

PUBLIC ACCOUNTS COMMITTEE

INQUIRY INTO THE IMPLICATIONS OF THE NEW STRUCTURE AND FUNCTIONS OF THE DEPARTMENT OF THE PREMIER AND CABINET AND THE PUBLIC SECTOR COMMISSION

**TRANSCRIPT OF EVIDENCE TAKEN
AT PERTH
MONDAY, 23 MARCH 2009**

SESSION TWO

Members

Mr J.C. Kobelke (Chairman)
Mr J.M. Francis (Deputy Chairman)
Mr A.J. Carpenter
Mr A. Krsticevic
Mr C.J. Tallentire

Hearing commenced at 10.46 am**CONRAN, MR PETER FRANCIS****Director General, Department of the Premier and Cabinet, examined:**

The CHAIRMAN: Welcome, Mr Conran. On behalf of the Public Accounts Committee I would like to thank you for your interest and your appearance before us today. The purpose of this hearing is to assist the committee in gathering evidence for its inquiry into the implications of the new structure and functions of the Department of the Premier and Cabinet and the Public Sector Commission. You will be provided with a copy of the committee's specific terms of reference.

The Public Accounts Committee is a committee of the Legislative Assembly of the Parliament of Western Australia. This hearing is a formal procedure of the Parliament and therefore commands the same respect given to proceedings of the house itself. Even though the committee is not asking witnesses to provide evidence on oath or affirmation, it is important that you understand that any deliberate misleading of the committee may be regarded as a contempt of the Parliament.

This is a public hearing and Hansard will make a transcript of the proceedings for the public record. If you refer to any document during your evidence, it would assist Hansard if you can provide the full title for the record?

Have you completed the "Details of Witness" form?

Mr Conran : Yes.

The CHAIRMAN: Do you understand the notes at the bottom of the form about giving evidence to a parliamentary committee?

Mr Conran : Yes, Sir.

The CHAIRMAN: Did you receive and read the information for witnesses briefing sheet provided with the "Details of Witness" form today?

Mr Conran : Yes, Sir.

The CHAIRMAN: Do you have any questions in relation to being a witness at today's hearing?

Mr Conran : No.

The CHAIRMAN: Would you please state the capacity in which you appear before the committee today.

Mr Conran : I am here as Director General of the Department of the Premier and Cabinet.

The CHAIRMAN: Thank you for your written submission, which the inquiry has. Together with the information you provide today, your submission will form part of the evidence of this inquiry and may be made public. Would you like to make any amendments to the submission?

Mr Conran : No, Sir.

The CHAIRMAN: Do you wish to add any supplementary information or make a short opening statement?

Mr Conran : No, thank you.

The CHAIRMAN: Thank you.

I propose to ask questions relating to DPC and the Public Sector Commission, something about the DPC structure and budget matters and CEO appointments. Other members may come in with questions following the lead questions, which I will ask.

What are the principal changes to the structure of the Department of the Premier and Cabinet as a consequence of the separation of functions between the Department of the Premier and Cabinet and the Public Sector Commission?

Mr Conran : I think the best way to answer that is that the Department of the Premier and Cabinet has more directly become a full policy focused department, apart from areas of state administration, which, in a sense, looks after you, and those functions have remained but it has much more of a policy focus. That is consistent with every Premier's department in the country and the operations of the Prime Minister and cabinet department. I suppose it has gone back to becoming a more traditional Premier's department with a policy focus.

The CHAIRMAN: In terms of the functioning and structuring of Premier and cabinet and the Public Sector Commission, would you like to go through briefly some of the details of what has been moved out and whether there are new elements going into Premier?

Mr Conran : All the public sector management side of the former department has gone to the Public Service Commission, so I have no function in relation to the operations of the Public Service Commission. Mr Wauchope has control of those areas. Again, I still have the state administration area; I have a policy focus. I am still looking at the operations of the policy unit. I have various elements within it. I have an intergovernment relations unit, which the former Premier would be most familiar with. I have an element of domestic policy, for want of a better description, which looks at day-to-day policy issues in relation to areas such as health, environment, social and the like. That is what the department looks like at the moment. I will be looking to give it a much more strategic focus over a period of time. We are in the process of looking at that right now.

The CHAIRMAN: Does part of that strategic focus involve also taking a greater role in the preparation of state budgets?

Mr Conran : We will be closely involved in looking at state budgets, but I leave the state budgets initially to the experts—Treasury—and then provide some comment in relation to budgeting-type issues. I attend meetings of the EERC and have input from that area.

The CHAIRMAN: I would like to get a clear picture of some of the separation issues. Has that all been totally bedded down now in terms of the Public Service Commission or are there still a few loose ends?

Mr Conran : There are probably a couple of issues in relation to which bit of money is going to Mal and which is remaining. I have taken the view that Mr Wauchope should be given all that he considers he needs to successfully run the operations of the Public Service Commission, and I have respected Mr Wauchope's judgement in those matters. I am not seeking to leave him in a situation in which he thinks he does not have adequate funding. ***

[10.50 am]

The CHAIRMAN: Given the clearly stated objectives for the separation, and the fact that the Department of the Premier and Cabinet will provide the corporate services to the Public Sector Commission, are any specific steps being taken by the Department of the Premier and Cabinet to ensure that organisational independence of the Public Sector Commission?

