

## **Appendix 3**

**Transcript of Public Hearing  
Held in Parliament House, Canberra**

**Friday 11 May 2012**





COMMONWEALTH OF AUSTRALIA

# Proof Committee Hansard

## SENATE

COMMUNITY AFFAIRS LEGISLATION COMMITTEE

**Indigenous Business Australia**

(Public)

FRIDAY, 11 MAY 2012

CANBERRA

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**SENATE**  
**COMMUNITY AFFAIRS LEGISLATION COMMITTEE**  
**Friday, 11 May 2012**

**Members in attendance:** Senators Heffernan, Moore, Scullion and Siewert.

**Terms of reference for the inquiry:**

To inquire into and report on:  
Indigenous Business Australia

**WITNESSES**

**BATOR, Mr Leo, Chief Operating Officer, Indigenous Business Australia ..... 1**

**FRY, Mr Chris, Chief Executive Officer, Indigenous Business Australia ..... 1**

**GOWANS, Ms Kirsty, General Counsel, Indigenous Business Australia ..... 1**

**BATOR, Mr Leo, Chief Operating Officer, Indigenous Business Australia**

**FRY, Mr Chris, Chief Executive Officer, Indigenous Business Australia**

**GOWANS, Ms Kirsty, General Counsel, Indigenous Business Australia**

**Committee met at 08:36**

**CHAIR (Senator Moore):** Good morning. There is quite a significant opening statement, which I am going to read because of the process we are involved with in this hearing. I declare open this public hearing. The Senate community affairs legislation committee is inquiring into the administration of Indigenous Business Australia in relation to certain evidence given to the Senate community affairs Committee. Today is the committee's only scheduled public hearing for this inquiry.

This is not an estimates hearing; it is a hearing convened under standing order 25(2) examining the administration of an agency. The committee has agreed that it is confined to examining claims made in correspondence received by the Clerk on 5 April, 2012 referred to in this committee and available to everybody. You have all seen the letter that is being referred to.

These are public proceedings; however, the committee may agree to have some of its evidence heard in camera, if requested. A witness requesting that proceeding be held in camera should state the reason for that request and the committee may also at any time decide to take evidence in camera. I remind the witnesses that in giving evidence to the committee they are protected by parliamentary privilege. It is unlawful for anyone to threaten or disadvantage a witness on account of evidence given to a committee and such action may be treated by the Senate as a contempt. It is also a contempt to give false or misleading evidence to a committee.

If a witness objects to answering a question, the witness should state the ground upon which the objection is taken and the committee will determine whether it will insist on an answer, having regard to the ground which is claimed. If the committee determines to insist on an answer, a witness may request that the answer be given in camera. Such a request may also be made at any time.

Welcome and thank you for making yourselves available for this meeting. I believe you are familiar with information on parliamentary privilege and the protection of witnesses. Should you require further information, you may ask the secretariat. I remind witnesses that the senators resolve that an officer of a department of the Commonwealth or of the state shall not be asked to give opinions on matters of policy and should be given reasonable opportunity to refer questions asked of the officer to superior officers or to a minister. That reminder should be given to the senators as well. This resolution prohibits only questions asking for opinions on matters of policy and does not preclude questions asking for explanations of policies or factual questions about when or how policies were adopted.

The committee thanks you for your correspondence and has received the report by Deloitte regarding matters that were being considered by the committee. I now invite you to make a short opening statement. Mr Fry, I believe you are going to do that. At the conclusion of your remarks, we will have questions from the committee. Thank you.

**Mr Fry:** Thank you, Senators, for the opportunity to present before you. Firstly, I wish to clarify two points I made in my prior appearance before this committee at the last Senate estimates on 17 February. I talked about two elements, the first one being that approximately 12 people attended the Gold Coast conference that was being questioned at the time, whereas Deloitte's list 20 people who actually attended. I can confirm my answer, to the best of my knowledge at the time, recalling the layout of a large room to which I was presenting. Also at that time, our legal people were having a side meeting for some of the time of the conference. Secondly, I said that the conference was held over two days, whereas the agenda, subsequently I have been able to determine, states it was over two full conference days, and the third day consisted of a summary and a team-building exercise. I was not present on the third day at all.

Also, with regard to the subsequent question on notice 321: IBA answered this question as presented but, on further reflection on Senator Scullion's question as recorded in *Hansard* and from my reading of that again in recent days, the question may have been in relation to the costs associated directly with the conference on the Gold Coast. If so, then these answers are captured in the independent Deloitte report, or I can provide that data separately.

I am somewhat new to the Public Service after 25 years in corporate life. In all my presentations before this committee I have answered the questions to the best of my knowledge in a truthful and constructive way, based on the best of the knowledge at the time. I recognise that the role of the Senate estimates committee is to seek answers and transparencies to the operations of public agencies. I have not sought to defer any of my answers to

questions on notice if I believed I could answer them in a constructive and truthful way. However, I do apologise to the committee for having to make those two minor adjustments. I have not updated the committee prior to this date because I was awaiting the release of the Deloitte's independent report which occurred on Wednesday of last week.

