



**COMMONWEALTH OF AUSTRALIA**

# **JOINT COMMITTEE**

of

**PUBLIC ACCOUNTS**

**Reference: Review of Public Service Bill 1997**

**CANBERRA**

**Thursday, 28 August 1997**

**OFFICIAL HANSARD REPORT**

**CANBERRA**

## JOINT COMMITTEE OF PUBLIC ACCOUNTS

### Members

Mr Somlyay (Chairman)

Mr Griffin (Deputy Chairman)

Senator Coonan  
Senator Faulkner  
Senator Gibson  
Senator Hogg

Mr Beddall  
Mr Broadbent  
Mr Fitzgibbon  
Mr Georgiou

The terms of reference for this inquiry are:

- (a) the Public Service Bill 1997 and the Public Employment (Consequential and Transitional) Amendment Bill 1997 be referred to the Joint Committee of Public Accounts for consideration and an advisory report by 4 September 1997;
- (b) the terms of this resolution, so far as they are inconsistent with the standing and sessional orders, have effect notwithstanding anything contained in the standing and sessional orders; and
- (c) that a message be sent to the Senate acquainting it of this reference to the Committee.

**WITNESSES**

**MOORE-WILTON, Mr Maxwell William, Secretary, Department of Prime  
Minister and Cabinet, Canberra, Australian Capital Territory . . . . . 216**

JOINT COMMITTEE OF PUBLIC ACCOUNTS

*Review of Public Service Bill 1997*

CANBERRA

Thursday, 28 August 1997

Present

Mr Somlyay (Chair)

|                  |               |
|------------------|---------------|
| Senator Coonan   | Mr Beddall    |
| Senator Faulkner | Mr Broadbent  |
| Senator Gibson   | Mr Fitzgibbon |
| Senator Hogg     | Mr Georgiou   |
|                  | Mr Griffin    |

Observers

|                                  |   |            |
|----------------------------------|---|------------|
| Department of Finance            | : | Ms Messner |
| Australian National Audit Office | : | Ms Taylor  |

The committee met at 9.36 a.m.

Mr Somlyay took the chair.

**MOORE-WILTON, Mr Maxwell William, Secretary, Department of Prime Minister and Cabinet, Canberra, Australian Capital Territory**

**CHAIR**—I now open this public hearing of the review by the Joint Committee of Public Accounts of the Public Service Bill 1997, and welcome everybody in attendance. It is evident that the proposed legislation is stimulating considerable debate in a variety of forums. Given Mr Moore-Wilton's recent public statements on the challenges facing the Australian Public Service, and his role as chairman of the proposed management advisory committee, we have invited him here today to seek his views in this forum on the kind of public service that is likely to emerge as a result of this legislation.

Also, in evidence previously to this committee, Dr Shergold, when being questioned on certain areas, could not answer questions because they were rightly a matter for the Department of Prime Minister and Cabinet so we will direct those questions to you today, Mr Moore-Wilton.

I remind you that the hearings today are legal proceedings of the parliament and warrant the same respect as the proceedings of the House itself. The giving of false or misleading evidence is a serious matter and may be regarded as contempt of parliament. The evidence given today will be recorded by *Hansard* and will attract parliamentary privilege. I refer any members of the press who are present, to a committee statement about the broadcasting of proceedings. In particular, I draw the media's attention to the need to report fairly and accurately the proceedings of the committee. Copies of the committee's statement are available from the secretariat staff, present at this hearing.

Observers here today are Maria Messner from the Department of Finance and Nicole Taylor from the Australian National Audit Office.

We have received submissions from the Merit Protection Review Agency, Sir Lennox Hewitt and Philippa Weeks.

Resolved (on motion by Mr Griffin, seconded by Mr Beddall):

That the committee accepts and authorises for publication the submissions given as evidence before it at public hearing this day.

Mr Moore-Wilton, would you like to make an opening statement to the committee?

**Mr Moore-Wilton**—I do not think so, Mr Chairman. I am quite happy to answer the committee's questions.

**Mr GEORGIU**—Some people regard this bill as obliterating the distinction between the private sector and the Public Service in the interests of efficiency. Do you

think the bill does that and would it be desirable for that to be done?

**Mr Moore-Wilton**—No, I think clearly the bill does not do that. I think that manifestly the bill seeks, for the first time in legislation, to specify the responsibility in regard to a code of conduct and in regard to the principles that are expected to apply to the Public Service. I understand that the minister, in his second reading speech and in subsequent evidence that has been given to this committee by the Public Service Commissioner, placed a great deal of stress on that innovation—and it is an innovation. I think that that establishes the distinction that needs to be made between the public and private sectors.

**Mr GEORGIU**—There has been a lot of talk about the impact lack of security of tenure might have on the ability of secretaries to give—if I can use the word—frank and fearless advice. How does this bill change the tenure of secretaries of departments?

**Mr Moore-Wilton**—As you know, secretaries do not have tenure at the present time. A previous government removed tenure from the secretaries of departments. There was a recognition at the time that there should be some financial recompense for the removal of that tenure and there is some controversy as to whether it is an adequate recompense or not. But, nevertheless, that decision was taken at that time. No secretary of department at this time has tenure and, to that extent, the bill continues the current practice. The bill does, however, make some changes in regard to the procedure for appointment of secretaries and I know that you may wish to come to that. But this bill really, in regard to the appointment and termination of secretaries, continues the current practice, on my understanding.

**Mr GEORGIU**—In terms of protection of merit, what does the bill do to strengthen or weaken merit protection in the APS?

**Mr Moore-Wilton**—As you would be aware, of course, I am not responsible either for the drafting of the bill or its presentation through the parliament. The Public Service Commissioner and the Minister Assisting the Prime Minister for the Public Service have that responsibility. There are, as I understand it, specific provisions in mind that will be in the commissioner's determination, in regard to the characteristics that need to be taken into account in regard to merit selection in the service. I think that, unless I am mistaken, Dr Shergold has indicated to the committee at some length those particular provisions. I can find them if you wish, but I understand that that is a matter that will be taken up in the Commissioner's directions.

**Mr GEORGIU**—In terms of the future of the Public Service, you have given a speech on the challenges. Just briefly, for the committee, could you summarise the challenges that you see the APS facing into the future, and also the attempt by this bill to facilitate a response to those challenges?

**Mr Moore-Wilton**—Could I say that I made a particular point in that speech in regard to the challenges facing the Public Service: that I was not commenting in detail on the bill before the parliament. I consider that is a matter of policy for the government. What I was alluding to was the broader generic challenge facing the Public Service in its current framework. I indicated, I think, five challenges, and they do not necessarily relate to the provisions of the bill. They related to the situation of the Public Service as I saw it.

Firstly, I saw us facing a challenge of managing the change process that is occurring in the Public Service, particularly in regard to the personnel implications of change, where people are either being allocated to new functions or where people are losing their employment. I indicated that whilst that has been a continuing process for a number of years under several governments, it is a process which does involve significant personal stress in many cases. The change process needs to be managed sympathetically and needs to take account of the differing circumstances of the individual.

I think that public sector employers and the Commonwealth in particular have done that in that they have, to the maximum extent possible, relied on voluntary redundancy. That has been so for a number of years in the Commonwealth Public Service and that emphasis remains. I think I also alluded to the fact that there may be cases when there will need to be compulsory redundancy and that an appropriate provision should be in place to ensure that people are treated fairly and decently in that regard.

