



03 September 2019

Senator Jenny McAllister
Chair
Senate Finance and Public Administration References Committee
PO Box 6100
Parliament House Canberra ACT 2600

Dear Senator

Inquiry into compliance by former Ministers of State with the requirements of the Prime Minister's Statement of Ministerial Standards

Thank you for your letter dated 30 August 2019 and the opportunity to provide more detailed information to assist the Inquiry.

Ms Bishop has been appointed by the Board of Palladium Group Holdings Pty Ltd (**Palladium**) as a Non-Executive Director of the company. Ms Bishop is not an employee of Palladium.

Ms Bishop's selection was part of a broader Board renewal strategy at Palladium, and her extensive leadership experience, background in corporate law and governance, understanding of professional services as well as a passion for creating Positive Impact, made her an ideal candidate.

Ms Bishop's role at Palladium does not and will not require her to lobby, advocate or have business meetings with members of the government, parliament, public service or defence force on any matters on which she had official dealings as Minister in her last 18 months in office, in breach of the Prime Minister's Statement of Ministerial Standards (**Ministerial Standards**).

In relation to the specific matters you have raised, we provide the following further information:

A description of the work Palladium undertakes under contracts with the Australian Government

Palladium offers a broad spectrum of services to the Australia Government and currently has framework agreements with the Department of Foreign Affairs and Trade, Australian Defence Forces and the Australian Federal Police. As well as holding these mechanisms, Palladium regularly compete for work through open tenders.

With DFAT we primarily implement multi year contracts that have been awarded through open tender, in a number of sectors including, humanitarian logistics and emergency response, economic development, health, climate change and education.

Details of contact between Palladium and Ms Bishop during the period she served as Minister for Foreign Affairs

Palladium does not have a record of and is not aware of any official business contact between Palladium management and Ms Bishop during the period she served as Minister for Foreign Affairs.

Palladium notes there may be been interactions between Palladium employees and Ms Bishop of an incidental nature, such as at various forums, events or field visits. For example, Palladium is aware that Palladium employees have attended:

- Budget Dinners held at Parliament House where Ms Bishop was in attendance.

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- Other official events including the “Foreign Policy White Paper launch”.
- The “Humanitarian Supplies Challenge event” which was held at the DFAT Humanitarian Supplies Warehouse in Brisbane that Palladium manages on behalf of DFAT.

Neither the previous CEO (and now Executive Chairman), Kim Bredhauer, or I had any meetings with Ms Bishop during her time as Minister.

The timing of discussions with Ms Bishop about a post-ministerial appointment Timeline:

The following is a timeline of key events surrounding Ms Bishop’s appointment to the Board of Palladium:

26 August 2018	Ms Bishop resigns from the Ministry of the Australian Government.
November 2018	Two Directors of Palladium advise of their intention to retire from the Board in mid-2019 (retirement date was ultimately end of May 2019).
3 June 2019	Kim Bredhauer, Executive Chairman of Palladium, and Christopher Hirst, Chief Executive Officer of Palladium, agree to approach Ms Bishop about the possibility of joining the Board.
5 June 2019	Mr Bredhauer contacts Ms Bishop to ask if she would be interested in exploring an opportunity to join the Board as a Non-Executive Director. Mr Bredhauer had previously met Ms Bishop once when she was an opposition member of Parliament, prior to her becoming a Minister.
6 June 2019	Ms Bishop indicates she could be interested and a meeting is arranged to discuss the opportunity.
11 June 2019	Mr Bredhauer and Ms Bishop meet in Perth and discuss the company and the Non-Executive Director Role. During this meeting Ms Bishop made it very clear that she was limited in what she could do in adherence to the Ministerial Standards.
13 June 2019	Mr Bredhauer advises the current Board that he has met with Ms Bishop regarding a Non-Executive Director role and schedules a Board call to discuss.
13 June 2019	Ms Bishop confirms to Mr Bredhauer that she is interested in appointment as a Non-Executive Director.
21 June 2019	Mr Hirst and Mr Bredhauer have a conference call with Ms Bishop. This is Mr Hirst’s first interaction with Ms Bishop, and Ms Bishop immediately explains the requirements set out in the Ministerial Standards.
25 June 2019	Ms Bishop is sent a draft induction pack, which does not include a letter of appointment.
27 June 2019	Ms Bishop meets with Darryn Purdy, Executive Director of Palladium, and Ken Warriner, outgoing Chairman of the Board of Palladium, in Sydney to discuss Ms Bishop’s possible appointment. Three Non-Executive Directors join the discussion remotely: John Eales from Australia, Charlie Middleton from the United Kingdom and Alonzo Fulgham from the United States.
28 June 2019	Board meeting to officially confirm appointment. Board unanimously approves the appointment of Ms Bishop as a Non-Executive Director.
29 June 2019	Letter of appointment issued to Ms Bishop.
30 June 2019	Ms Bishop signs acceptance of appointment.
4 July 2019	Ms Bishop signs Directors consent and disclosure document.

