

# Finance and Public Administration References Committee

## Questions on Notice

### Questions from Hansard – Department of Foreign Affairs and Trade

Question No.	Asked by	Question
1.	<p><b>Senator MCALLISTER,</b> Hansard, p. 20.</p>	<p><b>CHAIR:</b> What involvement did Ms Bishop, prior to her departure, have in the preparations for the Pacific step-up?</p> <p><b>Mr Gilling:</b> I'm afraid I do not know the precise details of her engagement. You mentioned that the policy was announced on 8 November. But, as you are also aware, the actual process of engaging more constructively and more fulsomely within the Pacific actually took place a couple of years before: Malcolm Turnbull as Prime Minister also announced some increased focus on the Pacific. So, over a period of about two years, during which Ms Bishop would have been part of cabinet, conversations would have taken place about government policy in the Pacific.</p> <p><b>CHAIR:</b> Right, and so she would have been involved in the development of policy proposals in relation to the Pacific. Was she involved in the development of any new policy proposals mentioned by the Prime Minister in the November 2018 media release?</p> <p><b>Mr Gilling:</b> I'm afraid I don't have that information.</p> <p><b>CHAIR:</b> Could you take that on notice, please, Mr Gilling?</p> <p><b>Mr Gilling:</b> Certainly.</p>
2.	<p><b>Senator MCALLISTER,</b> Hansard, p. 20.</p>	<p><b>CHAIR:</b> Can I ask in particular about an announcement that she made in July 2018 in relation to the Pacific Labour Scheme—there was a media release that went out on 1 July 2018—and it included the establishment of the Pacific Labour Facility. What connection did the Pacific Labour Facility have with Palladium?</p> <p><b>Mr Gilling:</b> My understanding is that Palladium won a contract to help support the delivery of the Pacific Labour Facility.</p> <p><b>CHAIR:</b> When did that contract commence?</p> <p><b>Mr Gilling:</b> I don't believe I have the details, but I can take on notice the precise dates involved—although they will be on AusTender, so they will be publicly available.</p> <p><b>CHAIR:</b> So the facility commenced on 2 October 2018, but you don't know when the contract commenced?</p> <p><b>Mr Gilling:</b> All of these processes would have had a range of steps and design processes in them that would be available in the office and that I could certainly get for you.</p> <p><b>CHAIR:</b> Did the contract commence during the period Ms Bishop was minister?</p> <p><b>Mr Gilling:</b> I'd have to take that on notice. My personal role doesn't involve management of that particular facility, so I'd have to take the specific dates on notice.</p>