I think the second challenge—if you will just bear with me while I refresh my memory about what I actually said—was that the Public Service in my view needs to ensure that we have the skills which are relevant to the needs of the Australian government in the future. I was making the point there that I think the continuation of a professional and well regarded Australian Public Service very much relates to its ability to be relevant to the needs of Australia of the day; that there are now competing sources of advice—professional, private, in academic institutions—which were not necessarily there when the Public Service was established in the early part of this century; that the Public Service needs to be professional and it needs to give advice that is relevant to the government of the day.

The third challenge that I saw was that we needed to be professional and we needed to be able to interact with the Australian community in a professional way; that the Public Service in the past, not only in the Commonwealth but generically, has in some cases been seen as indifferent in the way in which it provides its service to the public. It has perhaps been to some extent hidebound, driven by rules which have led to a somewhat inflexible approach in the way in which the Public Service delivers and interacts with the general public. I do not believe that the Australian people are prepared to tolerate that. The Public Service must adapt and adjust in regard to its service provision. I think that it is doing so. Dr Kemp was commenting yesterday on the need for us to have flexible arrangements and procedures whereby, if the public now requires its services Saturdays, or after hours, we are able to provide them. I think also we need to give greater emphasis to

the skills and competencies that are required in providing good service to the public. It is not something which necessarily every public servant has. Some people are better at providing service and dealing with members of the public than others. We need to give attention to streaming, training and redeployment so that the very best of our people interface with the general public. I think that is a real challenge.

The fourth challenge that I mentioned was that the Australian Public Service as a group is manifestly ageing. We face that characteristic across the Australian population as a whole. We are an ageing population, but the Public Service as a particular group is becoming quite an aged group of people. In particular, I mentioned the fact that the senior executive service—my colleagues and the secretaries—essentially have a median age now of between 49 and 50 years which, by any definition, would mean that within the next 10 years or so, we are going to have a substantial turnover of the senior corporate memory of the Australian Public Service. That I think is a significant management problem for the government and for governments and for the leadership of the Public Service over the next decade. If we do not manage that, if we do not ensure that we have a flexible framework to bring in people which will leaven our age profile, we could face a significant corporate memory gap in the early part of the next century.

The last challenge that I mentioned was the need to find a balance between the need for due process and efficient performance of functions. There is a balance between them. It is not one or the other. Efficiency is not paramount. Due process should not be paramount. They are in fact complementary, they are all designed to achieve transparent, open and responsible government; and so the question is about achieving that balance. I think they were the main points that I raised.

**Mr GEORGIU**—You made a comment in your speech or in a response to a question that has excited some comment. I think I know what you mean but I would be pleased if you could elaborate for us on your statement that:

There are a number of people who have confused frank and fearless with just being a bloody nuisance.

As I said, I think I have got some insight into that but could you elaborate for us?

**Mr Moore-Wilton**—Yes, I can. This was an answer to a question subsequent to my speech. I will read the question and the answer to put it into context. Mr Richard Harding from the Public Service and Merit Protection Commission asked me a question. He said:

Two questions on the same theme; I am interested to know what your views are about the future of frank and fearless advice from public servants against the background of probable loss of tenure for SES in the Public Service Bill, and secondly, I am interested in your views about the relevance of frank and fearless advice from public servants, given the increasing trend that you have identified for



government to take its advice from a variety of sources.

I stated:

Frank and fearless seems to have been given some sort of particular status, a bit like Frankenfurter.

That was a reference to the *Rocky Horror Show*, which probably dates me a little.

I think frank and fearless in some people is a sign of hubris and stupidity. Frank and fearless in other people is a sign of well-reasoned argument and debate.

Since it was an answer to a question, it somewhat shorthands the point I was trying to make.

We have to be very careful by what we mean by frank and fearless. I do not believe that loss of tenure per se really should or needs to impact upon professional advice in the public sector. I think that tenure, whether it be in the public sector or whether it be in the universities or whether it be in the parliament, has very little to do with intelligence or honesty. I think it has a lot to do with a cultural mindset of the past that you developed a career, and that you stayed within it and that you needed to stay within it has some degree of certainty. I think that today's world, rightly or wrongly, is a far more uncertain place, that today's society is far more uncertain.

Very few people, including the people that lead this nation, have real tenure and even if they have a safe seat that can be changed in particular ways. So I do not necessarily accept that there is diminution in the need for what I call intellectual rigour and honesty. I would much prefer to see it as rigorous advice. The reality is that in any walk of life these days to be a success you need to be your own person to a greater extent than in the past. You cannot hide behind the institution or the institutional rigidities that existed in the past.

We are increasingly a nation and a world based on the recognition of the worth of the competency of the individual, and I do not think anyone that I know would consider that I do not give frank and fearless advice, even though quite a number of people tend to criticise my appointment as indicating perhaps that I would not give frank and fearless advice. I think the Prime Minister uses the word "robust" when he talks about my advice, if that is the word, instead of frank and fearless. But let me also say this, that, if one's advice is constantly at odds with the direction in which your employer wishes to go, one has to question the utility of you remaining in that particular position.

That has nothing to do with your honesty or the honesty of the person you are working with or for. It has something to do with the ability to work in an environment where you have to interrelate with both juniors and seniors and, at the end of the day, the responsibility—the buck—still stops at the level above you. There are a number of people who have confused frank and fearless with just being a bloody nuisance.

**Mr BEDDALL**—Following on from Mr Georgiou's question, my question relates to your comments about a reliance on voluntary redundancy. The premise that has been put to me by a number of people in the private sector is that that would diminish the quality of the Public Service because those people who have skills that are transferable will be the first to take a package and go. How do you address that specific issue that the

quality of the Public Service will suffer by voluntary redundancy?

**Mr Moore-Wilton**—That is a very legitimate concern. It relates to the responsibility and basic function of management to manage effectively the resources that are given to them or that they have the responsibility for. Some public sector agencies—not specifically in the Commonwealth, but generally—have allowed generalised voluntary redundancy schemes. In a number of cases the trade union movement has specifically asked that employee flexibility be made available. In some of the states, in particular, that occurred, and what happened subsequently was that a number of people had to be re-recruited to fill essential jobs that were vacated.

I think that is a complete mistake. Clearly, a principal issue that a manager has to address is the continuing efficiency and effectiveness of the organisation for which he or she has responsibility; so voluntary redundancy has to be used within the framework that you still have the necessary professional resources and competencies within the organisation to carry out your work. You may have a person that is in a particularly important position that wants to take a voluntary redundancy, and have somebody else in the organisation who can replace them without having to recruit outside or to add to your resource base.

It may well be that there is somebody within the wider public sector framework that has those competencies and skills and wishes to transfer—the redeployment option. Redeployment has not been used all that effectively in the past. I think it is, in a service, a concept which runs across many agencies; it is a tool and a technique which should be used more effectively than it has been. But if you have voluntary redundancy where it is essentially at the initiative of the employee as to whether or not they go, that can lead to some quite negative results, and that has to be guarded against.

**Senator GIBSON**—Alan Rose, the President of the Australian Law Reform Commission, gave evidence before us three weeks ago, and on behalf of the commission he was very supportive of the bill. I will just quote a little:

We see the draft bill as being a very substantial step forward.

