-represented" at the senior leadership level, the lowest proportion (34%) among all states but Tasmania (Rennie et al., 2017, p.21). The proportion of women in the SES had risen by 4.3% since 2015, with the reviewers noting: "At this rate ... parity for women in the SES would not be achieved until 2035 (p.22).

In March 2020, the WA Government launched a 10-year gender equality plan – *Stronger Together* – including a commitment to increase the proportion of women in SES positions to 50% (Jenkins, 2020, Mar 5). By 30 June 2020, the proportion of women in the SES had reached 42% (PSC, 2020c: 43–44), and 43.6% by 30 June 2021.

7 <u>References</u>

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8 APPENDIX – Summary table of annual reports, directives and legislation

Year	Public Sector Commission Annual Reports	PSC Directions and Amendments or Policy	Public service legislation
1904			Public Service Act 1904 Made provision for the Governor to appoint a <u>Public</u> <u>Service Commissioner</u> .
1975			Salaries and Allowances Act 1975 Established the Salaries and Allowances Tribunal and empowers it to set remuneration for "Special Division and Prescribed Office Holders", which includes CEOs and senior executives.
1978			Public Service Act 1978 Determines that the Governor may appoint a Public Service Commissioner for up to 7 years and an Assistant Public Service Commissioner for up to 5 years (but not beyond the age of 65) (Part 2, s. 6). Part 3 outlines the organisation of the public service.
1987			 Acts Amendment (Public Service) Act 1987 Abolished the Public Service Board and reverted to a single <u>Public Service Commissioner</u>. Established a Senior Executive Service (SES) with department heads designated as CEOs (PAC, 2014, p. 8).
1988			Official Corruption Commission Act 1988
			Official Corruption Commission Amendment Act 1991

		Enabled the OCC to report to Parliament
1994		Acts Amendment (Official Corruption Commission) Act 1994
		Commission on Government Act 1994
		Established a Commission to inquire into certain matters relating to public administration and relevant to the prevention of corrupt, illegal or improper conduct in the public sector (as recommended by the WA Inc Royal Commission).
		Also established a Standing Committee of Parliament comprising five members from each House to appoint commissioners, oversee the commission's administration and receive its reports.
		Public Sector Management Act 1994
		Repealed the Public Service Act 1978
		Established the <u>Commissioner for Public Sector</u> <u>Standards</u>
		Public Sector Management (General) Regulations 1994
		Outlines remuneration arrangements for CEOs and executive officers.
		Public Sector Management (Redeployment and Redundancy) Regulations 1994
2002	OPSSC Annual Report 2001–12	
	Office of the Public Sector Standards Commissioner (OPSSC) completed a comprehensive review of new Western Australian Public Sector Code of Ethics, effective from March 2002; included consideration of 'ethical leadership' among senior PS levels (p.7).	

	CEO Diversity Forum of PS CEOs developed a strategy to "assist in improving the position of women in the feeder group to the SES" (p.26).	
2003	OPSSC Annual Report 2002–3 OPSSC continued to develop supporting strategies for the Equity and Diversity Plan for women into management positions (and improved public sector employment of Indigenous Australians). Both areas "showed initial improvement" in 2002-03 (p.7).	
2004	OPSSC Annual Report 2003–04 Equity and Diversity Plan 2001-2005 will cease operation in following year; "ongoing evaluation of achievement against objectives notes improvements in the position of women in senior positions" (p.12).	
2005	OPSSC Annual Report 2004–05 Senior Integrity Officer Network was established in November 2004 including representatives from all PS agencies. "The network provides a contact point for OPSSC to those senior officers in agencies who are able to influence the embedding of ethics within their organisations" (p.32).	Public Sector Management (Breaches of Public Sector Standards) Regulations 2005 Relates to recruitment complaints and requests for review of decisions.
2006	OPSSC Annual Report 2005–06 OPSSC concluded a 'consultations with women' program identifying "a range of support initiatives aimed at increasing the representation of women in senior management across the public sector" (p.10). OPSSC noted difficulty in attracting applicants for senior level positions from interstate public sector organisations or from private sector due to "some	Machinery of Government (Miscellaneous Amendments) Act 2006 Regulates the amalgamation of departments and determination of officers in Special Division (those SES whose remuneration is determined by the Salaries and Allowances Tribunal).