Mr Conran : They are in the process of getting their own chief financial officer, and that is the critical issue in relation to its operation. I think it is sensible that we provide some corporate services function, but that is not a strange thing. We have the Office of Shared Services providing services right across the board. That seems to be an efficient way to go. I do not seek to have any controls in relation to how they might deal with Mr Wauchope. He is a fairly experienced public servant. If he thought there were any concerns, I have no doubt he would contact me and tell me that he wanted something improved. But I do not anticipate any problems.

The CHAIRMAN: Another area of potential overlap or awkwardness between the Department of the Premier and Cabinet and the Public Sector Commission is the appointment and employment of special officers in ministerial offices. My understanding is that the requirements of the Public Sector Management Act mean that some of that now has to sit with the Public Sector Commission, which perhaps runs a bit counter to that idea of independence. Would you like to make any comment on how you see that appointment and employment of some of the officers in ministerial offices sitting with respect to the Department of the Premier and Cabinet and the Public Sector Commission?

Mr Conran : I find it, actually, quite a complex process, but that is the process we have. The Public Sector Management Act requires that Mal have responsibility in respect of certain people coming in and out of ministerial offices. I accept that. I would prefer a much simpler system, but I think those are the consequences of the Public Sector Management Act. I think it is very important that we have ministerial offices properly staffed with competent people. I have obviously recently come from working in a ministerial office at a federal level. I think those ministerial offices have been well served by some public servants coming into those offices in specialised areas. I think probably the previous government here was well served by some public servants coming in. I think it is good for the public sector to have some ministerial office experience. I would like to see some improvements in an area like that. If you look at some of the great public servants at a federal level, they have been in and out of ministerial offices—the Secretary to the Treasury, the secretary of immigration, the Secretary of Defence, the US ambassador and the like. A whole range of people have very broad public sector experience. I think we could actually improve things there. I think it would be better for the operation of ministerial offices and it would be better for government in WA. Those things are not my highest priority at the moment, but I think we could improve things.

The CHAIRMAN: I accept the value in what you are saying, but the point I am getting at is that it would appear that because of the Public Sector Management Act, you have to have an employment and administrative arrangement that is perhaps less than optimal. Would you agree with that?

Mr Conran : I think it is less than optimal, but that is part of the whole broader comments that I make. I think we can do better in Western Australia by encouraging a better flow from ministerial offices and from the public sector. I think it would improve operation all around.

Mr A.J. CARPENTER: On the separation, there is the administrative public sector development side under Mal, or whosoever has that position, and the policy focus, which I think has potential to be very good. Can you explain the role that you are playing in the implementation of policy? You said “the policy level”. What does that mean?

Mr Conran : I have a view that you cannot run policy from a Premier’s department because you will not have the day-to-day expertise. But what you can do from the Premier’s department is have an overview of the general direction of where the government wants to go. They have a policy platform, and you want to seek to implement that and you want to ensure that the policy capacity within the departments is up to scratch. You want to encourage them to really come up with policy initiative consistent with the government’s philosophies. I think what we can best do is coordinate policy across the board. You can pick areas such as environment or climate change. You have the Treasury doing modelling.

[11.00 am]

You have got DEC—environment and conservation—looking at various aspects of climate change; you have got the agriculture department looking at various aspects of climate change; you have got a whole series of other departments looking at that. It is a question of coordinating that activity, and you can do that well from a Premier’s department. I think the previous government did a deal of that around the water area. I know, from a federal level, you would wish that you were dealing with the Western Australian government on the east coast when it came to dealing with water. It was a much more structured approach; they actually had thought about the issue. In a sense, it is bringing

the policy expertise to the fore, and building it if it is not there. One of the problems that Western Australia has—it is a consequence of the boom as well—is that it lost a lot of good people because they got snapped up there. One of the things that I think is missing, in part—although with some exceptions—is really strong policy experience. I think that is one of the focuses of the Premier, who wants to rebuild that capacity. I certainly want to do that and I think everyone wants to do that because we need it, especially at this time. It is a bit tough.

Mr A.J. CARPENTER: What we probably should have done right at the start is get you to give us a thumbnail sketch of your background so that we get a picture —

Mr Conran : Okay, I am a lawyer. I came through the old Solicitors Board system in Queensland; five years' articles, admitted in 1975. I went to Darwin shortly after the cyclone in the commonwealth Attorney General's Department. I was compulsorily transferred to the Northern Territory government just prior to self-government. I was in the Attorney General's Department policy related areas, looking at a whole range of issues: constitutional issues; uranium mining in Kakadu; a whole range of land rights issues. I was involved in the first land claim in the Northern Territory in 1976. In 1979 I went to Hong Kong and became a crown prosecutor there for a few years; came back to the territory, went back into policy, became deputy head of the Attorney General's department, and then CEO of the Attorney General's department. In 1991 I was asked to become head of the chief minister's department and stayed there until the end of 1998. Then I came here and was initially a consultant on native title; subsequently acting deputy director general—you know the acting process; everyone acts here. I became an acting deputy director general. After the 2001 election I was moved on, and a couple of months later I joined the Prime Minister's office as a senior adviser in a range of areas from small business, justice and the like, but with a broader policy sweep. Then in early 2003 I was asked to be cabinet secretary and head of the Cabinet Policy Unit. After 2007 I joined Concept Economics, and then became a director of that company.

Mr A.J. CARPENTER: Can I just clear up one thing: when you went from consulting to the Court government on native title to acting director general, what department was it?