3.	<p><b>Senator McALLISTER,</b> Hansard, p. 21.</p>	<p><b>CHAIR:</b> On 2 July she wrote a blog about the Pacific Labour Facility that was cross-posted to DFAT, and it includes a picture of a Palladium employee. Why was that picture selected by the department?</p> <p><b>Mr Gilling:</b> I'd have to take that on notice. If it was a blog about the program, then, if the company that was taking part in delivering that program was already selected, I could imagine why that would be shown.</p> <p><b>CHAIR:</b> Which I guess goes to the question you can't answer, and you've properly taken that on notice: I'm interested to understand whether that contract with Palladium was signed whilst Ms Bishop was the minister.</p>
4.	<p><b>Senator KITCHING,</b> Hansard pp. 21–22.</p>	<p><b>Senator KITCHING:</b> I just wanted to have an idea about what you were referring to. QON 89 from supplementary budget estimates 2018-19 goes to the Pacific Labour Facility. The total of that was \$16 million. When you're taking some of Senator McAllister's questions on notice, given that the department has been so kind as to provide the response to this QON in a table—that's a portfolio question number, and the QON number is 88, just so that it's clear—could you provide the committee with tables of other contracts that Palladium have in place with the department.</p> <p><b>Mr Gilling:</b> I could certainly do that, but I will just make the point that all of the contracts that are currently held by Palladium will be publicly available on AusTender.</p> <p><b>Senator KITCHING:</b> I understand, but I'm not sure they will have this level of detail.</p> <p><b>Mr Gilling:</b> I'll certainly do that.</p>
5.	<p><b>Senator KITCHING,</b> Hansard p. 22.</p>	<p><b>Senator KITCHING:</b>...I asked Mr Hirst about the new aid paradigm. That was a shift in policy. It was announced in 2014 that that would include an increased focus on the private sector. That's in Ms Bishop's address to the National Press Club on 18 June 2014. Palladium was one of the direct beneficiaries of the change in approach, wasn't it?</p> <p><b>Mr Gilling:</b> Well, Palladium remained a key supplier to the Australian government's development program, so in that respect it was a beneficiary, but I'm not sure if I understand your statement that it was specifically privileged.</p> <p><b>Senator KITCHING:</b> It was GRM. There was a ministerial submission dated 17 August 2012 where AusAID—well, there was a program that they were administering; that was subject to a comprehensive review. Then there was lots of evidence given, including by the director-general of AusAID, in May 2013, and then, in September 2013, AusAID was disestablished and its functions were returned to DFAT. But what I want to know, as to Palladium, is: given that AusAID had been disestablished, that obviously then increased the private contractors—and, indeed, Ms Bishop, in her speech, says: 'This means there must be a major role for the private sector in the development sphere.'</p> <p><b>Mr Gilling:</b> I see what you're saying.</p> <p><b>Senator KITCHING:</b> I'm happy to give you—her speech was the—</p> <p><b>Mr Gilling:</b> No, I understand what you are saying.</p> <p><b>Senator KITCHING:</b> So was Palladium a direct beneficiary in this change of approach?</p> <p><b>Mr Gilling:</b> With respect, I think you might be conflating the point about the private sector and applying that to Australian private-sector-led delivery agents and the broader point of the new paradigm that the foreign minister set, which was about the importance—sorry.</p> <p><b>Senator KITCHING:</b> So there was a new aid paradigm—</p>

		<p><b>Mr Gilling:</b> That's correct, yes.</p> <p><b>Senator KITCHING:</b> And—because, obviously, AusAID didn't exist anymore—there had to be delivery of foreign aid, so there must have been an increase. I mean, who else was delivering it, given that AusAID wasn't doing what it had been doing?</p> <p><b>Mr Gilling:</b> I see what you're saying. My interpretation of what actually happened was that AusAID was rolled into DFAT. The actual functions remained almost identical. I don't think there was an increase in the size of the aid program or a reduction in the size of it. So AusAID's disestablishment, as you put it, I don't think changed the way that the government delivered aid.</p> <p><b>Senator KITCHING:</b> So the amount of aid funding to private contractors did not increase?</p> <p><b>Mr Gilling:</b> I'd have to take that on notice, or I might check in my file. It's marginal. It has always been around 20 or 22 per cent, over about the last 10 years. It's gone up and down, and I think it's hard to make a concrete relationship between those two.</p>
6.	<b>Senator KITCHING,</b> Hansard p. 22.	<p><b>Senator KITCHING:</b> In relation to what I asked you to take on notice, in relation to the Palladium contracts, my understanding is that Palladium and a related company accrued over \$600 million in contracts during Ms Bishop's time as foreign minister. If you could come back to me and confirm, that would be useful.</p> <p><b>Mr Gilling:</b> Sure.</p>
7.	<b>Senator WATERS,</b> Hansard p. 23.	<p><b>Senator WATERS:</b> I have a few questions in a different direction from what's already been gone over. In general, what is the process the department has for ensuring that when former ministers may or may not contact the department they're engaged with in a manner that's consistent with the ministerial code?</p> <p><b>Mr Gilling:</b> If we're talking about the influence that they might exercise over procurement decisions—is that the main question?</p> <p><b>Senator WATERS:</b> Any contact at all, really—let's start with that one.</p> <p><b>Mr Gilling:</b> As I have mentioned before, because we're bound by the Commonwealth Procurement Rules, these require us to have in place systems that verify the due diligence, that conduct due diligence on the systems of the companies that we recruit. For example, if a former minister were to be engaged with that company, our due diligence checks would make sure that they had in place the mechanisms to handle any conflict of interest that may be perceived or otherwise.</p> <p><b>Senator WATERS:</b> Thanks for that, but my question was more: in what way has the department operationalised the ministerial standards, if at all? Does it have any processes to assist your minister and any senior folks to whom that might apply to comply?</p> <p><b>Mr Gilling:</b> I'm not aware of any specific provisions for that condition, but obviously the department is aware of them. I will take that on notice on the off-chance there are specific provisions that I'm unaware of.</p> <p><b>Senator WATERS:</b> I have a related question: when there's a new minister or a new term, do you brief the incoming minister on what their obligations are under the ministerial code?</p>

