

**Senate Economics Legislation Committee**

**ANSWERS TO QUESTIONS ON NOTICE**

**Treasury Portfolio**

Budget Estimates 30 May – 1 June 2006

**Question: bet 42**

**Topic: AWB**

**Hansard Page: Written**

**Senator SHERRY asked:**

**Aim:**

To implicate government officials in the AWB kick-back scandal.

**Questions for Treasury:**

- (1) Would you like to outline the work of Treasury Officials Dan Devlin and Tony McDonald, while employed for the Coalition Provincial Authority and subsequently in Iraq?
- (2) I understand Dan Devlin and Tony McDonald referred to pp 9-10 of the Iraqi Budget papers of 2004 while concluding that the Australian Wheat Board was implicated in paying kickbacks to the Iraqi regime. The Budget papers explicitly state that "These bribes were a key part in financing the palaces of the previous regime and maintaining and developing its military capability." Can you confirm when this document was sent to Canberra? Was it sent in draft form and was it circulated to other departments including the Prime Minister? If so when did this occur?
- (3) I also understand that they were personally commended by the Treasurer Peter Costello for honesty and integrity in this matter. Moreover, it is believed that Tony McDonald has received a Public Service medal. Would the Treasury like to explain as to the reason why Mr McDonald was awarded the medal?
- (4) I understand that after the occupation of Iraq, when residual payments from escrow accounts were coming to a close, the UN Authority banned companies from including the 10% kickback formerly included in contracts while Saddam Hussein was in power. However it has come to our attention that the AWB opposed this ban and as a result, the relationship between Trevor Flugge, Michael Long, and Treasury Official Tony McDonald deteriorated. For the benefit of the public record, can this be confirmed?
- (5) How do you think the Treasury has behaved in the context of the misconduct by Australian companies in the oil-for-food program?
- (6) Do you think the Department of the Treasury has been the conscience of the Government on this matter?

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**Answer:**

- (1) Tony McDonald commenced in the Office of Reconstruction and Humanitarian Affairs in April 2003 as Macroeconomic Adviser and finished his deployment in Iraq as Senior Adviser to the Iraqi Minister of Finance and co-head of the Office of Management and Budget in the Coalition Provincial Authority in January 2004.

Dan Devlin was posted to Iraq as a Budget Adviser to the Coalition Provisional Authority between June and October 2003.

- (2) The Government established an inquiry into Australian companies named in the United Nations Independent Inquiry Committee final report. Treasury has cooperated fully with the Inquiry. It would not be appropriate to answer questions relating to the Inquiry into certain Australian companies in relation to the UN Oil-for-Food Programme while the Inquiry is underway.
- (3) The Treasury's 2003-04 Annual Report stated that 'Mr Tony McDonald was awarded a Public Service Medal in June for his work in Iraq with the Coalition Provisional Authority and the Iraqi Minister for Finance'. Further details on Mr McDonald's citation are available at the website <http://www.itsanhonour.gov.au/>.
- (4) The Government established an inquiry into Australian companies named in the United Nations Independent Inquiry Committee final report. Treasury has cooperated fully with the Inquiry. It would not be appropriate to answer questions relating to the Inquiry into certain Australian companies in relation to the UN Oil-for-Food Programme while the Inquiry is underway.
- (5) See above.
- (6) See above.