The terms of Ms Bishop's appointment as a director

In accordance with the company’s Constitution, Ms Bishop will hold office until the next general meeting of the company. If elected at that meeting, Ms Bishop will hold office for a term of three years subject to the Constitution and the *Corporations Act 2001 (Cth)* (**Act**).

The specific terms of Ms Bishop's appointment are confidential as between Ms Bishop and the company. However, Ms Bishop's appointment is consistent with the other Non-Executive Directors of Palladium.


 *An outline of Ms Bishop's role as a director*

Ms Bishop's role is as an independent Non-Executive Director of the Board. The Board has ultimate responsibility for the strategic management and corporate governance of the company. The Board has otherwise delegated responsibility for the management of Palladium to the Executive Chairman, the Chief Executive Officer and executive management.

As a Non-Executive Director of Palladium, Ms Bishop is not an employee and not involved in the day-to-day management of the company. Ms Bishop is expected to participate as a member of the Board in accordance with the responsibilities and Role of the Board set out in the Company's Board Governance Policy. This includes matters such as:

- providing leadership and guidance on the strategic objectives of Palladium, as well as overseeing management's implementation of strategic objectives.
- approving business plans and operating budgets.
- monitoring the financial performance of the Company and approving major capital expenditure.
- Undertaking governance activities such as the appointment and assessment of senior officeholders, approving governance documents, and overseeing external audits.
- identifying significant risks to the Company and ensuring those risks are minimised or mitigated.
- ensuring proper reporting to the Australian Securities and Investments Commission and any other relevant statutory bodies.

As a Director of an Australian proprietary company Ms Bishop has certain legal duties and obligations under the Act, including to not improperly use her position or any information to gain an advantage for herself or someone else, or cause detriment to the company.

 *Details of internal arrangements the company has in place to ensure compliance with applicable codes of conduct including the post-ministerial employment requirements mandated in the Statement of Ministerial Standards*

Palladium's Directors are required to adhere with all company policy documents including the Board Charter and Code of Conduct, this is specifically articulated in their contracts. These documents are made available to Directors on commencement. They require that Directors observe and abide by all applicable laws and regulations, not use their authority for personal gain, and act in accordance with all legal and statutory requirements and duties.

Compliance is an element of assessment of Director performance.

To ensure compliance, regular training is compulsory taken by all employees and Directors. Non-compliant conduct is required to be reported through any available means. Failure to comply may result in disciplinary action including termination.

Ms Bishop has provided the undertakings under Paragraph 2.25 of the Ministerial Standards and is required to comply with them.

Palladium will not require Ms Bishop to lobby, advocate or have business meetings with representatives of the government, parliament, public service or defence force on any matters on which she had official dealings as a Minister in her last 18 months in office, in breach of the Ministerial Standards.

Palladium has not and will not require Ms Bishop to take personal advantage of information to which she had access as a Minister where that information is not generally available to the public.

In relation to whether Ms Bishop's appointment to the Palladium Board breaches the Ministerial Standards, Palladium refers the committee to the responses to the Committee of Dr Martin Parkinson dated 12 August 2019 and Ms Bishop dated 26 August 2019.

Please let me know if I can provide any further assistance to the Inquiry.

Yours sincerely

Christopher Hirst
Chief Executive Officer