My experience over 30 years is that most of the failures within the Australian Public Service—including, at times, quite considerable amounts of inefficiency—have been caused by ambiguity and complexity.

Would you care to comment?

**Mr Moore-Wilton**—I think the government, through both Minister Reith and now Minister Kemp, have indicated that the legislation that the government seeks to replace with the proposed bill is quite complex. It has many pages and many provisions. Particularly in some larger agencies, what that leads to in some respects is provision shopping: if you cannot use one provision, you use another. It obscures the basic issues.

One of the advantages that the government claims for this bill is that it focuses on

the principal elements that should govern an efficient, effective and accountable public service, and seeks to remove other provisions which over time have either been overtaken by events or which are micro-managing the public service. It seeks to make clear values, codes of conduct, accountability and responsibilities. In combination with the Public Service Commissioner's proposed directions, which will be a necessary complement to the bill, it seeks to clarify those issues. I think that is all I can really say on that.

**Senator GIBSON**—While generally applauding the bill, he did make the point early in his evidence before the committee that maybe the government has not gone far enough. The commission in their submission to us suggested that with respect to looking at audit and direction, the residual powers of the Public Service Commissioner are not justified. Investigations and audit are obviously essential within a large organisation, public or private, but to the extent that investigations and audit need to be conducted, they could best be conducted by using the resources of the Australian National Audit Office. Would you care to comment?

**Mr Moore-Wilton**—It is very much a matter of judgment. The government has made a judgment that there is a continuing need for a Public Service Commissioner. That is a policy decision, which I as a public servant am not competent to question in that sense. However, let me say that the role that is perceived for the Public Service Commissioner, the tasks and activities, seem to me to be valuable activities, particularly in regard, firstly, to accountability. The Public Service Commissioner will provide a comprehensive overarching report to the parliament. That tends to complement the fact that we are devolving accountability in some respects to individual agencies, and therefore I think there is a requirement for some overview of what is happening across the public sector as a whole. I think that is quite valuable.

Secondly, the Auditor-General has particular responsibilities both in regard to compliance audits and in regard to performance audits. I think the Public Service Commissioner's role and his inquiry role are somewhat different. They are a corporate resource for the public sector as a whole in setting basic standards, in providing frameworks which will enable heads of departments and heads of agencies to manage within the framework that the bill sets out.

So I see the Public Service Commissioner's role as essentially being, firstly, to provide an overview, and, secondly, to provide a framework within which we carry out our responsibilities as individual heads of departments. It is also to be a standard setter and a source of advice to public sector heads. Lastly, in a number of important respects the Public Service Commissioner provides a check and balance in respect of the powers of department heads in regard to, for example, the termination of SES officers.

**Senator FAULKNER**—I have got a couple of questions that arise from your speech, 'Challenges Facing the Australian Public Service'. I take you to the statement you made there:

I think we need to find a better balance between the legitimate requirement to be accountable and a responsible approach to achieving public policy outcomes on an efficient basis.

I am interested in understanding what you meant by better balance, what sort of spin you would put on 'better'. I assume that you actually want to see the balance adjusted in favour of efficiency rather than accountability, so I would like to hear your comments on that.

**Mr Moore-Wilton**—That was not my intent. If that is the impression I have created, it was certainly not the intent. A balance, by its very nature, is finding an appropriate level in regard to the necessary elements of whatever issue you are looking at. It is a balance: where does the balance lie? Of course to some extent that is a matter for judgment. But what I was recognising is that, on the one hand, there are requirements of due process and, on the other hand, there are requirements that the public and the parliament expect in regard to the efficient carrying out of duties and the usage of public funds. Finding a balance between due process and efficient and careful expenditure of public moneys is one of the hardest issues, I believe, that the parliament, the ministry and then the Public Service itself have to weigh up. It is a cascading process.

I alluded in that speech, after making that statement, to the reforms that the government was seeking to make in regard to a number of accountability mechanisms. I stated:

What is now proposed by the government by way of accrual accounting, new financial management legislation and increasingly insisting that reporting focuses on objectives, performance and results should, if implemented, be far more effective in ensuring public sector accountability and enable meaningful comparisons with private sector best practice.

It was a question of updating the accountability mechanisms in a way which provided a greater transparency between the Public Service, as such, and the broader economy. It was that issue.

**Senator FAULKNER**—I read those comments, but I also read these:

. . . the private sector is capable of delivering a range of services in a professional and flexible way which it is difficult for government to match because of the overlays which our parliaments and which the public have put upon public sector activities in terms of accountability, responsibility etcetera.

Those words interest me: 'because of the overlays which our parliaments and which the public have put upon public sector activities'. What are the sorts of overlays that you were referring to there?

**Mr Moore-Wilton**—For example—and this largely relates to the service provision activities of government, both in the state governments and in the federal sphere—there

are quite a number of reports that have been undertaken, either on specific agencies or on more general points, both for previous Commonwealth governments and in regard to particular scoping studies which are taking place now, which would generally indicate that, in a range of service provision activities, the overheads of the government agency concerned are considerably higher than those of the private sector potential suppliers that might be in contention to be considered for providing a similar service.

You have got the overlay, firstly, that we are dealing with commonality of procedures and accountabilities across a very complex range of activities. To that extent, there is a certain element of additional overhead which smaller, more focused service delivery agencies do not have.

You can in some cases rectify that within the current framework, and that is why one should and does allow, within the government, contestability and scoping studies to see whether there is a way in which the public sector can better carry out its responsibilities while meeting all of the accountability tests that parliament puts in place. But in a number of other quite substantial areas—the current area that quite a lot of people are looking at is in regard to information technology outsourcing, but there has been quite a deal of outsourcing, for example, from the Department of Administrative Services—where the government can receive more efficient, better focused services or provide them through the use of the private sector.

As I say, it is very much a case-by-case analysis, but I do not believe that any commentator that I know of would contest that being within the governmental framework does involve additional costs and overheads. The issue is whether they are necessary on a case-by-case basis to the provision of the particular service. I cannot generalise about that. It really is a case-by-case examination.

**Senator FAULKNER**—Thank you for that information. I would like to explore a couple of those issues a little later, but, with all due respect, I do not think that is an answer to my question. I was asking what overlays you were referring to. Your comment is helpful, but I do not think it really is an answer. Could you give some examples to me of these overlays that you were referring to—which are of concern here, or at least to me as a member of parliament, because these are overlays which our parliaments, according to you, and which the public have put upon public sector activities in terms of accountability, responsibility, et cetera. Could you be a little more specific so I can understand what you mean by that.

**Mr Moore-Wilton**—I think, for example—I may be wrong—a letter has been written to the chairman of this committee regarding a review of the reporting mechanisms that the public sector needs to provide under various legislative provisions or regulation. Is that correct? I know there has been discussion of such a letter coming to the committee.

**CHAIR**—It has not been received by members of the committee—maybe in the

secretariat.

**Mr Moore-Wilton**—The issue that has arisen, for example, as parliament has from time to time—either through specific legislative process or, as in the case of this reform process—put new accountability mechanisms in place, is that there has not been a substantial review of whether they either supplement, replace—or otherwise—existing accountability mechanisms. So that is one issue: the question of the use of sunset clauses and otherwise. You have asked me to give you particular examples in particular agencies.