I understand this committee is meeting to deal with some serious allegations that I misled the committee in my knowledge of what happened at the Movie World team activity. The allegations are contained in an anonymous letter, and that letter contains a series of untruths and no supporting evidence. This, I believe, was found on the basis of the independent Deloitte's report.

I stand by the evidence I gave to the committee at the time, and I can advise the committee that IBA, for longer than 12 months, has had an independent and confidential whistleblower hotline. Not one person has raised any of the allegations through this independent hotline over this time. Following the first allegation letter, all staff received an email from our chief operating officer, Mr Bator, inviting them to list any concerns either with the independent whistleblower hotline or by speaking directly to the Deloitte's investigating team. Names and contact details for that investigating team were provided to staff. Our chief operating officer also spoke to almost all staff advising them of the same.

Over a three-week investigation by the Deloitte's audit team, neither any of our staff nor other parties spoke to either the whistleblower hotline or the Deloitte's team. This evidence clearly demonstrates that the writer of the anonymous letter does not have the majority of staff support as claimed, and also lacks the courage of their convictions to discuss their concerns or provide any evidence.

In addition to the key allegations found to have no substance by Deloitte's, I can also confirm that, contrary to what is in the allegation letters, there has been no witch-hunt to find the author of these letters. Not one person has been interviewed, and there have been no investigations of staff emails and phone records. However, we have taken this moment and I have encouraged our executive to use these allegations and this moment in time with IBA to reflect on how we can further improve our operations. To this end, we now have a formal policy with regard to all team-building and conference activities that requires the chief operating officers to provide oversight to ensure that there is consistency and appropriateness in all program areas. We have also identified the need to better communicate the board's decisions and strategic decisions to all staff. The IBA board has now engaged Deloitte's to undertake a further review of our governance framework as part of an ongoing governance review. Like the first Deloitte's report, this subsequent report will be publicly viewed.

Finally, I wish to reiterate that I did not mislead this committee. The forensic investigators found no evidence of this. Further, not one staff member has taken the opportunity to raise concerns.

**CHAIR:** Before I go to Senator Scullion—as you know, his concerns have been raised in this committee—I want to put on record that I am very disturbed about the process of anonymous letters. It is not a process I appreciate in terms of getting information shared. But as the anonymous letter was directed to the Clerk it reached the status where our committee needed to respond to it. I just wanted to make that statement.

**Senator SCULLION:** Mr Fry, Ms Gowans and Mr Bator, thanks very much for all the effort you have put into this and thanks for appearing here today. I want to make a couple of things clear. The Chair indicated before that the nature of this inquiry is not to determine whether or not there has been a breach in the CAC Act. That is a matter for a different forum. It is a matter for the minister, and that is why she wrote to Deloitte's to have that inquiry. I am here to determine if the evidence you provided to the committee and to me primarily and, from there, to the Senate on 17 February regarding the itinerary and the cost of the October 2011 IBA investment branch conference that was held on the Gold Coast and also on the approval process of the investment into the Tjapukai tourist attraction near Cairns was correct or not.

Whilst we have had some opening remarks from the Chair that indicate the process of the committee, I will just remind you that this is really being held as a consequence of a letter to Dr Rosemary Laing, the Clerk of the Senate, on 3 April. I wrote to the Clerk asking about the actual convention regarding the giving of false or misleading evidence and the Clerk's response was: 'Your understanding of the convention is correct. Witnesses who have given false or misleading evidence to a committee should correct it as soon as possible. This is a requirement of the Senate, which has declared in privilege resolution 6 that "a witness before the Senate or a committee shall not give any evidence which the witness knows to be false or misleading in a material matter or which the witness does not believe on reasonable grounds to be true or substantially true in every particular."'

I wrote to you, Mr Fry, as you would be aware, on 19 March. It was a letter basically giving you an opportunity. I indicated that I would raise a number of issues and that I had sent a letter to Ms Macklin and, as a matter of courtesy, I advised you that I would be speaking about some of those matters on Friday, 1 June, which I



will be. I also said you had an opportunity to supply any other information, clarification or corrections that you were able to. That was on 19 March. You wrote back on 2 May, saying: 'Thank you for your letter,' and you summarised what you have told us this morning—that Deloitte's report found no evidence to support the allegations. You went on to say that you would be delighted to tell me about the important work that IBA does and how you create wealth and accumulate assets et cetera. Thank you for that letter.

What I would like to do is go through some things in the *Hansard*. You have dealt with a couple of matters, and we can just crystallise those. I asked you on page 55 of the *Hansard*—this was all from the same day—on how many days that meeting was held. You said:

... our investment areas have an annual review and, from memory, that went over two days.

I understand you have corrected the record now and it was, in fact, according to the evidence provided in the investigation, four days and three nights. That is on the *Hansard* record in your correction this morning. So you have corrected the record to that extent. Was that four days and three nights?

**Mr Fry:** I may have a different page numbering here, Senator.

**Senator SCULLION:** This is the *Hansard*, page 55. I was just taking a direct quote from it. That was the question about how many days was that meeting held over.