Mr Conran : Premier and Cabinet. I was a consultant —

Mr A.J. CARPENTER: Acting director?

Mr Conran : I was a public servant, so it was a public service position.

Mr A.J. CARPENTER: Just going back to the delineation of the policy and strategic part of the role, implementation of the government policy and the strategy for its implementation, that is really —

Mr Conran : Yes, a little bit broader than that. There are a couple of other elements, and consistent with, say, for example, what they have done in the Department of Prime Minister and Cabinet under Terry Moran, he set up strategic policy unit, for want of a better description. That is similar to what he had when he was head of the Premier's department in Victoria. I am, sort of, looking at that model, although I take a slightly different view because I think people who work in strategic policy, for want of a better description, can go about navel gazing a lot, and you actually want to make sure they are actually dealing with strategic issues. That is why I think I pick areas like climate change; energy; here, it is the approvals processes they have to go through—there are complexities around native title, which you all know —

Mr A.J. CARPENTER: So, Peter, that, effectively, is a political role?

Mr Conran : No, I would disagree. If it is a political role, it is precisely the role they are taking in the commonwealth, precisely the role taken in Victoria —

Mr A.J. CARPENTER: I did not say a partisan role; it is a political role. It is dealing with the implementation of policy and strategy, it is dealing with the politics that governments have to deal with.

Mr Conran : In part, but that is where the—someone best described a Premier’s department to me many years ago as it is in part a bridge between the public sector and the government of the day. You are crossing over those political policy issues, and I do not think there is any way you can avoid that. That is the role of a Premier’s department. I look back to, say, when the current Prime Minister was director general of the Premier’s department in Queensland in 1991—I knew him well. To be frank, it is a sort of crossover—the best description is a bridge-type role, where you are trying to set some strategic direction.

The CHAIRMAN: Before I move on, just picking up on an element in there: obviously, Mr Conran, you have a very impressive CV, and clearly at the times in you were moving up there were generally Liberal governments in all the states and at the commonwealth level. Did you, at any time, work in a senior position for a Labor government?

Mr Conran : I think I had two weeks with you!

Mr A.J. CARPENTER: When you said you were moved on, what happened?

Mr Conran : Mal Wauchope came and saw me and said, “The government likes your policy skills, but thinks it is time to move on.” That was about as brutal as it got. I said, “Okay.” You recognise that. Do not forget that in the old days, the tradition was that, in a sense, public servants would offer their resignations to the incoming government. Those things change —

Mr A.J. CARPENTER: Have you got any idea why he might have said that? Why the —

Mr Conran : I have no idea. I presume that the Premier did not want me at that time. But, look, subsequent to that I have dealt with the Western Australian government pretty openly and pretty fairly. In fact I have had visits from directors general from Western Australia asking for assistance. I can think of a couple of instances where that occurred in relation to the Burrup Peninsula environmental negotiations. I certainly assisted that and I had a couple of meetings with Jim Limerick—lots of phone calls—to see how we could progress things collectively

Mr A.J. CARPENTER: Peter, was it because you were seen as a political player?

Mr Conran : I do not know. I was not—I was just asked to go, and I did.

Mr A.J. CARPENTER: Yes. Where did you go?

Mr Conran : Well, nowhere for a start; I had to go and find a job. I found a job in the Prime Minister’s office. I was approached by the chief of staff, Arthur Sinodinos, and he asked would I be interested and I said yes. It was fairly disruptive—it was midyear for schooling—but at some point you have to work.

Mr A.J. CARPENTER: Yes, I know the feeling, mate!

Mr C.J. TALLENTIRE: Peter, you have said that the corporate services function will be shared. I suppose there are other areas, though, where you are not going to be able to operate as efficiently. The fact is that there is a bit of a trade-off that has to go on between independence and efficiency. How are you going to manage that issue?

[11.10 am]

Mr Conran : It is Mal’s independence. In a sense, he is in charge of the public service; he is the head of the public service, as I see, and he has got to manage in accordance with the Public Sector Management Act. It is his independence that is of prime importance to me, in that sense.

Mr C.J. TALLENTIRE: How are you going to test for the efficiencies?

Mr Conran : I suspect you people will test us on efficiency. We are doing the three per cent efficiency dividends. It is a bit easier in a department like the Department of the Premier and Cabinet than it is in some others, but we will get there. There is no doubt that the government in Western Australia, as anywhere, can be far more efficient. These efficiency dividends are really

testing. The last commonwealth one, I think was 2.5 per cent. They have a one per cent rolling efficiency dividend. I think they have increased that efficiency dividend. At another level, I think some of you with experience in the commonwealth would think “Yes, they could be more efficient”. I am sure we can be more efficient here.

Mr C.J. TALLENTIRE: But at this stage, you do not know whether the new arrangements will be truly more efficient?

Mr Conran : I think separating out the public service functions from the Department of the Premier and Cabinet and isolating it is going to be far more efficient for both groups, because I do not have to concern myself because I know there is someone with a great deal of expertise looking after the public sector, and hopefully, I can therefore concentrate on the things that the Department of the Premier and Cabinet should be doing, in my view, which is policy related, and hopefully that means both operations become more efficient. In the public sector, we bring organisations together and separate organisations. It is pretty cyclical. I do not know what is more efficient. You would think there are efficiencies in megadepartments, but that is not always the case, so you bring them together, and you separate them. I think all of us have been around here long enough to know that that is the cycle.

Mr A.J. CARPENTER: The efficient becomes inefficient.