**Senator FAULKNER**—I am just asking you to give me in the general—

**CHAIR**—Senator, can I interrupt? I think you can continue the questioning while we go to the division.

**Senator FAULKNER**—We will not do anything that offends you, Mr Chairman. We will try not to anyway. Maybe I should not be so outlandish in my claim. We are just exploring this issue of overlays, Mr Moore-Wilton. I am interested in what you mean by that. What are the accountability mechanisms of the overlays which you refer to? I am asking a question in the general and you are answering it generally, but I want to understand what you mean.

**Mr Moore-Wilton**—Okay.

**Senator FAULKNER**—Because I do not.

**Mr Moore-Wilton**—The point I am making is that if we look at a particular service or activity and compare it with an alternative that might be available from either some other part of the public sector or from the private sector, what we often see, when we look at the cost framework—an operational framework between the various comparisons—is that, for example, if a service activity is part of a wider public service organisation, they, firstly, have a very substantial reporting line through the organisation which is generally standardised because of public service requirements. That is either because of the act or because of directions which have been given by governments of the day. In many cases, that does not apply to smaller private sector providers. Secondly, because accrual accounting has not been introduced, the public sector accounting requirements are substantially different from private sector accounting requirements. Thirdly, there is the question of the various things which annual reports mandate that all public sector organisations should present to the parliament.

In the case of some service provision agencies the case has been made from time to time that much of that material, in regard to the provision of the service, does not need to be prepared by the private sector agency. On the other hand, what needs to be put in place is an effective contractual mechanism which sets out clearly the requirements for public sector accountability in managing the contract. But it does not have to be micro-managed down to the same extent as in the public sector—to the individual employee

level. If we come to some of the criticisms of the past public service legislation, which is mandated by the parliament vis-a-vis the present one, there is the substantial appeals mechanism which existed in the public sector vis-a-vis the private sector.

It is very much a question of the relative roles that need to be taken. It may well be that, for example, in the case of a central agency—if we take it to the ultimate, the coordinating agency—where their role is essentially one of government, in government the accountability mechanism comparison is really about whether it is adequate, necessary and essential. If it is in a service provision role it can be quite different, because it is a comparison between efficiency of use for public funds. It is very difficult to generalise that other than to say that I do not believe any respectable commentator that I have heard would seriously question that there is not an additional cost in public accountability. That is a cost, of course, that the Australian people are prepared to accept because of the need for public accountability. The issue is: is it always essential in every activity that is currently carried out by government?

**CHAIR**—Mr Moore-Wilton, were you referring before to a letter that we received from the Prime Minister concerning annual reporting in the accrual accounting framework?

**Mr Moore-Wilton**—That was not meant to be comprehensive. It was just an indication that the government is asking the committee itself to address a part of this issue.

**CHAIR**—Thank you.

**Senator FAULKNER**—Are you advocating less accountability for many or some government activities?

**Mr Moore-Wilton**—I am advocating, Minister—

**Senator FAULKNER**—If only I were, Mr Moore-Wilton, if only I were!

**Mr Moore-Wilton**—An unfortunate slip there, Senator. Fortunate or unfortunate, it was a slip nevertheless.

**Senator FAULKNER**—It is only a matter of time.

**Mr Moore-Wilton**—As is death.

**Senator FAULKNER**—Tell me about it. We know about that since March 1996, I can assure you.

**Mr Moore-Wilton**—We can talk about that outside the committee, Senator.

**CHAIR**—That is not within our terms of reference!

**Mr Moore-Wilton**—Coming back to your point, my challenge was not to say that I had an answer, but to say that we should be seeking to find an appropriate balance. There are certain fundamentals which need to be in place for any public sector activity, and I think the government has endeavoured to do that by setting out the values in the code of conduct. Other accountability mechanisms are essentially derived from that and also relate to both the financial and other probities that are necessary for the government. That is really the point that I am trying to make, but I am not putting forward a model of my own.

**Senator FAULKNER**—In answer to one of my earlier questions you raised the issue, as an example, of IT outsourcing. Could I take you to your radio interview of 8 August, the interview when you accused Sir Lenox Hewitt of being asleep for the last 10 years. In that interview you cited the myriad examples of privatisation and outsourcing of public sector activities over the period. You were asked whether they needed to be accountable, and you said this:

They are accountable, I think, and in the detail they do not have the same degree, the actual practitioners of accountability, but the actual contracts are totally accountable.

I was interested in understanding what you actually meant by that.

**Mr Moore-Wilton**—I was picking up a point which I think Minister Kemp has also elaborated upon. Accountability itself is a continuing requirement for the expenditure of public moneys, the accountability to the government, the accountability to parliament and ultimately to the people. The question is: how do you manage and determine the accountability?

If an activity which was previously carried out within government and which involves expenditure of public funds is to be outsourced or privatised, there is clearly a need to establish or to ensure that there are effective accountability mechanisms in place. They can be exactly the same if you can apply to the private sector much or all of the specific accountability mechanisms within government.

Alternatively, they can be through the application of strict contractual obligations, which essentially relate, and increasingly relate, to outcomes which the private sector undertakes to provide to the government agency. Those outcomes must be clear, transparent and accountable and must be available both to the Auditor-General and subsequently to the parliament.

Much of what government did in contracting in the past, 20 or 30 years ago, for example, in the public works department, were essentially input accountabilities. You defined the inputs for the work that would be undertaken. Increasingly, contractual



relationships are moving to output related accountabilities, such as, 'You will provide the service. You will give these necessary results including degrees of customer satisfaction', and performance is measured or whatever, but you do not specify how they will actually go about the job. That is a substantial change from if you are providing the service yourself with your own resources. There is a difference in emphasis.

The level of accountability at the end of the day can be exactly comparable, but the emphasis within it can be quite different. What that means, of course, is that the public sector needs to, in some cases, if that is happening, refocus its competencies so that it is capable of ensuring that the necessary accountability provisions are in place and can be taken by the public sector, by the head of the agency, when being accountable to the parliament or to the government.

**Senator FAULKNER**—You seemed to be arguing that there was a lesser degree of accountability for outsourced activities. That seemed to be the sense of what you were saying. Is that right or wrong?

**Mr Moore-Wilton**—No, that is not right. What I was doing was saying that there are differing accountabilities, there are different mechanisms. If I may say so, the media has rather simplified the case but, as you have pointed out in your questions, this is quite a complex issue. The most important issue about outsourcing is to ensure that the outcomes that are being specified are consistent with necessary public accountability, are transparent, and can be reported on to the government of the day and subsequently, through the minister of the day, to the parliament.

**Senator FAULKNER**—Does that mean you would support, then, the argument that, given that these outsourced activities are still funded by the taxpayer, there ought be no lesser degree of accountability for them?

**Mr Moore-Wilton**—It is a question of what you mean by 'lesser degree of accountability'. There needs to be appropriate accountability. As I have said to you, there can be accountabilities—which are spelled out now—which apply, for example, to employees and the way in which they provide their services but which are not necessary to meet the accountability criteria that government requires for effective expenditure of public moneys.

One observer could say that that is a lesser accountability. Another observer could say that, because you are imposing clear contractual, legal obligations on the service provider as to the quality of service provided, the accountability has not been lessened. In many cases the accountability may well have been enhanced, but by use of different provisions.