		<p><b>Mr Gilling:</b> As I think we heard from some of the evidence before, each minister receives that briefing not from the department but from other parts of government, whose role it is. I suspect that that's not specific to DFAT when a new minister comes in.</p> <p><b>Senator WATERS:</b> So DFAT doesn't have any of their own processes.</p> <p><b>Mr Gilling:</b> I'm unaware of that but I will take that on notice in case this is a gap in my knowledge rather than in the department's practice.</p>
8.	<p><b>Senator MCALLISTER,</b> <b>Senator KITCHING,</b> Hansard p. 24.</p>	<p><b>CHAIR:</b> I have another question for you to take on notice. Could you provide the committee with the value of DFAT contracts awarded to Palladium and its predecessor companies, including GRM, since 18 September 2013.</p> <p><b>Mr Gilling:</b> Yes, of course.</p> <p><b>CHAIR:</b> Thank you. I have a further question, which I think is an elaboration on the questions that Senator Kitching was asking earlier. In 2018-19, what percentage of the aid budget was awarded to private contractors and what was Palladium's share of that spend?</p> <p><b>Mr Gilling:</b> If you can bear with me, I'll see if I can find it in my—</p> <p><b>CHAIR:</b> Exhaustive folder!</p> <p><b>Mr Gilling:</b> Unfortunately, it's not in my exhaustive folder. I'll give you the precise numbers but, as I said earlier, typically managing contractors are responsible for delivering about 22 to 23 per cent of the program. I'm aware that, at the moment, Palladium is the third-largest contractor.</p> <p><b>Senator KITCHING:</b> Could you also take on notice what Palladium has received since the last election on 18 May.</p> <p><b>Mr Gilling:</b> What contracts has it won since the last election?</p> <p><b>Senator KITCHING:</b> Yes. I'd also be interested in the quantum.</p> <p><b>Mr Gilling:</b> We can provide that.</p>

### Written questions on notice – Department of Foreign Affairs and Trade

Question No.	Asked by	Question
9.	<b>Senator MCALLISTER</b>	<p>To assist Senators in the current inquiry, can the following further information please be provided by the Department of Foreign Affairs and Trade:</p> <p><i>A list of all departmental files and briefs that were submitted to Ms Bishop's office during her period as Foreign Minister which relate to the Government's Pacific Step Up, announced by Prime Minister Morrison in November 2018.</i></p>

**Senate Finance and Public Administration Reference Committee**  
Parliamentary inquiry into compliance by former Ministers of State with the  
requirements of the Prime Minister's Statement of Ministerial Standards  
2019 - 2020

**QUESTION ON NOTICE/ Spoken**

**QoN 001 – Parliamentary Inquiry – Hearing 05 September 2019**

**Topic: The Pacific Step Up and policy announcements made on 8 November 2018**

**Senator Jenny McAllister**

**Question**

McAllister: Mr Morrison issued a media release on 8 November 2018 that outlined the new package of measures associated with the step-up. This initiative would have taken some time to prepare; it went through the ERC, the National Security Committee and cabinet processes, I imagine?

Gilling: That's correct.

McAllister: What involvement did Ms Bishop, prior to her departure, have in the preparations for the Pacific step-up?

Gilling: I'm afraid I do not know the precise details of her engagement. You mentioned that the policy was announced on 8 November. But, as you are also aware, the actual process of engaging more constructively and more fulsomely within the Pacific actually took place a couple of years before: Malcolm Turnbull as Prime Minister also announced some increased focus on the Pacific. So, over a period of about two years, during which Ms Bishop would have been part of cabinet, conversations would have taken place about government policy in the Pacific.

McAllister: Right, and so she would have been involved in the development of policy proposals in relation to the Pacific. Was she involved in the development of any new policy proposals mentioned by the Prime Minister in the November 2018 media release?

Gilling: I'm afraid I don't have that information.