**Mr Fry:** I recognise that, Senator. I am just making sure that I have the correct context because my page numbers are different.

**Senator SCULLION:** We do sometimes have that challenge, depending on how you actually print it out of *Hansard*. If you can just take the quote that starts, 'Over how many days was that meeting held?'. You then said:

The planning meeting you are referring to ... our investment areas have an annual review and, from memory, that went over two days.

You brought up exactly the same reference this morning. There was only one reference.

**Mr Fry:** With regard to my answer in *Hansard* on 17 February, I referred that from my memory, that it was over two days.

**Senator SCULLION:** That is fine. So you are taking the opportunity to correct the record.

**CHAIR:** What exactly did you correct this morning?

**Mr Fry:** This morning I said it was over a full two conference days, and the third day was a summary day and team-building activity.

**Senator SCULLION:** Thanks very much for correcting the record. I then went on to ask about the other 12-person meeting and where that was held. You told me:

That was held on the Gold Coast, because we were bringing in members from Brisbane, Sydney and Canberra. It proved to be the most economical solution, both by cost of transport and by cost of accommodation in the down season. It was significantly cheaper than a lot of other options that we looked at.

I said:

What was the total number of staff that attended that particular planning meeting?

You said, '12'. I understand this morning that you have now corrected that to 22. Is that what you said this morning?

**Mr Fry:** If I can refer to the Deloitte Appendix J, from memory, I think they have identified 20 people in that reference.

**Senator SCULLION:** I am not interested in what the Deloitte report indicated. I would like to know from your record: you have indicated that 22 people from IBA attended. Is that correct?

**Mr Fry:** Over the space of the full two working days of the conference I understand there were 22 people. That is not to say all of them were present at the time at which I was presenting.

**Senator SCULLION:** That is okay, that is just a number. So you are taking the opportunity to correct that record. I went on to say:

I have to say that I am a bit surprised. If seven out of the number actually live in Canberra, one would have thought there would be significant savings.

You went on to say:

I share your surprise, because I was at the time, and I questioned it. I actually got it quantified.

I said:

Can you tell me the cost of this planning meeting? There are a number of them over time, and you will be able to break those down for me. This is one you had mentioned, so I am just trying to get some detail.

If we can just deal with the statement you made with regard to the relative costings that you had done to compare the costs of a conference in Canberra and a Gold Coast conference. Do you stand by the statement that you made to me that you had the relative costs of Canberra and Gold Coast conferences quantified?

**Mr Fry:** If I can clarify that, Senator: similar to my understandings and recollections at the time I gave the answer, I certainly recall speaking to Mr Smith prior to the conference with regard to questioning him on what was the most cost-effective solution for the conference. He then advised me that he had looked at a range of different options. In that conversation I also queried him about whether he had assessed Canberra as an option. I asked him to go away and determine some costings on that basis. He gave me a call, which from memory was the subsequent day, and said that he had concluded that investigation.

**Senator SCULLION:** Did you see the figures?

**Mr Fry:** No.

**Senator SCULLION:** The figures for the comparative analysis. If people do a comparative analysis there should be a budget with the relative comparison, which should be straightforward for you to understand as the CEO of IBA, with the sorts of credentials that you bring with you. I understand there were a number of venues. That would normally have been how Mr Smith would have evaluated something. He would have looked at the costs associated with each of the venues. I noticed in the Deloitte report that you provided a financial analysis to Deloitte and there is a framework that has been provided to them that I assume reflects the workings that you were referring to.

**Mr Fry:** To answer your question specifically: at the time, speaking to Mr Smith before the conference, I did not view or seek the actual figures. I make the point that Mr Smith is a senior executive in the organisation of over 10 years standing. He is well considered internally and externally for his professionalism. I had no reason to investigate further, given that it was within his delegation.

**Senator SCULLION:** You are standing by the assertion that the relative costs of Canberra, versus the Gold Coast, which is my question, have been quantified and that you have said, 'Yes, that's the case.' You have indicated—I have asked you whether you saw the figures—

**Mr Fry:** I did not see them.

**Senator SCULLION:** You did not see them. Do you know whether the figures that were provided to Deloitte are the figures under which Mr Smith took the advice to you?

**Mr Fry:** From the moment of the call, or the suggestion, in fact, that an investigation be conducted into these anonymous allegations I removed myself in all respects from the process and handed it over to Mr Bator, who had the discussions and engagements with Deloitte. With regard to having knowledge of how those figures were determined with respect to the Deloitte report, I have no knowledge.

**Senator SCULLION:** The information that is given to Deloitte indicates:

The original cost comparisons had been prepared by Mr Smith and Ms Poulos. See table below for budget comparisons for the suggested locations.