Mr Conran : The efficient becomes inefficient. Premiers know that better than most.

The CHAIRMAN: That might be an appropriate point to move into the next area. As you have already indicated, the Department of the Premier and Cabinet will be required to find a three per cent efficiency dividend. Can you tell us what the actual base for that is, and therefore the amount?

Mr Conran : I would prefer to take that question on notice, in the way of precise detail.

The CHAIRMAN: I would be very happy for you to provide that as supplementary information, rather than trying to search for it.

Mr Conran : Just to be precise. I suspect I will be talking to another committee about that, so I have not brought all that data with me.

The CHAIRMAN: I come back to the setting up of the Public Sector Commission and the changes there. Clearly, it was a commitment by the government, which it therefore set about delivering on, quite properly. Did you personally have any involvement in some of the early thinking or position papers about how it would be done?

Mr Conran : No—certainly not that I can recall. In the sense that I have always taken the view that you leave the mysteries of the Public Sector Management Act and the various layers of accountability to someone like Mal, because they are a bit of a mystery sometimes.

The CHAIRMAN: In terms of taking a clear electoral commitment, without any detail, that needs to be put into a more detailed position paper—a policy paper was not put out, just statement of intent.

Mr Conran : I did not, and I was not here until—I think I physically arrived in Perth on 4 December and really started work probably on 28 November. I think 28 November was COAG in Canberra, and I started in Canberra, so a lot of the work had already been done. Being quite open, I have let them get on with it. I am concentrating on the Department of the Premier and Cabinet.

The CHAIRMAN: Can we just clarify some of the dates? You said you actually started formally on 4 December.

Mr Conran : I arrived in the west on 4 December, which I think was a Thursday. I am not sure precisely, but I think I arrived on a Thursday, and I had previously started the week before, to go to a COAG meeting. I needed to sort of change over from my former employment, and to organise a few things. I was working up until 28 November, and then had a meeting.

The CHAIRMAN: We cannot really ask you to answer questions about things when you were not in the job and involved, but you still may have had some information there.

Mr Conran : I am trying to reflect back. I cannot recall involving myself. It may be that I have seen papers, but it was not the focus of my attention.

The CHAIRMAN: I am happy to accept that. Clearly, you were on a contract to the government working prior to 4 December. Are you able to give us some dates as to when you were in Western Australia prior to taking up that contract, or the time you spent here as a part of that contract?

Mr Conran : I signed a contract on 26 September 2008, and on the twenty-third I travelled from Canberra to Perth. I was here on the twenty-fourth, twenty-fifth and half of the twenty-sixth. I was back again on the thirtieth.

Mr A.J. CARPENTER: What month are you talking about there?

Mr Conran : September. I left again on the second. The thirtieth coincided with a meeting of COAG in Perth shortly after the—I think it was the first meeting after the election. That is the period. They are the two periods I was contracted by the government.

The CHAIRMAN: Thank you. Prior to the twenty-third—coming here on the twenty-fourth—had you been in Western Australia through September or August?

Mr Conran : Yes, I had been in Western Australia. I came in my own right—sorry, I think it must have been the Liberal Party that paid for me to fly over here. That was after the election. I met with the Premier.

The CHAIRMAN: So can we get this clear? Were you initially contracted by the Liberal Party?

Mr Conran : No. They asked me to come over. I was not contracted. I was not on any form of contract, other than that they paid my airfare.

The CHAIRMAN: Can you advise the committee about the general purpose of that?

Mr Conran : I think the Premier wanted to have a talk to me, and, as I recall, he then asked me whether I would be interested in applying for the job of the head of the Department of the Premier and Cabinet. He made it pretty clear to me that there was a process that I would have to go through, but he was interested in whether I wanted to apply. I gave it a great deal of thought over a period of a couple of months, to decide whether I would apply. It involved uprooting families, or parts of families. Some family are there and some are here, and you do not like doing those sorts of things, and I had a pretty reasonable job, so I eventually put in an application, and went through the process, and was recommended and I got the job.

[11.20 am]

Mr A.J. CARPENTER: So you never said yes or no straight away?

Mr Conran : No, I do not believe so. I would have probably said that yes, I was interested . However, it was pretty clear to me that there was a process. Let us actually contrast that to the process at the commonwealth level, where the Prime Minister gets elected and says that he wants X to be the head of a department. The head of that department then says that he wants this person and this person and this person in his department. That is what they have done. They have made some really good appointments, too. That can be contrasted to what happens here, where there is a much greater process. I can understand all the reasons for that, and I am not objecting to it.

The CHAIRMAN: Would it be accurate to characterise your visit here prior to 21 September as being an executive search by the incoming government?

Mr Conran : I think they were interested in issues relating to government, really, and how you structure government, and about the issues relating to COAG. COAG was looming large at that time and I was thought to have had a bit of experience with it and a few contacts at the federal level

that I could help work out what the hell was happening. I think they focused a lot on that issue. I did not spend a great deal of time with the now Premier; he was pretty busy.

The CHAIRMAN: I am referring to the fact that you were invited to come to Western Australia prior to 21 September, and I was suggesting that you could characterise that visit as the incoming Premier undertaking an executive search to make sure that he had a pool of people of quality and experience.

Mr Conran : I am not the person to be asked that question. I was asked —

The CHAIRMAN: Can I leave it to you, then, to suggest how you understood the request for you to visit Western Australia?