**Senator FAULKNER**—You cited again the outsourcing of IT technology as an example of, in your view, the continuing accountability of outsourced activities. I do not

think I am putting words into your mouth in saying that. I think that would come as a surprise to many in this place who, like me, in a recent estimates committee round sat through many, many hours of stonewalling by everyone who was involved in this. Are you aware, for example—since you used that as an example of this—that at the estimates committees almost every department declined to reveal their views and their concerns, if they had any, about this particular proposal?

**Mr Moore-Wilton**—I am not aware of that, Senator. In the case of my department—which is only where I can speak with some degree of authority on this particular aspect—we are currently considering, within the framework of the government's broader cluster concept of agencies, whether or not we should outsource the relatively small IT component that we have in our activity. We are not a large processor of data. One of the key requirements in that outsourcing assessment which is taking place is that we meet the clear accountability criterion which we believe parliament requires in the way in which we carry out the service.

I am not aware whether individual agencies are not providing adequate information to the Senate or to the estimates committees. And I am not arguing that, if an activity is outsourced, that activity should be opaque to the parliament. That is not what I am arguing. What I am arguing is that there should, in fact, be a clear contractual relationship and that that contract, within reason taking account of commercial confidentiality, should be available and should be contestable.

**Senator FAULKNER**—Should a department then make public, for example, the business case for IT outsourcing?

**Mr Moore-Wilton**—It is a question of whether you are getting down to micro-managing in that regard, but generally speaking I think you need to have, and you need to be able to defend—either in your annual report or in response to specific questioning—a change in the way in which you carry out your activities. I do not believe that one should simply say, 'That was an executive decision and you have to live with it.' Transparency is a clear part of accountability and it needs to be there.

**Senator FAULKNER**—I hear what you are saying. Would it be fair to say that that was a 'yes'?

**Mr Moore-Wilton**—It was a comment on an evolving process in the Public Service. It is neither a 'yes' nor a 'no'.

**Senator FAULKNER**—What do you say about the Minister for Finance who, as we talk about the accountability of outsourced IT activities, will not release his business case for IT outsourcing?

**Mr Moore-Wilton**—Senator, I am not—

**Senator FAULKNER**—You want to get me in there to the division that has just been called, don't you?

**Mr Moore-Wilton**—I realise that, whether you go in there or not, you can keep me here as long as you like. Really it does not matter to me too much one way or the other.

**Senator FAULKNER**—This division, from the red, probably would be on the constitutional convention, which is an important issue. I am not surprised the Senate would divide on it. I am only sorry I cannot be there to vote for democracy, but I am paired.

**Mr Moore-Wilton**—Senator, I do not think you would expect me to make a critical comment regarding a minister, particularly when I am not aware of what the minister has said or what his policy is. I can only allude back to my earlier more general remark that I do believe that, if a government service is being changed fundamentally from the way in which it was provided before, there needs to be some transparency which will enable the government, and subsequently the parliament, to be aware of the reasons for it. As to the actual detail, it would be quite impertinent of me to query the minister's position.

**Senator FAULKNER**—Yes, but the principle you expounded in answer to my question is one, obviously, that is not shared by the government or Minister Fahey because that business case contains and provides the rationale for the decision of IT outsourcing. I am only using this example because you raise it, Mr Moore-Wilton, at this committee today. I think it best if we follow through. There seems to me to be an obvious logical inconsistency between what you told me in answer to a question and what Mr Fahey has done on this very issue that you raise as a good and prime example of accountability in this area.

**Mr Moore-Wilton**—I think where we may be having some crossing of the wires, Senator—but I am not sure because I am not familiar in detail with what the minister has said—is that you have used several times the specific term 'business case' which has, in some cases, a particular connotation of confidentiality. In other cases, it can be a very general document. It is a bit like the term 'corporate plan'. In some cases, it is actually a meaningful management document and, in other cases, it is little more than a publicity blurb.

Firstly, I would have to know what business case you are referring to. Let me say that I do not think it absolutely follows that a detailed commercial examination, which can sometimes constitute 'a business case', is exactly synonymous with making absolutely transparent and clear the principal reasons and rationale for moving to outsourcing. I do not want to play with words on this. I am in the difficult situation that I do not know exactly what the minister has said because IT outsourcing is not my responsibility.

I am giving you my view of the approach that I am taking to IT outsourcing in the Department of Prime Minister and Cabinet and also my knowledge of the way in which IT outsourcing has taken place in other agencies in the states where I have had a responsibility. I believe that there has not been a problem in providing adequate answers to the relevant bodies of the parliament to justify the basic decision taken.

**CHAIR**—Senator Faulkner, we do not have the advantage that you have of knowing what goes on in the estimates.

**Senator FAULKNER**—No, but I am sure Mr Moore-Wilton has far greater knowledge of what goes on in government than I do.

**Mr Moore-Wilton**—I am not sure about that.

**Senator FAULKNER**—I am sure from time to time, Mr Chairman, he has followed what goes on at the estimates, too. In fact, I am almost certain of it. The point I make to you, Mr Moore-Wilton—and I will not labour it; you have used IT outsourcing as an example and I have used the business case for IT outsourcing in response to that—is that it is a significantly and dangerously reduced level of accountability.

**Mr Moore-Wilton**—I am not supporting a significant or dangerous reduction in accountability. But as I said earlier, I believe in an appropriate balance between due process and efficiency, but there needs to be a balance. I do not either recommend or advocate an imbalanced approach in that regard.

**CHAIR**—Ultimately, the level of accountability will be determined by the parliament.

**Mr GRIFFIN**—There have been a number of concerns raised, and I suppose they relate to some of these issues on the question of accountability. One is the issue of a government service versus a public service, and that to some is a trend. But what we are probably looking at through this bill is a situation where the ‘public’ goes out of the Public Service and it becomes an issue of a government of the day service. Would you like to comment on that issue and how you see that impacting on the question of a service?

**Mr Moore-Wilton**—I think the Public Service does need to evolve and it is evolving, just as Australian society is evolving. There is no doubt that the way in which the Australian Public Service of the eighties and nineties operates is somewhat different from the Public Service of the fifties and the sixties, the thirties and the forties or the tens and the twenties.

There has been an evolution in the Australian Public Service, just as there has been an evolution in Australian life. I do not believe that the ‘public’ is being taken out of the

Public Service and being replaced by the Australian Government Service, but I think we do need to recognise that the Public Service is within a hierarchy within the public framework of this country. The parliament is at the pinnacle of the hierarchy, and I do not think anyone challenges or questions that because the democratic power of the Australian people resides in the parliament.

The executive government of the day then has the responsibility, so long as it is the government, to manage the public activity. With the exception of the parliamentary departments—which this government, as I understand it, is specifically recognising—the Public Service is largely responsive to carrying out the requirements of the government within an accountability framework set by the parliament.

But the Public Service does not, in a direct line, work for the parliament. The employer of the Public Service is the government in that sense, but the government is then responsible to the parliament and I imagine that is why the estimates committees are structured the way they are. The minister is the responsible interlocutor with the committee, supported and assisted by public servants on questions of fact but not on policy.

We tend, I think, to confuse the role of the Public Service. It needs to be absolutely clear that the Public Service and individual public servants are appointed by the government, not by the parliament—with the exception, as I said, of the parliamentary staff, which is a different issue.