That is on page 18 of the Deloitte report. We have a copy of those figures. In fact, the figures indicate that the Gold Coast does come up cheaper, as Mr Smith would indicate. There seem to be a couple of anomalies in there. The Gold Coast does not have a day rate and is the only destination out of the five—Gold Coast, Alice Springs, Townsville, Cairns and Canberra—that does not have a day rate. In the key points to the table it is noted that Mr Smith did not include a day rate in the amount for Gold Coast preliminary costings: 'with hindsight maybe I should have included it'. We understand from the report that if he had included it in the costings the Gold Coast would not have been the cheapest, would it, Mr Fry?

**Mr Fry:** With regard to the scope of this inquiry and my answers, I think we are getting into details, with respect—

**Senator SCULLION:** I do not need you to answer the question; it was a rhetorical question. That exactly sets out the case. I just thought you had familiarised yourself with the report and its key findings. I will go now to the original cost comparisons, which have been provided in the report. They are the cost comparisons that were done before I spoke to you at Senate estimates. That is an important point, because this table reflects the cost comparisons. These were done then and you had made a decision, or you had satisfied yourself that Mr Smith had done these figures. Have you looked at these figures since? I take it you have read this report, Mr Fry.

**Mr Fry:** I have read this report.

**Senator SCULLION:** Because the day rate has been left out the Gold Coast is immediately the cheapest. But it is interesting that you can flick through anywhere you like in the costings, whether it be for accommodation, dinner or car hire, and see that the figures given are rounded off to figures of 10—for example, \$6,864, \$4,410, \$2,970—except for the Canberra ones, which are rounded off in thousands. Being a forensic sort of individual who looks at budgets and those sorts of things and given that you had made to this inquiry a submission that this work was done prior to my speaking to you, didn't the fact that those figures had been rounded off to thousands rather than the remainder jump out at you and cause you to wonder why that might have been the case?

**Mr Fry:** If I can clarify and reiterate what I may not have said as clearly as I hoped earlier in this response, Mr Smith advised me verbally via the phone that he had looked at a range of options in regard to different locations. I think that was subsequently supported by the evidence in the Deloitte report. In that same telephone conversation, prior to the conference, I then said to him that I also wanted him to look at the Canberra option. That is not to say that my thinking at the time was that we were necessarily going to Canberra, but I wanted him to assess that. He subsequently—I believe it was the next day—came back to me and said he had done some figures with regard to the Canberra option, and he assured me that the Gold Coast was still cost-competitive.

**Senator SCULLION:** Obviously you are saying you did not see the Canberra figures, and you have just taken the work.

**Mr Fry:** Yes, it was within his delegation and his prior standing in the organisation.

**Senator SCULLION:** I understand that clearly. Subsequent to that, you have looked at these figures. The Canberra figures are \$9,000 for accommodation—that is more than any other venue—yet only five staff attending this conference were from outside Canberra. In the Gold Coast you managed to accommodate 21 people for \$7,875, but on the Canberra figures that were provided to you, which were provided as the basis for why we made that decision, we have \$9,000 for accommodation for five people in Canberra. What did you say to Mr Smith about that?

**Mr Bator:** Perhaps I could help with that. My long experience in holding conferences in Canberra and throughout Australia would be that, where you do have a conference in Canberra, you encourage people to stay overnight. The reason for that is that you can continue working into the evening, you have people there in the morning and you have an audience ready to work. If the concern there is that perhaps the accommodation cost in Canberra is higher, that is true: accommodation costs in Canberra are higher. If your concern is that we probably accommodated people who live in Canberra, experience is—you will find this throughout the Public Service—that by and large they will ask people to stay overnight for the range of reasons that I have outlined.

**Senator SCULLION:** My questioning is not about how well you spent the money—we might get to that in a moment. This is a table that was apparently prepared before estimates. What this table does is tell you two things. First of all, it is a comparative analysis: which is going to be cheapest? Mr Fry agreed with me about how surprised I was that it is cheaper for everybody to fly to the Gold Coast and have a conference there than it was to have it in Canberra. Clearly, from the Canberra figures—\$9,000 for accommodation and the rounding off in the figures—this looks to me like a comparative analysis that was done post estimates. This has been done specifically to say, 'The Gold Coast is the place to go, because we've fudged the figures.' Canberra has just been added as an option later, because all of the figures for the Gold Coast, Alice Springs, Townsville and Cairns are to the nearest \$10 while Canberra is to \$1,000. Surely you must see that, Mr Fry.

**CHAIR:** That is a specific allegation, Senator—

**Senator SCULLION:** It is indeed, and I wonder if you can respond to that.

**CHAIR:** I am sorry, Senator. I was speaking, and I prefer to have my words finished before you start—and the same with the witnesses. That is a specific allegation, and you understand—I just want to make this really clear—that that is the first time this allegation has been made. Now it has been made, so I call on whoever is going to answer that question.

**Senator HEFFERNAN:** Can I just say for the record—because I have to go to the Main Committee Room—that I have some evidence that is going to put a few people out of business when I put it to the committee.

**CHAIR:** Senator, this may or may not be the place for that evidence to be brought forward. The reason for this inquiry is quite specific, and if that evidence relates to the questions we have on record then I will take it. If not, it goes to another forum. Now I call on whoever is going to answer the allegation made by Senator Scullion about the creation of the figures.

