

13 September 2019

Ms Ann Palmer
Secretary
Senate Finance and Public Administration References Committee
PO Box 6100, Parliament House Canberra ACT 2600
Tel: (02) 6277 3439 Fax: (02) 6277 5809
Email: fpa.sen@aph.gov.au

Dear Ms Palmer,

Please find in this letter information in response to the questions taken on notice during my evidence in the hearing on 5 September 2019:

1. UK Parliamentary Inquiry

Senator KITCHING: *Mis Bishop said earlier that she would see her role concerning accountability and governance, and some strategy as well. Have you had to improve your governance and accountability due to problems you've had, such as those that were highlighted by the UK parliamentary inquiry?*

Mr Hirst: *I don't know of any problems in our governance that were highlighted by the UK parliamentary inquiry.*

Senator KITCHING: *That was around the skimming of foreign aid money by your company to the tune of many millions of dollars – 13 million pounds, I think it might have been. So you haven't sought to improve any of your governance or accountability standards post that inquiry?*

Mr Hirst: *I have no knowledge of any inquiry into us around skimming.*

...

Mr Hirst: *I am happy to take it on notice and come back to you.*

Palladium is not aware of any UK Parliamentary Inquiry highlighting problems with Palladium's governance and accountability or the other very serious matters asserted by Senator Kitching.

Palladium is aware of a 2017 report by the UK International Development Committee on DFID's use of private contractors across the industry. Palladium is also aware of a 2013 report by the Independent Commission for Aid Impact on the same subject, which found that contractors are an effective option for delivering aid at competitive rates.

We have reviewed the report from each inquiry and neither supports the very serious allegations raised at the hearing. Palladium is an industry leader in governance and accountability, and one of the UK government's most trusted suppliers.

I would welcome the committee clarifying the Inquiry to which the Senator was referring, or any other basis for these allegations, so that we may respond in a more informed manner.

2. Shift from AusAID to DFAT

Senator KITCHING: *I'm looking at a speech that Ms Bishop gave in June 2014, which related to what was called 'the new aid paradigm'. At that point you must have thought to yourself, 'This is good. AusAID is rolled back into the department. There might be more opportunity for Palladium.' Is that correct?*

Mr Hirst: *No, I don't think that's correct—*

Senator KITCHING: *Just for my colleagues' edification: GRM changed its name to Palladium in 2015. Did you then target DFAT? Because, obviously, the foreign aid was now no longer being done by AusAID, did you then target DFAT at that point, to increase—*

Mr Hirst: *From my recollection, when it was announced that AusAID was being rolled into DFAT our broad perception was of disappointment, because we have a very strong focus on creating development and we had concerns that the focus on development might reduce. So it was not what you're suggesting—*

Senator KITCHING: *But the quantum of the money you received in DFAT increased. Is that correct?*

Mr Hirst: *I had a look at this the other day, and I don't have the figures to hand, but—*

Senator KITCHING: *Could you take it on notice? If you could take that on notice, Mr Hirst, that would be very helpful.*

The shift from AusAID to DFAT did not result in a material increase in business for Palladium. For our DFAT business, we had an average annual increase in our revenue of less than 5% between 2013 and 2018.

It is also worth noting that Ms Bishop's June 2014 speech "The new aid paradigm" was clear that aid programs would continue to be delivered in the most effective and efficient way, as had been the goal under AusAID. In Ms Bishop's words:

"The performance framework that I will announce today is agnostic about how aid is delivered, other than to ensure it is effective and efficient and we partner with the most effective organisations that have the capability to achieve the best possible results."

3. Code of Conduct Systems

Senator ROBERTS: *Mr Hirst, would it be possible to get a copy of the systems and standards from your code of conduct—not the broad principles that are implicit in the code of conduct but the specific systems and standards that make it rigorous and enforceable?*

Mr Hirst: *I can have a look at what we can do. I'm just thinking of how it can work, because a lot of it's IT-based platforms. So I can take it on notice, and I'm happy to look at what we have.*

There are a variety of mechanisms in place to support adherence to our Code of Conduct.

All employees sign the Code of Conduct following a comprehensive training session, which they must repeat on an annual basis.

A Business Partner Code of Conduct is applied to our external partners.

Our Whistle-Blower hotline facilitates the reporting of any possible illegal, unethical, or improper conduct. It is available to be used by our own people, as well as clients, contractors, suppliers, and anyone else who encounters us.

Various procedures exist for dealing with breach of policies (including the Code of Conduct), allegations of fraud or misconduct, and responding to whistle-blower allegations.

Our policies can be found on our [website](#).

4. Previous Board Minutes

Senator KITCHING: *I think in your second submission you say that Ms Bishop was given an induction pack.*

Mr Hirst: *Correct.*

Senator KITCHING: *Does that contain any minutes of previous board meetings, either draft or passed?*

Mr Hirst: *I'll have to take that on notice. I'm 99 per cent sure it's not in the induction pack, but I'm pretty sure she's given access to board minutes through the online minutes portal we use.*

Minutes from previous Board meetings were not included in Ms Bishop's induction pack. Ms Bishop has access to previous minutes through our online portal, and her access was set up on 22 July 2019.

Sincerely,

Christopher Hirst
Chief Executive Officer
Palladium