Mr Conran : They wanted advice about the operation of government. I was not contemplating a move to Western Australia. I had a good job. I was the director of quite a good economics consultancy. I had a daughter just finishing year 12 and we did not know what she wanted to do, and another daughter was just graduating. I did not contemplate coming to Western Australia and saying that I wanted the job. I was contemplating giving them advice. That is what I was interested in.

The CHAIRMAN: What were some of the key factors that led you then to decide to uproot yourself and take up the position of director general?

Mr Conran : It is a great job and a great state. The opportunities here are unmatched, in many respects, other than, say, in a place like Queensland.

Mr A.J. CARPENTER: It is much better here!

The CHAIRMAN: Thank you for that.

Mr A.J. CARPENTER: What was the date of that meeting when you came and met with the now Premier?

Mr Conran : I could go back and look at some flight details. When was the —

Mr A.J. CARPENTER: The election was on 6 September, and the change of government was on 23 September. It was obviously in that period.

Mr Conran : I think so. I cannot be precise, but I can get that date.

Mr A.J. CARPENTER: You said that it was the Liberal Party, so was it before the change of government?

Mr Conran : Yes. Colin Barnett was still in the opposition office at Parliament House. He was not the Premier.

Mr A. KRSTICEVIC: You mentioned that when governments changed—I am assuming you are talking about previously—public servants basically handed in their resignations en masse.

Mr Conran : I think that is the traditional Westminster system.

Mr A. KRSTICEVIC: As you have indicated, back in 2001 when there was a change of government you were —

Mr Conran : Things have moved on since then. We had set up executive services all around Australia, and there were new rules, and those were the rules that applied.

Mr A. KRSTICEVIC: Do you think those rules changed after 2001?

Mr Conran : No. The conventions probably changed in the 1960s or 1970s, I think. In the late 1980s or early 1990s most governments moved to the contracting of senior executives. I am not sure precisely when that occurred here, but it would have been in the early 1990s, I think.

Mr A. KRSTICEVIC: I am thinking of when you were told in 2001 that your skills were great but that the government did not want you any more. Was that based on someone more qualified coming to the role, or you did not have the skill set? What was the reason, do you think, why you were —

Mr Conran : I was asked to leave, and I left. That is what you did.

Mr A. KRSTICEVIC: Are you aware of any other people who were asked to leave in similar circumstances?

Mr Conran : There were a couple of other DGs such as Alan Bansemer.

Mr A.J. CARPENTER: Sorry. I have forgotten what your position was then. You said that you were the acting —

Mr Conran : The acting deputy director general.

Mr A.J. CARPENTER: Of?

Mr Conran : The Ministry of Premier and Cabinet, as it was then known. I never worked out why they used to be called ministries and not departments.

Mr A. KRSTICEVIC: So effectively you were not the only one? There was a whole list of directors general —

Mr Conran : I do not know. I know that Alan Bansemer moved on, and there might have been a couple of others. I do not know.

Mr A.J. CARPENTER: What is the period of your contract now?

Mr Conran : I think it is a five-year contract. I am pretty sure it is.

Mr A.J. CARPENTER: So if there is—I am hypothesising, of course—a change of government, the next Premier will inherit you?

Mr Conran : Yes, if that is the case.

Mr A. KRSTICEVIC: Under the new government, have any acting directors general been moved on in similar circumstances to that which occurred in 2001?

Mr Conran : Not that I am aware of.

Mr A.J. CARPENTER: I can think of one who has moved out of his position—Mal Wauchope.

Mr Conran : I think he still has a smile on his face!

Mr A.J. CARPENTER: That may well be the case!

The CHAIRMAN: Mr Conran, I would like to come back to some of the functioning issues of the DPC. Again, you were not on the ground at the time, but you may be able to answer this. Prior to the division of the Public Sector Commission from the DPC, are you aware whether any cost projections were undertaken to determine what the net cost of setting up the new agency might be?

Mr Conran : No, not precisely. I think the objective was to do it so that it was budget-neutral, and we are going to try to achieve that. That will be pretty hard, because in a sense there is a new director general position, and that position has a cost and it will need some executive support. Having said that, we will look at the end-budget position and see whether we can trim some areas here or there and balance it all out to be a budget-neutral position. That will not be that easy to do, but we will have a crack at it anyway.

The CHAIRMAN: To help us get a better picture of that, I would ask you to provide some specific information on notice. We have asked Mr Wauchope the same question.

Mr Conran : Yes, I know that, and we are working on that.

The CHAIRMAN: I will ask the question so that it is on the record: can you provide the committee with a copy of the current staffing positions and organisational structures of the Department of the

Premier and Cabinet, and the staffing positions and organisational structure prior to the establishment of the Public Sector Commission?

Mr Conran : Yes.

The CHAIRMAN: Can you take that on notice and provide that?

Mr Conran : We will take that on notice.

The CHAIRMAN: Can you also provide the FTEs of the department budgets of the DPC before and after the establishment of the Public Sector Commission?

Mr Conran : Yes.

The CHAIRMAN: In your written submission to us, Mr Conran, you suggested that there would be an internal —

Mr Conran : I can give it to you now, because I have it open here now. As at 4 September 2008 there were 808.66 FTEs, and as at 5 February there were 638. I do not have Mal's area, but I think that is a lesser figure. I will get you the up-to-date figures. It changes every day, as you know.