	salary levels being uncompetitive and a tight labour market at senior levels generally" (p.13).		
2007	OPSSC Annual Report 2006–07 OPSSC established a pilot Women in Management Secondment Program to "improve representation of women in senior management tiers" (p.7).		
2008	OPSSC Annual Report 2007–08 OPSSC introduced a new Code of Ethics in Jan 2008, developed a 'Conduct Guide' in conjunction with PS CEOs "for implementation across the public sector, and in line with the requirements of a new Premier's Circular requiring all agencies to establish codes of conduct". Also implemented and evaluated Women in Management Secondment Program, and conducted a Women in Leadership Conference (pp 8-9).		
2009	 PSC Annual Report 2008–09 First Commissioner's report from new WA Public Sector Commission established in Nov 2008 (p.4). PSC developed 'Creating a Flexible SES Workforce' guide to "communicate to CEOs and Directors General the imperative to promote and support flexible work practices among the SES workforce. Flexible work practices have been shown to increase employee morale, satisfaction and commitment, and should assist in retaining SES employees" (p. 33). PSC established an SES consultancy wing comprising a "small number of Senior Executive Service personnel who are available to assist Directors General and Chief Executive Officers undertake investigations, strategic change 	Circular 2009–10: Communication arrangements between Ministers and departments or organisations – Section 74 of the Public Sector Management Act 1994 Requires ministers to make arrangements in writing regarding communications and dealings between their offices and departmental staff. Attachment provides a template for agencies to formalise relationships by nominating officers to handle requests for briefings etc.	

	management and reform initiatives in agencies" (p.		
	41).		
2010	PSC Annual Report 2009–10	Approved Procedure 2 – Senior Executive Service	
	Public Sector Reform Bill 2009 introduced, merging separate offices of PSC and OPSSC under leadership of Public Sector Commissioner (p. 6).	Provides direction to agencies on the employment and remuneration of SES Officers.	
	PSC introduced a pilot SES Mentoring Program comprising SES officers targeted through Women in Leadership initiative paired with Director-General or CEO mentor; aimed to "evaluate the effectiveness of a formal mentoring program to assist SES staff to improve their leadership capabilities". Also ran a series of executive leadership seminars/workshops in conjunction with ANZSOG, such as a Joint Applied Learning Program for Senior Executives to "assist in building public sector capacity by developing and delivering targeted capacity building programs for the SES and equivalent level officers" (pp 31–32).		
2011	PSC Annual Report 2010–11		Public Sector Reform Act 2010
	<i>Public Sector Reform Act 2010</i> came into effect Dec 2010, amending <i>PSM Act 1994</i> and establishing an independent office of Public Sector Commissioner, responsibilities including "employment of CEOs of all departments and SES organisations and management of the Senior Executive Service" and the broader public sector (p. 24).		Established an independent Office of the Public Sector Commissioner
2012	PSC Annual Report 2011–12		
	Outlined Commissioner oversight for establishment, classification of and appointment to SES positions: "Agencies are required to seek endorsement from the Commission for the creation, variation and reclassification of SES positions. In undertaking this assessment, the Commission may forward any		

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	requests received to Mercer Consulting (Australia) Pty Ltd for a preliminary assessment of work value and indicative classification.		
	"The Commission makes classification decisions based on agency submissions and Mercer reviews" (p. 43).		
2013	PSC Annual Report 2012–13		
	Following government announcement of enhanced voluntary severance program, PSC implemented 'employment separation strategies' including a compensation scheme for SES officers (p. 9).		
	PSC commenced a review of the SES to enhance 'agility, flexibility and mobility' of PS senior staff; review would "compare the composition, structure and management arrangements for the SES across other Australian jurisdictions, [and] identify models for the operation of the SES to meet the policy intent of mobility and agility" (p. 47).		
	PSC ran series of executive leadership seminars and workshops in conjunction with ANZSOG, including the Joint Applied Learning Program for Senior Executives (pp 50–51).		
2014	PSC Annual Report 2013-14		Workforce Reform Act 2014
	PSC developed new executive initiatives: 'Leadership essentials' and 'Management Essentials'. "Pilot workshops were developed and delivered targeting Level 8 officers and SES members for the Leadership series, and Levels 5		Amended the <i>Industrial Relations Act 1979</i> and the <i>Public Sector Management Act 1994</i> to allow for involuntary severance.
	through 8 for the management series. The pilots were very well received and we are currently		Public Sector Management (Redeployment and Redundancy) Regulations 2014
	considering feedback to prepare for the next phase of development" (p. 55).		Replaced the 1994 regs.
2015	PSC Annual Report 2014–15		