So I would think—and I come back to the very early point that was made when I commenced giving my evidence—it is proposed that this bill enshrines a code of conduct for public servants. It does enshrine values which were not in the current bill, and I would have thought therefore it probably—but this is a matter of opinion, and obviously that is why the committee is meeting—strengthens this as a Public Service.

**Mr GRIFFIN**—You used the term ‘evolution’ before. Evolution to me has a very positive connotation in terms of things developing in a way which is the natural order of civilisation and so forth, when in fact I come back to one of your earlier comments which relates to the question of balance. I put the point to you: is it a question of things continually evolving in a positive sense, or is it that, essentially, we have this path or graph and there is a position of asking, along the graph, how far we go? I refer to that question of balancing, the question of accountability, efficiency, politicisation and so forth. Are we in a situation where there is a danger of going too far down a particular track with respect to that?

**Mr Moore-Wilton**—There always has to be an element of risk, I think. I for one would not put forward the view that everything that has evolved in the Australian Public Service since 1901 has necessarily been good or efficient or whatever. It does require, as in this particular case, a good hard look every now and again at where you are heading

and whether you are relevant in today's contemporary framework of Australian society. I think that is what this exercise is about—the parliament making a judgment as to whether this is the appropriate framework for the future. As I say, that is really your task; it is not mine. I have a view on it.

I strongly believe that the Public Service in Australia is evolving and has evolved. Most of the people in the Public Service, including me, would not consider ourselves to be revolutionaries. One of the problems with parliamentary scrutiny and debate is that it is, and can be, somewhat adversarial. It is a black-and-white type framework. That is a reality of our robust democracy. But, within that, I think we are not dealing with a black-and-white situation. We are dealing with an evolutionary situation.

Quite a lot of emphasis in the media has been given to the question of tenure for departmental heads. I thought the previous government decided that over 10 years ago. The Public Service as we know it has not fallen into an enormous heap for that reason. But now it seems to be an issue that we have a bunch of spineless, supine agency heads because they do not have tenure. I know that my colleagues are absolutely insulted by some of the remarks that have been made about that.

They are not the same as the Wilsons or the Tanges or the whatever's of 20 or 30 years ago. Why aren't they? It is because they are born of a different generation; they operate within a different framework, frameworks which governments have specifically changed so that they could not be doctrinaire, less accountable or otherwise. Governments have always had ways in which they can carry out the remit which the people give them.

This bill reflects this government's view of an effective way of carrying that out, but it is up to the parliament to decide. I believe that it does enshrine very necessary principles regarding what a public service should be. The first principle it enshrines is that it should be apolitical.

**CHAIR**—There are a number of things that we raised with Dr Shergold, which he indicated that he could not answer, but perhaps PM&C could. What is the reasoning behind the proposal in the bill to move away from the current practice in relation to appointment and termination of departmental secretaries, which establishes a role for the Governor-General in this area? How do you respond to views put to this committee that, even if the G-G's role is largely a nominal one, it still has important symbolic significance in terms of perceptions of an apolitical public service?

**Mr Moore-Wilton**—As I say, I think that is very much a matter of judgment or perception at the end of the day. I do not think there is a right or wrong answer on that. The government has taken the view that the employment relationship within the Public Service, at head of agency level, is clearly with the government of the day. I think that reflects the reality, probably since the Whitlam government's appointment. I happened to be here when the Whitlam government was appointed, and it was made absolutely clear

that the heads of departments from that time on were appointees of the government.

I think it is a device, if you will, having the Governor-General in Council appoint a head of department, when in fact the reality is that the Prime Minister of the day makes a decision; and in a particular case—and I could not speculate on some quite outrageous situation—the reality takes place that the officer is terminated. In fact if I looked at the numbers—and you would expect this, of course, because of length of government—more departmental heads have been terminated by previous governments than by this government. Whether or not that will be the case in some years time, I do not know. But this is not a new phenomenon. It is part of the evolution of the way in which the Australian Public Service has been managed. I would not wish to comment on the role of His Excellency the Governor-General—it is a policy decision that the government has made—but, in practice, it does not appear to reflect the reality that successive governments apply.

**Senator FAULKNER**—Can I ask you if the Department of Prime Minister and Cabinet was the source of the advice which led to the provisions in the bill that relate to salaries for agency heads?

**Mr Moore-Wilton**—No, Senator, the Department of Prime Minister and Cabinet was not the source of advice. But let me qualify that remark by saying that Minister Reith, who was the minister responsible for the formulation of the policy framework, consulted, as I understand it, with a wide range of agency heads, and consulted also with members of the parliament and consulted externally. I think I saw an exposure draft of this bill, but I was given no particular consultation privileges other than some recognition as head of the Department of Prime Minister and Cabinet that I should be consulted.

**Senator FAULKNER**—I thought Dr Shergold did indicate to us that that was the case, but we can check that. I suppose more importantly anyway the issue is: what is the justification for seeking change in the current arrangements whereby those salaries are set by the Remuneration Tribunal?

**Mr Moore-Wilton**—The bill, in the explanatory memorandum, indicates that in the normal course of events the Prime Minister would consult with the Remuneration Tribunal. Again, it is a question of clearly ascribing responsibility. The Prime Minister of the day has the responsibility. The Remuneration Tribunal should be seen as an advisory body to the government, not a determining body for the government. That, of course, relates to a policy issue which the parliament may wish to consider, but it is an issue which comes up in a number of cases: should the executive, which has the responsibility to parliament to be accountable, devolve its authority to some other body? There is a view that, providing there is a transparency in appointment and providing that the government, through the Prime Minister, is prepared to account to the parliament for its action, it is an appropriate change. But that is a policy view of the government.

**Senator FAULKNER**—You are right about the explanatory memorandum, but of course there is no obligation on the decision maker to take account of the advice of the tribunal, is there?

**Mr Moore-Wilton**—No there is not. The obligation, of course, is one that the Prime Minister of the day takes in a whole range of areas: to be responsible and to be accountable.

**Senator FAULKNER**—It would be interesting for the committee to understand what attracted you to the Australian Public Service on a salary that was determined by the Remuneration Tribunal.

**Mr Moore-Wilton**—I am becoming an elderly man, Senator, so probably I have fewer requirements than perhaps I would have had some years ago. There have been a number of public comments, particularly in the local media from time to time, regarding my appointment. I should make it clear for the record that I did not seek this particular appointment. I was asked if I wished to be appointed. I indicated that I was reaching a particular stage in life, after 13 moves in various public authorities, where I was not particularly keen on moving again. As someone in one's mid-50s, one does not really want to establish a whole new framework of personal and other relationships in different cities. It was on that basis that my appointment was approved. I am quite sure that a 35-year-old head of department, the sort that Jim Spigelman was, or otherwise, might have an entirely different approach.

So in my particular case what attracted me was that the Prime Minister did me the honour of asking me. That was a big attraction. Secondly, I had spent approximately 14 years of my life in Canberra and left this city as a deputy secretary, which is very satisfying but you are not a secretary. I did head a number of public sector agencies in the ensuing years. In fact, I have always been intrigued by the lack of intellectual rigour on the part of the Canberra press gallery, which considers me an outsider, since I have probably had the broadest public sector experience of any senior public servant in this country over the last 30-odd years.

Nevertheless, the fact that they have that intellectual laziness is not my problem. What attracted me to the job was that it was an interesting job. It is not particularly well paid, but there are lots of jobs that are not particularly well paid in public life. I do not consider that other than just a fact. I was prepared to undertake that responsibility. Other people may or may not be.

