Senate F&PA Committee

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Inquiry: Supp. BUDGET ESTIMATES

Date/Time 23 10 2018 9:01 PM

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The Minister, The Liberal Party Donor, And The Printing Company That Doesn't Own A Printer

An investigation by BuzzFeed News has found MP Alex Hawke has spent over half a million dollars of taxpayers' money on printing work done by one of his branch presidents, who also donates to the party. UPDATE: This article has been updated to include corrections.

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BuzzFeed News Reporter, Australia

In a perfectly manicured cul-de-sac in Bella Vista, a suburb in the Hills district northwest of Sydney's CBD, a business called Zion Graphics operates out of a mansion.

Run by Rudy Limantono, the president of the Bella Vista Liberal branch and also a party donor, Zion Graphics is the printer of choice for the local federal member of parliament, Alex Hawke.

Hawke is the leader of the Liberals' centre-right faction, often referred to as the soft right, of which prime minister Scott Morrison is a member. It's the party's smallest faction, with only a handful of state and federal Liberal MPs, and exists only in Sydney.

Hawke, 41, was recently promoted to the ministry after the latest Liberal leadership spill that saw Morrison take the top job. Hawke is now the special minister of state, responsible for integrity and parliamentarians' spending, and is Morrison's representative on the NSW Liberal state executive.

Alex Hawke being sworn in as special minister of state by governor-general Sir Peter Cosgrove in August 2018.

Hawke uses Zion Graphics to print his newsletters, flyers, community surveys, and more.

BuzzFeed News estimates that over the last few years Hawke has spent more than \$500,000 of taxpayers' money with Zion Graphics.

Hawke did not answer questions about how many years his office has used Zion Graphics, or how much taxpayer money has gone its way.

Limantono also would not disclose the amount of business Hawke has sent him, claiming "commercial in confidence". He said that he has been Hawke's go-to printer "since his election" but would not specify for how many years. Hawke was elected to federal parliament in 2007.

Zion Graphics has no website or Facebook page. The phone number connected to the business is registered at the Limantonos' family home.

And BuzzFeed News understands the company doesn't actually own a commercial printer.

"Throughout our 26-year history, due mostly to technological disruption inside and outside the printing industry, Zion Graphics has evolved from a graphic design house, full fledge commercial printer, to currently a print management company — which handles design, print, mail processing and Australia Post distribution," Limantono told BuzzFeed News.

According to NSW Liberal sources with knowledge of the printing deal, Zion Graphics outsources printing work to another print company.

Zion Graphics operates out of this Bella Vista mansion.

NSW Liberal sources say that Zion Graphics charges clients a premium rate, then contracts out the actual printing to another company.

Limantono did not deny this, but told BuzzFeed News there was no "impropriety".

"Zion Graphics prides itself as a provider of high quality complete printing solutions — from design, print, mail processing to Australia Post distribution," he said. "We couple this with a personalised service to create the best value for money for our clients."

A spokesperson for Hawke told BuzzFeed News he was not aware of the details of Zion Graphics' business operations.

BuzzFeed News asked Zion Graphics how much it would cost to print 30,000 newsletters and received a quote for \$7,150 + GST. Another local printer said it would charge \$4,000 + GST for the same job.

Hawke vastly outspends Liberals in neighbouring seats on printing, despite holding the very safe Liberal seat of Mitchell on a margin of 21.4%.

Hawke spent \$298,808.32 on printing and communication from April 2017 to June 2018, according to disclosures published by the Independent Parliamentary Expenses Authority.

During the same period, when he was treasurer, Scott Morrison spent \$179,063.10 in Cook (held on a margin of 15.7%) and Tony Abbott spent \$184,905.91 in Warringah (15.3%).

Hawke's office denied that his print spending was excessive, saying "all spending is appropriate and local electorate material".