	PSC's Centre for Public Sector Excellence		
	established early 2014; delivered PS workforce		
	development programs including 'Leadership		
	essentials' and 'Leadership seminar series' of SES		
	workshops (p. 38).		
	PSC commenced development of a stand-alone		
	Indigenous leadership strategy to "identify key		
	career development strategies [and] address the		
	underrepresentation of Aboriginal employees in senior executive service (SES) positions" (p. 41).		
2016	PSC Annual Report 2015–16		
	PSC continued to deliver executive development		
	programs, including 'Leadership essentials',		
	'Leadership seminar series' and pilot Executive Leadership Program to "provide scholarships to		
	senior executives from management Tiers 2 and 3		
	across the sector to help them identify and address		
	their skills and capability gaps" (pp 33–34).		
2017	PSC Annual Report	Commissioner's Circular 2017–02: Workforce	
2017	,	Management – Senior Executive Service and	
	New government announced wide-ranging public sector reform agenda, including a reduction in	leave liability	
	number of SES officers (p. 13).	Sets out preliminary measures to meet the	
	PSC assisted government in its commitment to	government's commitment to reduce the SES	
	reduce SES by 20%.	by 20%, including:	
		1. an audit of current SES positions	
		agency proposals to reduce the size and cost of the SES cohort	
		3. advice regarding the management of SES	
		positions currently vacant.	
		Commissioner's Circular 2017-03:	
		Workforce Management – Senior Executive	
		Service Reduction	

		Provides additional advice for agencies re measures to reduce the size of the SES by 20%.	
		The intended reduction will involve a total decrease in public sector SES membership of approximately 104 of 521 members; and of approximately 129 of 646 funded SES positions by 31 December 2017.	
2018	PSC Annual Report 2017–18	Commissioner's Instruction No. 17 – Filling of Vacant Senior Executive Service (SES) offices	Public and Health Sector Legislation Amendment (Right of Return) Bill 2018
	New PS Commissioner reported achievement of 20% reduction of SES numbers; anticipated "impending changes to arrangements for SES right of return and the way SES compensation payments are calculated will also help drive efficiencies, both within agencies and across the public sector" (pp 3; 31).	Provided that, "where an agency seeks to fill a vacancy on a substantive basis, it is limited, unless specifically approved by the Commissioner, to selecting applicants from a field of existing SES officers" (p.44).	The Bill proposes to amend the <i>Public Sector</i> <i>Management Act 1994</i> to reduce payouts to senior government officials for early termination and prevent their return to the public service . [As at July 2021, the Bill is before the Legislative
	Further support for government's reform agenda included "effecting changes to allow for the implementation of a pay freeze for senior	Review of the Public Sector Commission	Council, having passed the Legislative Assembly in November 2019.]
	executives and progressing changes to arrangements for SES right of return and the way SES compensation payments are calculated" (p. 17).	Commencing in April 2018, the independent Review of the Public Sector Commission (PSC) – conducted by Carmel McGregor PSM – considered the capability, functions and structure of the PSC to ensure it had the ability to meet the	
	PSC "continued to support development along the leadership pipeline by delivering and facilitating leadership development programs and sessions to	State Government's reform objectives and future challenges.	
	CEOs, the Senior Executive Service and emerging leaders across the public sector" (pp 22–23).	Commissioner's Instruction No. 23 – Conversion and appointment of fixed term contract and casual employees to permanency	
		A Premier's Circular (2018/2) and Public Sector Commissioner's Instruction were issued in August 2018 requiring agencies to provide permanency to experienced public sector staff in accordance with guidelines for converting eligible fixed-term and casual employees to permanency.	

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2019	PSC Annual Report 2018–19 The Commission commenced a review of the management of SES numbers. The work was to continue, taking into consideration the recommendations of the McGregor Review (p. 18).	Commissioner's Instruction No. 25 – CEO delivery and performance agreement and assessment (trial group) To facilitate a trial of the new CEO Delivery and Performance Approach to departmental CEOs. Requires CEOs to enter into performance agreements with the Commissioner.	
2020		Public Sector Management (SES Exclusions) Notice (No. 1) 2020Excluded the General Manager of TransWA from the SES.Approved Procedure 2 – Senior Executive Service Outlines directions for the employment and renumeration of SES officers.	
2021		<i>Census Pilot 2021</i> March: A pilot census, involving 17 agencies, goes live. The results will inform the statewide rollout to collect the state's largest ever collection of workforce information.	In July 2021, the <i>Public and Health Sector</i> <i>Legislation Amendment (Right of Return) Bill 2018</i> had lapsed and has not been reintroduced.