**Senator FAULKNER**—Certainly, the Prime Minister has made it clear that you made a considerable financial sacrifice to come and take that position. That ought to be put on the record. I accept it was presumably not the salary or the directorships that the Prime Minister allowed you to retain that meant that you made that decision.



One of the very interesting cases that has been put to us, mainly in written submissions, is really the recognition that public servants, including those at very high levels, are often motivated by factors that go beyond financial remuneration. Maybe in many cases they are factors that might only be relevant in public sector employment—involvement in policy development, contribution to community welfare. In attempting to put agency heads' salaries on a par with their counterparts in the private sector, isn't there a very serious risk that you do undervalue those sorts of aspects of the work they do?

**Mr Moore-Wilton**—Senator, many of those points that you have made are certainly very relevant in the consideration which the parliament needs to give. I doubt if anybody that is in a senior position in the Public Service in Australia, whether it be federal or state, is motivated totally by the financial reward. Most senior public servants and many, if not all, of the officers that I have had the privilege of working with in the Department of Prime Minister and Cabinet and other places have a very strong interest in public policy and the contribution they can make to it. Part of the reason you join is because you have an interest in public policy.

Equally, I do not think because you are in the public sector it necessarily means that you have to enter a monastic order and flay yourself every evening. You are part of the broader community. You have to raise a family, behave in the normal frameworks of housing and other things. If we differentiate too much between sectors—whether it be the Public Service, whether it be the teaching service, whether it be health and medical service—where you lose relativity with the broader economy, real problems arise. In the case of the senior echelons of the Public Service, there is no doubt that in the 1970s and 1980s comparative wage justice led to a substantial compression in their remuneration, compared to the days when I first joined the Public Service.

We have various models. We have the Singapore model, which is totally related to private sector relativities, as I understand it. I have nothing necessarily to say about the way in which the government of Singapore operates. The public servants that I have met from the government of Singapore have generally been seen to be exemplary and professional public servants. But nobody is suggesting necessarily that we should adopt that model. We have also seen the central European model, where public servants essentially are very poorly paid and have had to rely on other forms of remuneration, which I am sure we would not wish to have in Australia. It is a question of the balance in our own society.

**Senator FAULKNER**—Are you generally impressed with the quality of agency heads in the Australian Public Service?

**Mr Moore-Wilton**—As I said to you, I think agency heads are now a relatively aging component of the Public Service. They reflect the ethos that most of them joined in the 1960s. Most of them have stayed within the Public Service in Canberra. They have given, I believe, very professional expert advice, which is one of the reasons I have had

some scepticism about the sorts of comments that have been made regarding the advice that they do give under the current situation or in the future.

The reality is that there is going to be a need for new heads of departments, quite a number of them, over coming years. We are dealing with a contemporary society where they have lost relativity. But I did not say, and I do not believe the government has said, that they are looking for parity with the private sector.

**Senator FAULKNER**—That is a very underwhelming endorsement. Let me just be clear on what you are saying. Are you impressed with their quality?

**Mr Moore-Wilton**—I believe we have a competent and professional leadership group in the Australian Public Service, which is not underwhelming at all, Senator.

**Mr GEORGIU**—I want to pick up on the point of advice. One of the things that I find interesting about the APS value statement is that the emphasis is on timely advice, whereas the emphasis in your speech and in some of the concerns that have been raised here is on, to quote you, ‘frank and intellectually rigorous advice’, ‘strong advice’. Can you see any problem with intruding notions such as frank and intellectually rigorous advice into the APS values, not just timely advice?

**Mr Moore-Wilton**—Personally, I have no problem, Mr Georgiou. But that is a policy matter for the government. I do not think you grow into being frank and fearless; I think you are born into being frank and fearless and it is encouraged in you. You either have intestinal fortitude or you have not.

**Mr GEORGIU**—Yes, but at the end of the day we are putting down a set of APS values. I appreciate the brevity, but I also note that there is a little bit of space at the end which has got a big logo in the middle. So, we potentially could put in a couple more words in.

**Mr Moore-Wilton**—It is not my call.

**Mr GEORGIU**—I appreciate that.

**Mr Moore-Wilton**—As to the characteristics of the Australian Public Service, I was talking to my department yesterday and I see no difference between the young graduates that we are bringing in and the sort of young graduate I thought I was once upon a time. That to me means we do have a professional group of well-motivated people. But the task is to keep that going, and I understand that that is what you are wrestling with.

**CHAIR**—Is the standing of the public sector indicated by the extent of headhunting from the private sector?

**Mr Moore-Wilton**—Yes, I think that that is a concern. Although, to some extent—

**CHAIR**—No, I mean from the point of view of quality.

**Mr Moore-Wilton**—I think we get very good quality people in our recruitment. We have just been doing some interviewing in the last couple of days for our next graduate crop in the department. Even though we are a relatively small employer, I think it is one of the most important activities that I involve myself in. I believe in this continuing recruitment of intelligent people.

**CHAIR**—I am sorry; I think you might have misunderstood me. I meant the quality of the existing public service and the fact that they are headhunted by the private sector.

**Mr Moore-Wilton**—Some are headhunted. I think one of the problems is that they have to make a judgment as to whether they are going to leave Canberra and go somewhere else. For example, my colleague Stephen Skehill is just joining a private sector legal firm in Canberra, and that is very good.

We do tend to lose to the private sector, and perhaps increasingly. I know that in some agencies like Treasury and Tax, for example, where they have scarce skills and a high level of intellectual rigour, a number of their very best people leave for the private sector. I think to some extent that is always going to be the case. We can mitigate it to some extent by providing adequate remuneration, by providing flexibility of conditions, and by stimulating work that is done, which balances it up. But we are going to lose, and continue to lose, people to the private sector.

One of the things, though, that I would hope that this bill encourages, and one of the things that I have argued for, is a framework which recognises that people may well want to come back to the public sector—the idea of starting in the public sector and finishing in the public sector is probably too restrictive for the future. People like myself, who move around—I think it has been alluded to a number of times that perhaps I have moved too much; perhaps that is an extreme case—or at least a number of people will want to try their arm in other places and it will, at some stage, be of interest for them to come back to the public sector. I think we should have the flexibility to do that.

**CHAIR**—We have got only five minutes left, because the room is only booked until 11. If neither Senator Gibson nor Mr Broadbent has a question, I will let Senator Faulkner finish off the questioning. Before I do so: you are reaching the age rapidly where you could consider a career in the Senate! Senator Faulkner.

**Mr Moore-Wilton**—I regard that as a great honour, but it is probably unlikely.

**Senator FAULKNER**—I fancy my chances of beating you in my local preselection, Mr Moore-Wilton.

**Mr Moore-Wilton**—Yes; that is part of the richness of democracy.

**Senator FAULKNER**—Is it the case that most secretaries who lose their positions do so for reasons that are unrelated to performance?

**Mr Moore-Wilton**—I have been involved with only one termination of a secretary since my appointment. Since I have not been involved with any of the others, it would not be appropriate for me to comment.

Termination of appointments does involve a situation in which the minister who has the portfolio responsibility and the Prime Minister—and I, to some extent—view the characteristics and performance of the particular officer concerned. It very much depends at the end of the day on the decision of the Prime Minister, in consultation with the minister, as to whether such action is taken. It does not always involve, as has been suggested—as I think the quote was—people being ‘thrown into the gutter’.