"April to June is always our highest spending quarter in Mitchell as we mail a federal Budget newsletter to the whole electorate and an ANZAC Day brochure to the whole electorate and a Clean Up Aus Day invitation to whole suburbs of the electorate," a spokesperson for Hawke told BuzzFeed News.

Hawke's Budget newsletter, printed in June, cost \$15,760 for 58,558 copies (plus \$25,929 for distribution via Australia Post).

The newsletter boasts of the Liberals' "responsible budget management" as "a government that lives within its means" with "disciplined financial management".

"The Turnbull government's record of financial responsibility means that under our plan, Australians can plan their future with confidence," Hawke wrote.

In April, Hawke's office paid \$8,250 for a 60,332 print run (plus \$16,591 for distribution), and in April 2017 \$7,975 for 58,000 printed items (plus \$15,812 for distribution).

Federal politicians don't have a specific cap on how much they can spend on printing, but their <u>overall office expenses</u> can't exceed \$136,647.23 plus \$1.019 for every person enrolled to vote in their electorate. For Hawke, with an electorate of 102,410, that works out to be \$241,003.02 every 12 months. Hawke hasn't exceeded this cap.

There is no limit on how many newsletters a politician can send out to the local area. BuzzFeed News understands the norm within Liberal MP offices is two electorate-wide and one targeted mailout per year.

One senior Liberal source familiar with the arrangement described it as "an extreme misuse of parliamentary entitlements".

Hawke denies this.

"No, there is no misuse and my printing is all within the parliamentary guidelines and good communication and good value for the Mitchell electorate," Hawke's office said.

BuzzFeed News understands Hawke's power has been weakened recently by a series of key defections to the left faction (also known as the moderates).

Hawke's power base is centred around the Hills. His electorate of Mitchell includes Baulkham Hills, Beaumont Hills, Box Hill, Castle Hill, Rouse Hill, Winston Hills, West Pennant Hills, Kellyville, Northmead and North Rocks, as well as Bella Vista, where Limantono is the Liberal branch president.

BuzzFeed News understands that Limantono is not a member of Hawke's faction, and runs the branch as an independent Liberal. Hawke relies on the support of Limantono's branch in order to keep his seat.

Limantono donated \$8,820 to the Liberal party between July 2015 and June 2018.

"All donations were made in full compliance of the rules, were appropriately declared and available in the public domain," Limantono said.

A spokesperson for Hawke said "all questions regarding donations are a matter for the NSW Liberal Party or the parties involved".

Hawke stated that there was any financial or voting agreement between himself and Limantono.

"All printing from the communications and printing allowance is always approved, declared, and on the public record as required by the rules. Over the years we have used numerous local businesses to print mail and communicate in the Mitchell electorate," a spokesperson for Hawke said.

"Everything is available for scrutiny and is on the public record and we endorse all printing to the Mitchell electorate as worthwhile and part of the responsibility of any federal member doing their job properly."

Hawke's printing and communications spending is available <u>online</u>, but it contains no specifics about which businesses were paid for printing.

CORRECTION

September 28, 2018, at 4:58 p.m.

BuzzFeed can confirm that between July 2015 and June 2018, the owner of Zion Graphics, Rudy Limantono, declared to the NSW Electoral Commission donations totalling \$8,820 to the NSW Liberal Party. These are recorded here. A previous version of this article said BuzzFeed News could not find any public record on the

Australian Electoral Commission disclosures of Limantono or Zion Graphics declaring any money donated to the Liberal party.

A spokesperson for Hills Banners has now told BuzzFeed News that the company has had no dealings with Zion Graphics and did not do business with them. A previous version of this article said Hills Banners (which recently merged with Bannerworld in Winston Hills) confirmed to BuzzFeed News that it had been printing material for Zion Graphics for at least the last two years.

BuzzFeed wishes to make clear that it is not suggesting that Mr Limantono and Zion Graphics are not operating a legitimate business or that they have acted unlawfully in providing their services to clients.