The CHAIRMAN: Sure, but that was not the specific question. As we know, FTEs change because people leave et cetera. I was actually asking for the staffing positions; that is, the structure that was in place.

Mr Conran : Yes. We should be able to do that.

The CHAIRMAN: And the number of FTEs along with that.

Mr Conran : Yes.

The CHAIRMAN: Thank you very much for that.

You may have touched on this matter at the start, but in your submission you said that there was an internal review of the DPC functions but that it had not yet been completed. We received your submission on 22 January. Has that internal review been completed, or where is it at?

[11.30 am]

Mr Conran : No, it has not. I am looking at getting through the budget process, because I want to know precisely the amount of money left. I have got a view on the direction, which I have outlined. In addition to what we do now, I would like to give us a much more strategic focus, not only in the context of policy, but also in the context of handling specific issues. We have got some pretty talented people in the department. I think we can work pretty well with them on that. We may need to make some other appointments. I have had a couple of bits of success. I have got a couple of very good Treasury people who have come and joined us, so I am happy with that sort of direction.

The CHAIRMAN: A comment you made relates back to a question I asked you earlier, Mr Conran. If you have had two people come from Treasury, do you see a bigger role for the Department of the Premier and Cabinet in the financial management of the state and the preparation of the budget?

Mr Conran : I am always interested in matters financial, but I do not want to take over the budgeting process. One of the things about the Premier's department and the Treasury is that they are pretty good grounding areas. You want to have a look at some people. Some of the Treasury people are so good that you would like them to move out to the agencies. One of the ways you groom Treasury people is to bring them into the DPC and you round their edges, if you can. Then they go out to agencies and do a pretty good job.

Mr J.M. FRANCIS: Peter, just one quick question. You said that just after the change of government there were 808 full-time equivalents.

Mr Conran : I think it was 808. I do not want to be too precise there.

Mr J.M. FRANCIS: It is now down to 630.

Mr Conran : I think that figure does not count in the Public Service Commission area, and there will be a number there, so I would rather have a more precise figure for you and I would prefer that you rely on that. I do not want to have a story written that these numbers are like this, when it is not necessarily correct. FTEs change every day.

The CHAIRMAN: As you know, Mr Conran, sometimes that is because you have contracts rather than full-time employees. Are there some areas in which you are looking to have work contracted out rather than handled by public servants?

Mr Conran : I think there is a place for some consultancies. Most departments do have some work done on consultancies. That is the situation right throughout Australia. I am not that keen on what we call TOGS in the department. I think it is preferable that there is no question of merit in relation to people. I think it is preferable that they are public servants. I am not criticising TOGS. I suspect that some of them are pretty good but I prefer public servants. If you need to have some contractors or consultants in on particular issues, then you look at that on a case-by-case basis. Can I just say that, in getting back to an issue I have, I do not think the ministry is served well by the process we have currently got. I do not think ministers' offices in the former government and the Court government have been well served by the lack of involvement of public servants coming through these areas to get experience. The commonwealth system has a member of Parliament, or MOPS act, and I think that works fairly effectively. If a public servant comes in, as I understand, they go on to become MOPS and staffers and then, at a point, they go into their public service positions. I think it has worked well. I just think that we have over a period of time got to work out a better system for WA. I know that at least two of you have been ministers. You will be well aware of the challenges of that. If you have not got someone performing well in a minister's office, it is pretty dysfunctional. You want to improve that situation. The system should help. It is in the interests of good government.

The CHAIRMAN: I have great sympathy with what you are saying, Mr Conran, but can I come back to one specific thing you said, to get clarification. You suggested that you were not supportive of TOGS in the department, and I understand that. Are you also applying that to ministerial offices or do you see a role for TOGS in ministerial offices.

Mr Conran: I think they are all TOGs, aren't they?

Mr A.J. CARPENTER: No.

Mr Conran: Some of them are —

The CHAIRMAN: I assume you are not applying that to ministerial offices.

Mr Conran: No, they are term-of-government people, like MOPS, yes. I just think we could do better by having some better exchanges. In the Prime Minister's office where I worked we had what was called departmental liaison officers. They deal with correspondence. They were just fantastic. We do not seem to have that system. You had some experienced people from departments. I am sure you may have had them in your office at some time, but it is good experience for a public servant.

Mr A.J. CARPENTER: I think you will find that is the system.

Mr Conran : Yes.

Mr A.J. CARPENTER: You have got a mixture between the term of government staff and the people who are seconded up from the departments.

Mr Conran : Yes. I just think that we could do it better.

Mr A.J. CARPENTER: We can always do things better; that is right.

Mr C.J. TALLENTIRE: You talked earlier about the central policy function that the DPC would have. In your submission you also talk about the outcomes-based management structure that you want to aim for. Could you explain a little bit more about that outcomes-based management structure?

Mr Conran : Let us pick climate change, which is probably the hard one. What do we want? The outcome we want is to have reduced emissions, but we also want to ensure that we have got strong resource development outcomes. Somehow we have got to achieve a balance. There are all sorts of pressures in relation to that. You have got complexities around LNG; you have got complexities around alumina. We have coal, which is somewhere between brown and black, powering generators here, and is going to continue. You are not going to close them down if we are in trouble. We have got wind coming in. It is a great renewable and there is plenty of wind, but the wind comes at the wrong time of the day. You all know the challenges. What is the outcome? We are focusing on a better outcome for the reduction of emissions and also at the same time a strong industry sector, because this place has a resource-based economy still.