**Mr Fry:** Can I just ask you, for clarity, to—

**Senator SCULLION:** What I am saying is that at estimates you said you had asked Mr Smith. Mr Smith had prepared a comparative analysis between the Gold Coast and Canberra. You have said you have spoken to Mr Smith, and Mr Smith relied upon that. The information that has now been given to Deloitte's is the table before us in the report. What I am saying is that there seem to be some issues within this that would point out that this was actually created after the event; this is not something that was created for the event. No doubt you have read that financial analysis, and the key dot point from the Deloitte's report was:

- Mr Smith said that even though the cost to hold the conference in Canberra was likely to be the cheapest he took the decision to hold the conference on neutral ground

Did Mr Smith share that with you as part of the discussion that you said you had, Mr Fry?

**Mr Fry:** With regard to the discussion I had with Mr Smith prior to the conference, I did not see or see the need for those figures. In the words you said to me previously, I said I was surprised. I was surprised at that time because I questioned Mr Smith on the basis of, I recall, how the two compared. He said he was able to negotiate a deal very favourably with the Gold Coast option, which I recall came in at \$125 a night. That was the end of my further investigation given that Mr Smith has the authority for the conference and, I took it, had done due diligence.

**Senator HEFFERNAN:** Perhaps you should have said that upfront.

**Senator SCULLION:** Mr Smith has given evidence to Deloitte's and he has said that even though the cost to hold the conference in Canberra was likely to be the cheapest that was all rubbish. That is what he has said. That is the evidence he has given. It is written in the report as a key note. So he had said that, and he has given evidence that, he believed the conference in Canberra was likely to be the cheapest. You are telling me you had a discussion with him before the conference and he indicated that the Gold Coast was the cheapest. So what he has told you specifically, and what you have said in evidence, and what you are telling me, is that the evidence that he gave you and the evidence that he gave Deloitte's was completely different—180 degrees in the other direction.

**Ms Gowans:** Mr Fry has answered a number of times that the evidence he gave about the inquiries he made in relation to the costings of the conference—he has given his evidence a number of times—is correct, and it is shown to be correct by an independent investigative report that shows he did in fact make those inquiries of Mr Smith. You are asking now about how Mr Smith calculated his figures. That is not a matter we have informed ourselves of today.

**Senator SCULLION:** I am sorry, Ms Gowan, that is not the question. I will clarify the question again. Mr Fry gave evidence to me and has said again today that he relied on a conversation with Mr Smith that the Gold Coast was the cheapest option, and he relied on the fact that Mr Smith had given him evidence that he had quantified that, through a table. What I am saying is that Mr Smith has given evidence since then that before the conference—and I will quote again—even though the cost to hold the conference in Canberra was likely to be cheaper he took another decision. That statement reflects a position of a decision on the conference, so that would have been before the estimates process. So Mr Smith would have been aware of that comment when he had the discussion with Mr Fry. I am simply asking for a response from Mr Fry. He has told me that the nature of the discussion he had with Mr Smith was that Canberra was the cheapest. Mr Fry is telling me that his reflection of the conversation—it was the only conversation he had with him—was that he said that the Gold Coast was the cheapest. They are completely diametrically opposed pieces of information. I am giving Mr Fry an opportunity to perhaps give some information about why it would be the case that Mr Smith has said that his decision was that Canberra would be the cheapest but he just decided to go to the Gold Coast and why, perhaps, he would have told Mr Fry that the Gold Coast was the cheapest. That is the question I am asking Mr Fry. He might be able to throw some light on it.

**Mr Fry:** I can hopefully provide some more clarity again to the discussion I had with Mr Smith before the conference. I had said, in the words of the *Hansard* that you referred to, that I had that quantified. When I asked Mr Smith to investigate what the cost of the conference would have been at Canberra he came back to me the following day, as I recall. He told me he had done some figures—some preliminary figures, or they might have been draft figures; I cannot remember the actual term—on the Canberra option. I did not query him further. So the word 'quantifiable', if you are referring to that in my evidence before you on 17 February, is a term of reference I am using to say that I asked him the question of whether he had done some further analysis. He assured me that he had done that further analysis. I took him to be right by the manner in which he responded and the fact that I had no reason to doubt that.

**Senator SCULLION:** That was then—that is what you have told me and I accept that—but since then he has held the view that a conference in Canberra was likely to be the cheapest. Is it reasonable for us to assume that Mr

Smith misled you and that is why you gave the evidence to Senate estimates? He said here that Canberra was the cheapest—but in effect he has told you that the Gold Coast was the cheapest. I am just wondering if you can explain that. I take it that Mr Smith has misled you completely and that is why you misled me—in the sense that—

**Ms Gowans:** Mr Fry has given evidence that, when he gave his evidence about the costings for Movie World and for the Gold Coast conference, they were true to the best of his knowledge. He has given that evidence. He has not misled the committee—not now and not previously.