In the case of the one termination that I have been involved with, the secretary of the department concerned has been appointed the region’s director at the International Monetary Fund, a position for which he was very well qualified, having been Mr Stone’s assistant at the International Monetary Fund some several years before.

It is a question of the judgment of the Prime Minister of the day as to how it happens. I think that at senior levels in most walks of life that is the case, and that is one of the responsibilities for the chief executive officer, who in this case is the Prime Minister.

**Senator FAULKNER**—Would you argue that the six secretaries that got the sack immediately after the last election lost their jobs because of shortcomings in performance?

**Mr Moore-Wilton**—I do not know, Senator, because I was not involved.

**Senator FAULKNER**—Would you be prepared to guarantee to this committee, then, that all employment decisions under the new act, including those relating to secretaries and SES officers, will be apolitical and based on merit? Would you be prepared to give us that guarantee?

**Mr Moore-Wilton**—I need to refer to the bill; I just want to make sure that I am absolutely correct in this. The first value that is stated is that the APS is apolitical, performing its functions in an impartial and professional manner. My understanding is that the heads of agencies are to apply those values in their appointments. I am not sure whether that restraint applies to the Prime Minister in appointing the heads of agencies,

but it has not applied to Prime Ministers since 1984 in regard to appointment of heads of agencies, if it has ever applied. But that again would be a matter of policy, which really I think you would have to ask the minister or the Prime Minister about.

**Senator FAULKNER**—Mr Moore-Wilton, is it not, in effect, hypocritical of those that are advocates of this bill, when on the one hand the bill for the first time proscribes patronage and favouritism but on the other hand there are provisions included in the same bill that greatly increase the powers of ministers, the powers of agency heads, to actually dispense patronage and favouritism? On top of that, what the bill does is to limit the scope of APS employees to appeal. What is the committee, what is the public and what are public servants to make of that?

**Mr Moore-Wilton**—You made a number of points there. In regard to the powers of agency heads and secretaries under this bill, I do not accept your statement that this increases the scope for patronage and favouritism. I believe that, in fact, it specifies, to a far greater degree than exists now in real terms, that there will not be favouritism or patronage.

In regard to the appointment of heads of agencies themselves, the only point I can make is that I had understood it was bipartisan between the major parties in this parliament that the appointment of public sector heads should be at the discretion of the Prime Minister of the day. That has not changed. I can only say that, really, the provision that the advice, with the exception of the termination of myself, or the person in my position, is sought from the head of the Department of the Prime Minister and Cabinet—and, in my case, the Public Service Commissioner—is again a reflection of current practice. But, at the end of the day, the decision is essentially a decision for the head of government. As I understand it, this bill, in that regard, maintains the situation that already exists—other than, as you have quite rightly pointed out, in respect of the role of the Governor-General.

**Senator FAULKNER**—I read in the *Sydney Morning Herald* in June that you edged out—

**CHAIR**—This will have to be the last question.

**Senator FAULKNER**—Let me make it as broadly encompassing as I can. I read, in the *Sydney Morning Herald* of 24 June, an article headed ‘Top female public servant to resign’. It was about Dr Meredith Edwards, who was the deputy secretary of the Department of Prime Minister and Cabinet. The article basically said, ‘Australia’s most influential female public servant is set to resign today after being edged out by the Prime Minister’s top bureaucrat, Mr Max Moore-Wilton.’ I was interested in understanding, if you did edge her out, why you would do such a thing, and, I suppose most importantly, whether you can tell us whether that is the sort of treatment that others can expect.

**Mr Moore-Wilton**—Thank you, Senator. The *Sydney Morning Herald* and the *Canberra Times* run a contest for a story a day generally about what they are imagining I have done or am doing. In the *Sydney Morning Herald* it is increasingly in the context of writing their own opinions rather than fact, because on these subjects the Canberra bureau still seems to be in a grieving state.

**Senator FAULKNER**—Grieving for what?

**Mr Moore-Wilton**—Grieving for something that seems to have been going on for several months.

**CHAIR**—For 16, I think.

**Mr Moore-Wilton**—Certainly their standard of reporting I find is both inadequate and contentious. Their reporting of my particular speech and what happened I thought bordered on the professionally incompetent, but their readers will have to judge that.

In regard to the point you make about Dr Edwards, naturally, given the conversations and the relationship that I had with Dr Edwards professionally, I would not want to comment and break the confidences we had as colleagues. But I do feel that the point you have raised deserves a reasonable answer so I am not going to stand behind that employer-colleague privilege, in that sense, and I hope what I say will be regarded by Dr Edwards as not breaking that situation. If I do, I have to apologise to her.

The situation with Meredith Edwards was absolutely clear, and I made it clear at the time. She was a very professional, very competent employee of the Department of Minister and Cabinet—as was pointed out, one of the highest, if not the highest, female public servants in this country, although I think Ms Elizabeth Proust would probably be a bit upset at the connotation that she is not also one of the most senior public servants in the country, and there are some others.

In this particular case, Dr Edwards did as all of my senior officers do: they consult with me from time to time on their future career progression. Dr Edwards, I think, had been in the Department of Prime Minister and Cabinet for several years. She wished to know—as all of us do when we are discussing the performance appraisal which I make of all my senior officers, and which my predecessor made of senior officers as well—what future prospects she had. I was able to indicate that at this stage there was no vacancy in the heads of departments that I was aware of. I would, if she wished, look at the situation of a transfer as deputy secretary to another agency, and I thought probably, given the number of years in the department, it might be time to consider a move.

Dr Edwards discussed with me subsequently that an attractive opportunity had arisen at the Canberra University of a position which paid more, which was the deputy to the vice-chancellor and in which I understand the previous deputy, who had gone on to

become a vice-chancellor, was also a female. She considered it a very attractive career prospect. I said that I would give her all support if she wished to apply for such a job, including the necessary references. Dr Edwards had a couple of discussions with me and indicated, I think, that the vice-chancellor was very keen to have her services and, in fact, was not intending to interview any other candidate. This seemed to me to give an indication of a fair chance of her getting the job. I am not sure what it says about merit selection, but nevertheless.

Dr Edwards, in our last discussion, I think indicated that, however, she was in two minds about leaving the public sector and that if there was an attractive prospect elsewhere she would seriously consider staying. I indicated to her that I had consulted with my colleagues; that there were a couple of deputy secretary positions available or coming up, I think in the department of the environment, and I would speak to the secretary of that department about them if necessary; but that it was her decision.

At the end of the day, Dr Edwards decided to go to the Canberra University, with my best wishes, and with the mobility provisions under this bill I am sure that she can return to the public sector, to a higher level position, in the future if that opportunity opens up. I think I have been reasonably fair in what I have said in that regard, and I apologise to Dr Edwards for going into that level of detail.

**CHAIRMAN**—Thank you very much.

Resolved (on motion by Mr Griffin):

That this committee authorises publication, including publication on the parliamentary database, of the proof transcript of the evidence given before it at public hearing this day.

**CHAIR**—On behalf of the committee I would like to thank you, Mr Moore-Wilton, for your appearance before us and your contribution to our inquiry into the Public Service Bill. If we need to get any further information from you, we may do it by correspondence if you so wish.

**Committee adjourned at 11.08 a.m.**