Mr A.J. CARPENTER: When you gave that little run-down of your career, which I think went back over 30-odd years, were you selling yourself short when you said that you had worked for Labor governments for two weeks? There must have been some other period. Was that at senior level, basically?

Mr Conran : That is at senior level. I think in 1975 Mr Whitlam was still in. Certainly at that point —

Mr A.J. CARPENTER: What was your role back in 1975? It was not a senior position.

Mr Conran : No, I was in the commonwealth Attorney-General's Department in Darwin, so it certainly was not senior. They did not even know you existed in Canberra then.

Mr A.J. CARPENTER: For those two weeks, which were the transition period between Richard Court and Geoff Gallop, that is the only real —

[11.40 am]

Mr Conran : The fact is that the government in the Northern Territory stayed in power for a long time. I think if you spoke to any of the Leaders of the Opposition in the Northern Territory, I was pretty well respected. If you talk to Clare Martin—Clare Martin was my local member; I knew her really well; the kids went to school together. I think I am relatively well respected in a number of Labor circles. I think one of my referees was—for this job—a Labor member of federal Parliament, so I think I am relatively well respected. I know the Prime Minister because we used to sit across the table from each other. He knows me well. I have had a couple of meetings—I have attended a couple of meetings with him. He clearly is fairly comfortable dealing with me because he asked me to talk to his staff on a whole range of issues. So, yes, it is a fact that I have mainly worked for—I have worked for conservative governments in senior positions, but that is just a fact of life.

Mr A.J. CARPENTER: Almost excusable.

Mr Conran : Almost excusable.

Mr A.J. CARPENTER: Peter, that is not a criticism. You can respect people for all sorts of—respect people for what they do and so on. It is not a criticism; I am just trying to clear the, you know, get the picture clear. Apart from that bit of advice that the Liberal Party flew you over to give in that transition period just recently—September last year—about COAG and whether or not you would like to take on the job that you have now got, setting aside your government experience, have you provided advice, assistance, contractual advice or whatever to the Liberal Party in other periods?

Mr Conran : No.

Mr A.J. CARPENTER: So, that is the only time you have actually been engaged, if you like, in any—you were flown over here. So no sort of assistance whatsoever?

Mr Conran : I have been contracted to the Liberal Party. Look, I have got a lot of connections at all sorts of levels—Liberal, Labor, the lot. I speak to people.

Mr A.J. CARPENTER: So have I —

Mr Conran : Yes, so you speak to them.

Mr A.J. CARPENTER: But I do not think many people would think that I was supportive of the Liberal Party. I have got those sorts of connections as well. All I am trying to clarify is: apart from that non-paid period when you flew over here, there has been no formal engagement anyway with the Liberal Party.

Mr Conran : No.

Mr A.J. CARPENTER: What about informal?

Mr Conran : I have spoken to Deirdre Willmott —

Mr A.J. CARPENTER: Yes, that is right.

Get right down to the basics—worked on campaigns, provided campaign advice, anything like that.

Mr Conran : I think during—I think I received a phone call during the campaign asking me about the public sector structures and what were my views in relation to the Premier’s department and I think I said, “Look, I’m not an expert in public sector structures; you’ve got to speak to an expert.”

Mr A.J. CARPENTER: I would not characterise that as partisan advice anyway; that is basic structural advice. So, apart from that, again, there has been nothing really in all those 30 years —

Mr Conran : Look, no not in the party political—well, in those 30 years I was working in the Prime Minister’s office—pretty close, I was at campaign headquarters for Liberal Party running policy for 2004—sorry, 2001, 2004, 2007; two wins and a loss.

Mr A.J. CARPENTER: What was your position then?

Mr Conran : I was a senior adviser in the Prime Minister’s office in the 2001 election. I was —

Mr A.J. CARPENTER: As a public servant?

Mr Conran : No, no, no; I was a MOPS—member of Parliament staffer.

Mr A.J. CARPENTER: Yes.

Mr Conran : Yes.

Mr A.J. CARPENTER: And in that capacity, just go on, what did you do during those three campaigns?

Mr Conran : I was the director of the policy unit at campaign headquarters in 2001 —

Mr A.J. CARPENTER: For the Federal Liberal Party?

Mr Conran : Yes, federal Liberal Party; that is right.

Mr A.J. CARPENTER: Yes. When you came to the position of the role you played in the native title office, can you just explain how that ended up here in WA? Well, I do not know if it was the native title office, but during that issue that the Court government was dealing with native title?

Mr Conran : I was approached to see whether I would be interested in a position that they were looking at. I had been contemplating moving from the Northern Territory; I had been there for 30 years, I had a couple of young kids—I was looking to get some broader education opportunities for them—and so I took a step back. I had been in pretty high-level positions for a while, and I thought

it was time to actually, sort of, make sure that I am looking after the kids as well, and so I came here.

Mr A.J. CARPENTER: It was a very interesting challenge; it was a highly politicised issue.

Mr Conran : It was a tough issue. It still is, and —

Mr A.J. CARPENTER: No, it was a highly political issue. It was an intensely political issue.

Mr Conran : Yes, but it was also —

Mr A.J. CARPENTER: And there were very strong divides, if you like, on that particular issue—as opposed to maybe public sector reform—between the approach that Richard Court’s government was taking and the approach which Geoff Gallop was taking. Very, very political, with strong political differences, weren’t there?