McAllister: Could you take that on notice, please, Mr. Gilling?

Gilling: Certainly.

**Answer**

Yes.

**Senate Finance and Public Administration Reference Committee**  
Parliamentary inquiry into compliance by former Ministers of State with the  
requirements of the Prime Minister's Statement of Ministerial Standards  
2019 - 2020

**QUESTION ON NOTICE/ Spoken**

**QoN 002 – Parliamentary Inquiry – Hearing 05 September 2019**

**Topic: Pacific Labour Facility**

**Senator Jenny McAllister**

**Question**

McAllister: Can I ask in particular about an announcement that she made in July 2018 in relation to the Pacific Labour Scheme—there was a media release that went out on 1 July 2018—and it included the establishment of the Pacific Labour Facility. What connection did the Pacific Labour Facility have with Palladium?

Gilling: My understanding is that Palladium won a contract to help support the delivery of the Pacific Labour Facility.

a) McAllister: When did that contract commence?

Gilling: I don't believe I have the details, but I can take on notice the precise dates involved —although they will be on AusTender, so they will be publicly available.

McAllister: So the facility commenced on the 2nd of October 2018, but you don't know when the contract commenced?

Gilling: All of these processes would have had a range of steps and design processes in them that would be available in the office and that I could certainly get for you..

b) McAllister: Did the contract commence during the period Ms. Bishop was minister?

Gilling: I'd have to take that on notice. My personal role doesn't involve management of that particular facility, so I'd have to take the specific dates on notice.

**Answer**

a) The contract with Palladium to deliver the Pacific Labour Facility was signed on 28 September 2018 and commenced on 2 October 2018.

b) No.

**Senate Finance and Public Administration Reference Committee**  
Parliamentary Inquiry into compliance by former Ministers of State with the  
requirements of the Prime Minister's Statement of Ministerial Standards  
2019 - 2020

**QUESTION ON NOTICE/ Spoken**

**QoN 003 – Parliamentary Inquiry – Hearing 05 September 2019**

**Topic: Pacific Labour Facility blog post by Ms Bishop**

**Senator Jenny McAllister**

**Question**

a) McAllister: On 2 July she wrote a blog about the Pacific Labour Facility that was cross-posted to DFAT, and it includes a picture of a Palladium employee. Why was that picture selected by the department?

Gilling: I'd have to take that on notice. If it was a blog about the program, then, if the company that was taking part in delivering that program was already selected, I could imagine why that would be shown.

b) McAllister: Which I guess goes to the question you can't answer, and you've properly taken that on notice: I'm interested to understand whether that contract with Palladium was signed whilst Ms Bishop was the minister.

Gilling: Certainly.

**Answer**

a) The worker was participating in the Pacific Microstates – Northern Australia Worker Pilot Program (NAWPP), the pilot program that led to the Pacific Labour Scheme.

b) No.

## **QUESTION ON NOTICE/ Spoken**

**004 – Parliamentary Inquiry – Hearing 05 September 2019**

**Topic: DFAT contracts with Palladium**

**Senator Kimberley Kitching**

### **Question**

Kitching: I just wanted to have an idea about what you were referring to. QON 89 from supplementary budget estimates 2018-19 goes to the Pacific Labour Facility. The total of that was \$16 million. When you're taking some of Senator McAllister's questions on notice, given that the department has been so kind as to provide the response to this QON in a table—that's a portfolio question number, and the QON number is 88, just so that it's clear—could you provide the committee with tables of other contracts that Palladium have in place with the department.

Gilling: I could certainly do that, but I will just make the point that all of the contracts that are currently held by Palladium will be publicly available on AusTender.

Kitching: I understand, but I'm not sure they will have this level of detail.

Gilling: I'll certainly do that.

### **Answer**

Information on contracts awarded by the Department of Foreign Affairs and Trade is publicly available on AusTender. As at 6 September 2019 Palladium International Pty Ltd had 30 active contracts with the Department.

AusTender provides information on the description of the contract, contract category, the start and end date of the contract, the date published and the value in Australian dollars.

More detailed information on tenders released by DFAT is available on the DFAT Business Notifications page (<https://dfat.gov.au/about-us/business-opportunities/Pages/business-notifications.aspx>).