**Senator SCULLION:** You have read this report. Mr Smith says that the Canberra option was the cheapest. I am drawing a conclusion from that. Obviously, he has given you information that you did not have when you came to Senate estimates. Perhaps you could explain that. Have you had a conversation with Mr Smith about why that is the case?

**Mr Fry:** I will provide some clarity there because you are getting quite specific in your questions, Senator.

**Senator HEFFERNAN:** Can I just say that, with Indigenous Business Australia, this is the very least of it.

**CHAIR:** Thank you, Senator Heffernan. Senator Scullion, in terms of the process of today's hearing, we are looking at the evidence that was given to us by Mr Fry. I take it you are referring to the statement in our document that says: 'That was held on the Gold Coast. We were bringing in members and that proved to be the most economic solution by both cost of transport and cost of accommodation.' That is the one area to which you are referring, is that right?

**Senator SCULLION:** That is it. But there was another part about which I asked. It was about the process of getting to that. There is no difficulty with understanding that.

**Mr Fry:** I would like to answer your question, Senator, about the reference you just made. Firstly, subsequent to the Senate Estimates meeting on 17 February, with the exception of one meeting that I had with Mr Smith and two other members of my executive on an unrelated matter—it was about a board appointment for one of our investments—I have not spoken purposely to Mr Smith. That is because, as I said earlier, I have removed myself from any of the matters that might go before the proposed inquiry, which was undertaken subsequently by Deloitte. Subsequent to the release of this report I have had one brief discussion with Mr Smith on this matter in the presence of another member of the executive. I queried him with regard to the figures recorded here for the Gold Coast. He made the comment that you can look at the figures and do the costings on a number of bases—whether it includes purely the investment staff that were present at the time, or whether it included other parties similar to legal counsel and me, and whether it included full travel and so forth. So, without understanding the reference and the terms of how Mr Smith derived these figures here—whether it was within one of those three ranges—I cannot comment further, to be honest.

**Senator SCULLION:** I accept that that may well be the case. But you are not able to tell me if this has been created retrospectively. My allegation with my assumptions from this is that these have in fact not only been created retrospectively but in a way that gives an impression that there was a process for selection that talked about efficiency and all those sorts of things. You are not able to tell me whether or not this has been fabricated because you have not asked the question of Mr Smith.

**CHAIR:** The word 'fabricated' is very dangerous, Senator.

**Senator SCULLION:** No—because he told me he has not had the opportunity to talk to Mr Smith about it. Is that what you are telling me?

**Mr Fry:** That is correct. Perhaps I could make a final point on this. I would assume that not many people have gone through a forensic audit investigation. I can say, through my first personal experience of this, that it is very detailed. The interviews given are recorded. Deloitte have interviewed five people that were present at that conference of the investment team. They have done forensic analysis of emails and so forth, and again they found no evidence to suggest some of the aspects that you are alluding to.

**Senator SCULLION:** That is your interpretation, Mr Fry; it is not mine. But we are not talking about that interpretation. Just for the record, do you have any degree of faith in these figures? You would have read the report, you have seen the figures, and you think that this is an accurate representation? You do this all the time, Mr Fry. You are a lot better at this than me. You would look at a budget; you would look at a comparison analysis; and sometimes it is for tens of millions of dollars. So you have looked at this and you think that it is a genuine representation of an assessment of cost-effectiveness for that travel?

**Mr Fry:** When I look at these figures, I see—and this is my understanding; this is my perception—that the investment team looked at a range of options for where to hold their conference. They have gone to some level of

depth. Deloitte subsequently found that they changed the location of their preference—from Alice Springs, from memory, to the Gold Coast. I do not believe it was within their viewpoint to consider Canberra, in the first instance, until such time that I queried Mr Smith prior to the conference and asked him to do some figures on how the Gold Coast would compare to Canberra. When I look at the Canberra figures I see that they are rounded, and I think they have been done within the framework of having done more analysis initially on the other options, because that was their intention.

**Senator SCULLION:** I would note that Mr Smith has indicated that, if he had in fact done the figures correctly, Townsville would have been the cheaper option. You have indicated that you have not had a discussion with Mr Smith. I assume you will be having a discussion with Mr Smith about the matters I have raised today?

**Mr Fry:** My understanding, or my approach—

**Senator SCULLION:** I will have an opportunity then to have another conversation with you at estimates. If you are going to have a conversation with Mr Smith about these matters, then I will be able to ask you similar questions and you will perhaps be able to give me a more informed answer.

**Mr Fry:** If I could take that question on notice—

**CHAIR:** Absolutely, Mr Fry.

**Senator SCULLION:** Certainly. I just give you the heads-up about what will be happening on Friday. I go to the *Hansard*. I asked you the question:

Were there any other activities involved around the planning meeting—team-building sorts of things?

You responded by saying:

During the full morning to early evening sessions, it was all in the room and all involved what we would call normal business. From the report, I notice that the published agenda, a copy of which was provided to you prior to the conference, contained the line 'Day 3: 10 o'clock to 14:00, team activity'. That is consistent with, I understand, prior conferences of the investment branch, where they program in a team building activity. And I understand that last year it was a masterclass cooking class. The fact that I got from the report does not seem to accord with the evidence that you gave.