Mr Conran : And I was fairly experienced in dealing with native title issues. I had been involved in the first land claim in the Northern Territory since 1976. I was a commonwealth public servant then, as I recall. I had been fairly experienced; I had given instructions on sacred sites legislation in the Northern Territory, which I still think is the model for—is regarded as still the most functional Aboriginal heritage legislation in Australia. So, I had negotiated some major land claims Katherine Gorge, Nitmiluk, Mt Todd, McArthur River, a whole range of issues, some complex issues relating to Kakadu, so I was experienced in the area; I knew the area pretty well. I have been on the other side; I have been sitting around a table with people like, in fact, the current Prime Minister—a whole range of people from states dealing with the commonwealth in relation to negotiating of the Native Title Act.

Mr A.J. CARPENTER: Peter, can I put to you directly the sort of thing that people, and you know it, say about why you got the job: that you are a highly experienced, very capable, conservative, Liberal warrior, ideal for the new government here and shoehorned into the position?

Mr Conran : That is for others to say. I would not call myself a warrior. I think people who have —

Mr A.J. CARPENTER: What about the first two bits of the adjectives?

Mr Conran : Look, I am conservative but there is no use saying I am not. However, there are plenty of conservatives in the public sector and plenty of non-conservatives, if that is how you want to describe yourself, I am not into those descriptions; I am into actually doing a job. If you actually think about it, at the core there is not a great deal of difference. There is a group of people who, in a sense, can work any way—any side—you want. You are actually after an outcome; you are after an outcome for the nation, you are after an outcome for this. The fact is I have worked for Liberal or conservative governments and I have worked in a Liberal Prime Minister’s office, and I think have got experience. The test will be whether you people in a couple of years’ time say I have politicised the public service. I do not think you will reach that conclusion. Have I made the public service better? I hope the hell I can because we can improve it, and I hope I can deliver a few things, but I am not going to, sort of, tell you “Oh, I really wasn’t a conservative; I’ve voted Labor all my life!”

Mr A.J. CARPENTER: I did not ask that.

Mr Conran : I might have voted for Gough once, but that got me out of nasho—to get me out of nasho.

Mr A.J. CARPENTER: I am sure we all wish you well in your efforts to improve the public service. However, I have to be honest, I have been at reasonable close range and I cannot remember a more political appointment in the Western Australia public service at, certainly, not that level—ever.

Mr Conran : My memory of Western Australia —

Mr A.J. CARPENTER: It is a different system. You talk quite rightly about the way the appointments are made at the commonwealth level and so on, but in Western Australia, in my memory, there has never been a person who is so clearly identified with one side of politics appointed to a position like this.

[11.50 am]

Mr Conran : I am not here to comment. That is a view; others might have a different view. I hope I am competent.

Mr A.J. CARPENTER: I am sure you will be. I wish you well.

Mr Conran : The test will be that I prove my competence.

Mr J.M. FRANCIS: I have one quick question, if I can go back to the difference between TOGS and MOPS. I was a MOPS for about five years 12 or 13 years ago. I have obviously employed TOGS in my office. Without wanting to put words in your mouth, would you agree that the main difference that provides the flexibility for the MOPS, a federal member of Parliament staffer, is probably the dismissal regulations? If you have the flexibility when you change government or there is a cabinet reshuffle or MPs resign and there are by-elections to choose your staff, that would be beneficial.

Mr Conran : I think it is a good thing that ministers choose their staff.

Mr J.M. FRANCIS: Or at least replace their staff.

Mr Conran : The TOG system does allow that. The issue I am trying to highlight is that if we want an experienced public sector, some time in ministers' offices is really good for them. I do not think we encourage it enough and I do not think our system really allows it to happen as easily.

Mr A.J. CARPENTER: You can do it.

Mr Conran : You can do it but you have to have this process done.

Mr A.J. CARPENTER: You can do it. It is good. I agree entirely.

Mr A. KRSTICEVIC: I refer to the split that has occurred between PSD and DPC. You should by no means take this as a reflection on the department, but every single person who has been before us has strongly agreed with the split, and hopefully that will result in better outcomes. You have a challenge ahead of yourself.

Mr Conran : We all hope so. That is what it has been set up for.

The CHAIRMAN: *The West Australian* newspaper ran an article on 1 October which indicated that you would be a frontrunner for the job. Do you have any idea how that story got out?

Mr Conran : No, I do not but I got very cranky about it because I had not made a decision and it nearly made me change my mind as to whether I would even contemplate it. I was not happy at all because I did not think that was the proper process.

The CHAIRMAN: And you have no idea how that got out?

Mr Conran : No, I had no idea how it got out.

Mr J.M. FRANCIS: Still no idea?

Mr Conran : Still no idea.

Mr A.J. CARPENTER: I will tell you later if you like.

The CHAIRMAN: Mr Conran, thank you for your valuable time and for providing your evidence for the committee today. The transcript of this hearing will be forwarded to you for correction of minor errors. Any such corrections must be made and the transcript returned within 10 days from the date of the letter attached to the transcript. If the transcript is not returned within this period, it will be deemed to be correct. New material cannot be added via these corrections and the sense of

your evidence cannot be altered. Should you wish to provide additional information or elaborate on particular points—you have undertaken to provide information on two specific areas—could you please include that in a supplementary submission for the committee's consideration when you return your corrected transcript of evidence. I very much appreciate how you have given so freely of your valuable time here today.

Hearing concluded at 11.54 am