**Senate Finance and Public Administration Reference Committee**  
Parliamentary inquiry into compliance by former Ministers of State with the  
requirements of the Prime Minister's Statement of Ministerial Standards  
2019 - 2020

**QUESTION ON NOTICE / Spoken**

**QoN 005 – Parliamentary Inquiry – Hearing 05 September 2019**

**Topic: Private contractor use for aid delivery**

**Senator Kimberley Kitching**

**Question**

Kitching: And—because, obviously, AusAID didn't exist anymore—there had to be delivery of foreign aid, so there must have been an increase. I mean, who else was delivering it, given that AusAID wasn't doing what it had been doing?

Gilling: I see what you're saying. My interpretation of what actually happened was that AusAID was rolled into DFAT. The actual functions remained almost identical. I don't think there was an increase in the size of the aid program or a reduction in the size of it. So AusAID's disestablishment, as you put it, I don't think changed the way that the government delivered aid.

Kitching: So the amount of aid funding to private contractors did not increase?

Gilling: I'd have to take that on notice, or I might check in my file. It's marginal. It has always been around 20 or 22 per cent, over about the last 10 years. It's gone up and down, and I think it's hard to make a concrete relationship between those two.

**Answer**

There has been no functional change in the way foreign aid is delivered since the integration of AusAID into the Department of Foreign Affairs and Trade. Commercial contractors have always played a role. Between 2008-09 and 2017-18 an average of 20 per cent of Official Development Assistance was spent through commercial contracts. The percentages over this period were as follows:

2008-09	24%
2009-10	22%
2010-11	17%
2011-12	16%
2012-13	19%
2013-14	21%
2014-15	19%
2015-16	20%
2016-17	21%
2017-18	23%

**Senate Finance and Public Administration Reference Committee**  
Parliamentary inquiry into compliance by former Ministers of State with the  
requirements of the Prime Minister's Statement of Ministerial Standards  
2019-2020

**QUESTION ON NOTICE / Spoken**

**006 – Parliamentary Inquiry – Hearing 05 September 2019**

**Topic: Palladium contracts with DFAT from 2013 to 2018**

**Senator Kimberley Kitching**

**Question**

Kitching: In relation to what I asked you to take on notice, in relation to the Palladium contracts, my understanding is that Palladium and a related company accrued over \$600 million in contracts during Ms Bishop's time as foreign minister. If you could come back to me and confirm, that would be useful.

Gilling: Sure.

**Answer**

Commercial contractors are key partners in the delivery of Australia's aid program, and contract tenders are done in accordance with Commonwealth procurement rules. As reported on AusTender, 51 contracts worth around \$582.9 million were awarded to Palladium International Pty Ltd between 18 September 2013 and 28 August 2018. The contracts awarded to Palladium over this period provided essential technical expertise across priority sectors of the Australian aid program, including education and scholarships, infrastructure, agriculture and climate change.

**Senate Finance and Public Administration Reference Committee**  
Parliamentary inquiry into compliance by former Ministers of State with the  
requirements of the Prime Minister's Statement of Ministerial Standards  
2019 - 2020

**QUESTION ON NOTICE/ Spoken**

**QoN 007 – Parliamentary Inquiry – Hearing 05 September 2019**

**Topic: Statement of Ministerial Standards**

**Senator Larissa Waters**

**Question**

Waters: Thanks for that, but my question was more: in what way has the department operationalised the ministerial standards, if at all? Does it have any processes to assist your minister and any senior folks to whom that might apply to comply?

Gilling: I'm not aware of any specific provisions for that condition, but obviously the department is aware of them. I will take that on notice on the off-chance there are specific provisions that I'm unaware of.

Waters: I have a related question: when there's a new minister or a new term, do you brief the incoming minister on what their obligations are under the ministerial code?

Gilling: As I think we heard from some of the evidence before, each minister receives that briefing not from the department but from other parts of government, whose role it is. I suspect that that's not specific to DFAT when a new minister comes in.

Waters: So DFAT doesn't have any of their own processes.

Gilling: I'm unaware of that but I will take that on notice in case this is a gap in my knowledge rather than in the department's practice.

**Answer**

The Ministerial Guidelines are a matter for the Prime Minister.