**Mr Fry:** If I refer to the *Hansard* that you are relating to—

**Senator SCULLION:** Your response was to say:

During the full morning to early evening sessions, it was all in the room and all involved what we would call normal business.

I asked the question, 'Were there any other activities, like team-building sorts of things?' and you indicated that it was not the case.

**Mr Fry:** On reflection, I believe I answered that question with respect to the period of time that I was there.

**CHAIR:** Which was?

**Mr Fry:** From recollection, it was approximately two o'clock on the first day to approximately 24 hours on the second day. I have reference to the Deloitte's report in there—it actually gives my travel itinerary. That would need to be checked. I believe I was answering that within the turn that I was at.

**Senator SCULLION:** It is no big deal. Your answer actually says, 'During the full morning to early evening sessions, it was all in the room and all involved what we would call normal business.' If you would like to correct the record, because the Deloitte's report indicates that, in fact, the agenda that you had actually contains team activity for a full day—from 10 o'clock to four o'clock.

**CHAIR:** On which day was that?

**Senator SCULLION:** That was on day 3 of the agenda. I cannot recall exactly what the day was. Is that reasonable that we take that opportunity to correct that evidence, Mr Fry?

**Mr Fry:** With the hindsight of understanding the manner in which you ask your question, if you were referring at the time that there was an agenda item which included teambuilding, I now acknowledge that is on the record. I believe I was answering the question within the frame of reference of the time that I was there.

**Senator SCULLION:** Thanks. There is no mischief. It is a good opportunity to correct the record. Again in *Hansard*, I went on to say, having moved from the previous question, 'Are you aware of any meeting attendees visiting Movie World, the theme park?' You said to me, 'None whatsoever'. I said, 'Are you just not aware of that?' You said, 'I was there for in excess of a day and it was not on the agenda; I am not familiar with that.' I said, 'That was not actually part of the conference, and you are completely unaware of the attendees going there?' and you said, 'That is right.' Do you want to correct the record on that, Mr Fry?

**Mr Fry:** I still stand by the evidence I gave. I was not aware to my knowledge at the time I gave the answer with regard to the members of that conference going specifically to Movie World.

**Senator SCULLION:** For these sorts of conferences we make these investments; you have had some comparative analysis of the conferences financially such as they are. One would think it is pretty normal process to have a bit of a, 'And how did that go? How did the conference work?' Did you have a bit of a rundown of proceedings and did you talk to people in the organisation about how the conference went? Was it a good conference? Were people happy? Did you get a lot done? Did you do an appraisal of the success or otherwise of the event?

**Mr Fry:** I am not aware that a formal appraisal was done in terms of a written document and so forth. However, that may have occurred but it would normally be done within the program area. I do recall after the conference, subsequent to returning, asking a number of staff, including from memory Ms Gowans, and subsequently one of the people from Mallesons, what their independent assessment of the conference was. From memory, they thought the conference agenda was a full agenda and done in a very proactive way; people seemed to get a lot out of the conference. I specifically like to seek out more independent people for opinions, because it is more at arm's length. So that is what I recall.

**Senator SCULLION:** Nobody mentioned to you what a great time and what a great learning experience they had at Movie World?

**Mr Fry:** I have no recollection of that.

**Senator SCULLION:** It appears that, obviously, the participants knew about it—a lot of people in IBA knew about it—and certainly the person or persons that provided the information. I certainly knew about it when I asked you. In any event, perhaps we can just talk about that activity, Mr Fry. I understand that the justification given for the Movie World day, gives an opportunity to see firsthand how the entertainment culture works, how you handle food and beverage operations, ticketing, crowd control. How many IBA investment branch personnel actually run businesses where the lessons learnt at Movie World—at a cost of some \$80 per person—can be put into practice?

**Mr Fry:** To provide a specific answer, I will need to take that on notice. We have a heavy weighting on tourism in our investment portfolio. To be specific, I will need to come back to you.

**Senator SCULLION:** All right. That is fine.

**CHAIR:** Senator, in terms of why we are here today, that is not an appropriate question—

**Senator SCULLION:** Yes. All right.

**CHAIR:** because it is not to do with the answers given in previous Senate estimates.

**Senator SCULLION:** Perhaps then I will go to the issues that were dealt with in the IBA letter in terms of Tjapukai. Let us move away from the Gold Coast. There were two allegations—one, that Dr Casey had an undeclared conflict of interest due to a family member being manager of Tjapukai; and the other, that inappropriate influence was exerted by Dr Casey to reverse an IBA Board decision. The forensic auditors discussed the conflict of interest; they allegedly raised the potential conflict of interest with the board. I note that, unfortunately, the minutes of that board meeting appear to be missing or, at least, cannot be located. That is the evidence in the report. Who keeps the minutes of the IBA Board meetings?

**Mr Fry:** Can I just clarify that, Senator. Are you—

**Senator SCULLION:** The Deloitte report says that the minutes of that meeting could not be located.

**Mr Fry:** If I can just clarify: which board meeting are you referring to?

**Senator SCULLION:** We are talking about the board meeting where Dr Casey allegedly raised her potential conflict of interest with the board. Deloitte said they would look at the meetings. When she first went to the board meeting, she said, 'I may have a conflict of interest with Tjapukai,' and the board had a discussion about it. Deloitte asked them for copy of the minutes of the meeting, and unfortunately, as Deloitte say in their report:

We have not been able to locate the minutes of this Board meeting ...

In any event, that is in the report.

**Mr Fry:** Can I just clarify that, Senator, because to my understanding—

**Senator SCULLION:** The question is: who keeps the minutes of the IBA Board meetings?

**Ms Gowans:** IBA's executive officer keeps those minutes. There are a couple of minor errors in the Deloitte report, and it may be that the suggestion that we have lost the minutes is such an error. I have personally seen them.

**Senator SCULLION:** Well, that is excellent. So—

**CHAIR:** Senator, I am pulling you up here. There will be many questions coming from this, and we have now come to the end of the session—

**Senator SCULLION:** We still have another three minutes.

**CHAIR:** I want to put something forward first. Ms Gowans, we have been working on the Deloitte report, which has been made public and was given as evidence to this committee, for some time, and this is the first time we have heard about errors in the report. Has there been any public statement about errors in the Deloitte report?

**Ms Gowans:** There was this one error that I found, which is why I made the comment. It is actually not an error; it is correct but it is irrelevant, and it refers to IBA Pty Ltd.

**CHAIR:** Okay. But we would be interested in that as a committee, because I am sure there will be more questions coming up if there are errors in the report.

**Ms Gowans:** I would be happy to check that for you.

**Senator SCULLION:** There is clearly another error in the report, because Deloitte have indicated that IBA were unable to provide the minutes of that particular board meeting but you have indicated that they are there—

**CHAIR:** No, that was not the indication; it was that they would check it out.

**Ms Gowans:** I said it may be an error and I am happy to check that.

**Senator SCULLION:** I understood that you said you had seen the minutes of the meeting.

**Ms Gowans:** I have.

**Senator SCULLION:** So they clearly exist.

**Ms Gowans:** Yes.

**Senator SCULLION:** Would you be able to provide those to the committee, please.

**Ms Gowans:** All I am saying, Senator, is I have seen them. I cannot say they have not gone missing subsequently, but that may be incorrect and I will check.

**Senator SCULLION:** All right. When did you see them?

**Ms Gowans:** It would have been some time ago. I used to take the minutes of the board meetings.

**Senator SCULLION:** So there is no real reason for them to be lost?

**Ms Gowans:** No.

**Senator SCULLION:** You believe that you will be able to find them?

**Ms Gowans:** I may well be able to find them.

**Senator SCULLION:** Excellent. If you can, could you provide those to Deloitte and to us. In terms of the investigation, I thought the quality of the report—although you say there might be a couple of inconsistencies—was very good. I am interested in the discussions you had with the parties and individuals concerned about the original decision to not provide funding, and we have discussed some of that. The investment branch said, 'No, we shouldn't provide Tjapukai with further funding,' and decided not to sign it, but the board themselves went ahead. We will have an opportunity to look at the details of that at a later stage. It will be very interesting to see to what extent Dr Casey was involved in the discussion.

Perhaps you could pass on a request to Dr Casey. I understand that the email account she used was her Powerhouse Museum email account. So, in the same way we were able to clarify a number of things and support many of your statements, Mr Fry, through that forensic audit by Deloitte, I was wondering if you could ask Dr Casey if she would be prepared to release the Powerhouse Museum email account in a very similar way that Deloitte were provided with your account. Would you be able to ask her that?

**CHAIR:** Senator, can you relate that question to anything in the Senate estimates responses? I am fine for you to ask the question, as you can ask questions of the department at any stage, but once again for today's hearing I have looked at what we have had. Which of the questions on notice or the evidence to the committee are you thinking that question relates to?

**Senator SCULLION:** This question is in regard to the report provided by Ms Macklin concerning the allegations of impropriety, which is what we are discussing today. It is just simply a request because it might be very useful to get that information, that access. I am sure she will be able to consider that.

**Mr Fry:** Take that on notice?

**CHAIR:** On notice, Mr Fry.



**Senator SCULLION:** I am just asking you to request her for that and you can provide me with an answer. Mr Fry, you will be having a discussion with Mr Smith. We has obviously provided you with information that you provided to the committee. I have asserted that these figures and the conversation you rely on were fabricated. Can you clarify that—I will be asking that question at estimates—and whether or not this was made after the set of estimates rather than beforehand, so that I can clarify that at the next set of estimates.

**Mr Fry:** I will take that on notice.

**CHAIR:** Thank you very much, Mr Fry, Mr Bator and Ms Gowans. A number of questions have been raised on notice. I think you can feel certain that you will be requested at Senate estimates in two weeks time and there are a number of specific things you took on notice from this hearing.

**Committee adjourned at 09:31**