**Senate Finance and Public Administration Reference Committee**  
Parliamentary inquiry into compliance by former Ministers of State with the  
requirements of the Prime Minister's Statement of Ministerial Standards  
2019 - 2020

**QUESTION ON NOTICE / Spoken**

**QoN 008 – Parliamentary Inquiry – Hearing 05 September 2019**

**Topic: Value of contacts awarded by DFAT to Palladium since 2013**

**Senator Jenny McAllister**

**Question**

a) McAllister: I have another question for you to take on notice. Could you provide the committee with the value of DFAT contracts awarded to Palladium and its predecessor companies, including GRM, since 18 September 2013.

Gilling: Yes, of course.

b) McAllister: Thank you. I have a further question, which I think is an elaboration on the questions that Senator Kitching was asking earlier. In 2018-19, what percentage of the aid budget was awarded to private contractors and what was Palladium's share of that spend?

Gilling: If you can bear with me, I'll see if I can find it in my—

McAllister: Exhaustive folder!

Gilling: Unfortunately, it's not in my exhaustive folder. I'll give you the precise numbers but, as I said earlier, typically managing contractors are responsible for delivering about 22 to 23 per cent of the program. I'm aware that, at the moment, Palladium is the third-largest contractor.

McAllister: Thanks very much, Mr. Gilling. Any further questions?

c) Kitching: Could you also take on notice what Palladium has received since the last election on 18 May.

Gilling: What contracts has it won since the last election? Kitching: Yes. I'd also be interested in the quantum. Gilling: We can provide that.

**Answer**

a) Commercial contractors are key partners in the delivery of Australia's aid program, and contract tenders are done in accordance with Commonwealth procurement rules. Information on contracts awarded by the Department of Foreign Affairs and Trade is publicly available on AusTender. As reported on AusTender, 72 contracts worth around \$777.6 million were awarded to Palladium International Pty Ltd (including its predecessor company GRM) between 18 September 2013 and 6 September 2019. The contracts awarded to Palladium over this period provided essential technical assistance across priority sectors of the Australian aid program, including education and scholarships, health, infrastructure, agriculture, climate action and humanitarian responses.

b) Data is not yet available for 2018-19.

**Senate Finance and Public Administration Reference Committee**  
Parliamentary inquiry into compliance by former Ministers of State with the  
requirements of the Prime Minister's Statement of Ministerial Standards  
2019 - 2020

c) As reported on AusTender, four contracts worth around \$7.5 million were awarded to Palladium International Pty Ltd between 18 May 2019 and 6 September 2019. The major contract awarded to Palladium over this period is to support the Government of Nauru to tackle non-communicable diseases.

**Senate Finance and Public Administration Reference Committee**  
Parliamentary inquiry into compliance by former Ministers of State with the  
requirements of the Prime Minister's Statement of Ministerial Standards  
2019 - 2020

**QUESTION ON NOTICE/ Written**

**QoN 009 – Parliamentary Inquiry – Hearing 05 September 2019**

**Topic: Departmental files and briefs on the Pacific Step Up**

**Senator Jenny McAllister**

**Question**

To assist Senators in the current inquiry, can the following further information please be provided by the Department of Foreign Affairs and Trade:

A list of all departmental files and briefs that were submitted to Ms Bishop's office during her period as Foreign Minister which relate to the Government's Pacific Step Up, announced by Prime Minister Morrison in November 2018.

**Answer**

The following ministerial submissions were provided to Ms Bishop's office in relation to the announcements made by Prime Minister Morrison in November 2018 regarding Australia's Pacific Step-up:

- on 20 January 2017, 'Pacific Strategy - Initial implementation in 2017';
- on 3 April 2017, 'Stepping-up Australia's Pacific engagement: Outreach and next steps';
- on 14 June 2017, 'Expanding Pacific Access to Australia's labour market';
- on 29 June 2017, 'Stepping-up Australia's Pacific engagement: Communications and stakeholder outreach';
- on 16 March 2018, 'Pacific School Partnerships';
- on 10 April 2018, 'Update on Australia-Pacific Security College'; and
- on 10 May 2018, 'Agreement to fund an expanded Pacific Information Sharing Network (Pacific Fusion Centre)'.