

Senate Standing Committee on Economics

ANSWERS TO QUESTIONS ON NOTICE

Treasury Portfolio

Budget Estimates, 2 June – 4 June 2009

Question: bet 104

Topic: OzCar – Representations

Hansard Page: E39-42

Senator Abetz asked:

Senator ABETZ—Right. Have representations been made by members of parliament for individual dealerships?

Mr Grech—I have had some local MPs from both the government and the opposition personally ring me up making representations on behalf of their constituents who happen to be a car dealer who is obviously having difficulty securing alternative finance from GE and GMAC.

Senator ABETZ—I said at the very beginning that, without being too provocative, when OzCar was initially announced, it was done with some fanfare by the Prime Minister and, as I understand it, the industry minister and the Treasurer. Have there been representations from either or all of those three ministerial offices to you?

Senator Sherry—About what?

Senator ABETZ—About dealerships.

Senator Sherry—On behalf of dealers?

Senator ABETZ—Yes. Not finding OzCar in the phone book, you hear the Prime Minister or Treasurer's office making an announcement and you say, 'I will ring up the Prime Minister's office or the Treasurer's office, or Senator Carr's office, to see if they can assist.'

Mr Grech—As you would appreciate, in the normal conduct of my work, I would have a lot of interaction with the Treasurer's office. More specifically, the answer is, yes, I have had representations from the Prime Minister's office and from the Treasurer's office, who have simply been seeking to refer dealership cases that they have become aware of. They have simply referred those people to me to try to help them.

Senator ABETZ—What about Senator Carr's office?

Mr Grech—I have had some engagements with Carr's office, but they have been more seeking information as to how this thing works—

Senator ABETZ—Rather than individual representations?

Mr Grech—Exactly.

Senator ABETZ—When you say 'approaches', were they by phone calls, emails, letters—how were those approaches made?

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Mr Grech—Phone calls and the occasional email, when it comes to the Treasurer's office, which is part of the normal way we do business anyway.

Senator ABETZ—And the Prime Minister's office?

Mr Grech—I am going from memory: it was mostly emails.

Senator ABETZ—Are you able to disclose to us who from? Was it the Prime Minister himself, his chief of staff or—

Senator Sherry—We will take that on notice.

Mr Grech—The Prime Minister himself has not made any representations to me on particular car dealers. He is aware that I am the key officer, I suppose, handling this particular issue and he has never made representations for particular car dealers directly to me.

Senator ABETZ—That is the Prime Minister personally, but his office has?

Mr Grech—The Prime Minister's office have certainly made representations which have basically involved their alerting me to a situation confronting particular car dealers.

Senator ABETZ—What about Treasurer Swan? Has he personally made contact with you?

Mr Grech—No. The Treasurer's office will get called up by various dealers and stakeholders, whatever term you want to use, and their instinct, which is quite normal, is to say, 'Godwin is the guy handling this, so talk to him.' And they have given me a heads-up that dealer X is going to call me or that I should call dealer X. That has happened.

Senator ABETZ—Were the dealers on behalf of whom representations were made involved with GMAC?

Mr Grech—Some were. Representations were made on behalf of both GE and GMAC.

Senator ABETZ—How many representations have been made by the Prime Minister's office for

dealerships and how many by the Treasurer's office?

Mr Grech—I think there has only been the one case from the PMO.

Senator ABETZ—Just the one case?

Mr Grech—The one case. As to the Treasurer's office, given, as I said earlier, the very large number of GE and GMAC dealers that have found a home—so there is not a very large pool of stressed car dealers out there with respect to wholesale floor plan finance; some may not be happy at the higher interest rate they are being charged, but that is a different issue—from memory, there were two dealerships that the Treasurer's office referred to me for some action.

Senator ABETZ—Was one of those two dealerships the same one as came from the PMO?

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Mr Grech—Yes.

Senator ABETZ—How strong were these representations?

Senator Sherry—We will take this on notice. These are correspondences between the office and the officers.

Senator ABETZ—Yes, but we have not identified anybody.

Senator Sherry—We are taking it on notice. You are asking how strong. That can be a whole range of things—

CHAIR—That is a matter of opinion for the public servant.

Senator Sherry—We are taking it on notice.

Senator ABETZ—All right. Did the Treasurer make representations on behalf of Bartons City Holden and John Grant Motors from Ipswich?

Senator Sherry—Again we will take that on notice. There is no response to individuals in that way. There is a possible confidentiality issue, so we will take it on notice.

Senator ABETZ—Before lunch we had acknowledged that the Prime Minister's office had made a representation for one dealership and the Treasurer's office had made representations for two dealerships, one of which was the dealership on behalf of which the Prime Minister's office had made a representation. Is that correct?

Mr Grech—That is correct.

Senator ABETZ—I then asked in relation to those representations the strength or otherwise of those representations and the minister intervened.

Senator Sherry—I said we would take it on notice.

Senator ABETZ—You intervened to take it on notice.

CHAIR—The chair intervened on the basis that it asked an opinion of the officer rather than—

Senator ABETZ—Were the representations in the form of seeking information about the special purpose vehicle generally or about assisting a particular car dealership?

Mr Grech—The representations that were made by both the Prime Minister's office and the Treasurer's office were professional and consistent with what I would expect from a relationship between a ministerial staffer and a public servant.

Senator ABETZ—You did not answer the question, which was: was the nature of the inquiry professional and so on, as it may have been in dealing with the issue of how this special purpose vehicle operates or can you assist a particular dealer?

Mr Grech—It is more in the case of the latter, but let me qualify. Essentially what happened is that both offices became aware of a situation facing a particular car dealer. I do not know exactly how the offices became aware of the situation confronting the dealer; that is for them. As you would expect a normal ministerial office to do, they referred it to the relevant part of the bureaucracy to help the

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particular, in this case, car dealer. Given that I am the public servant dealing with this particular issue—

Senator ABETZ—You had the misfortune of it coming to you.

Mr Grech—I do not know about the first bit, but it came to me.

Senator ABETZ—It came to you. The representations were in the form of providing assistance to a particular car dealer. Did the request from the Prime Minister's office pre-date the request of the Treasurer's office?

Mr Grech—I cannot remember. This goes back two or three months. I would have to take it on notice. Honestly, I cannot remember.

Senator ABETZ—You can take that on notice and let us know when the Prime Minister's office and the Treasurer's office made its representations, particularly with reference to that one car dealership that was in common between the two. You have indicated to us that these representations were to assist a particular car dealership. Were the representations from the Prime Minister's office only a one-off or were there a number of follow up representations?

Mr Grech—Very much a one-off.

Senator ABETZ—The Treasurer's office?

Mr Grech—Similar vein.

Senator ABETZ—Do you know on whose behalf those representations were made?

Mr Grech—Yes, but I am not going to disclose a particular car dealership by name to this committee. I have got to respect the confidences of that particular small business.

Senator ABETZ—Yes, I understand that. Possibly, Minister, you could ask the Prime Minister and the Treasurer whether they made representations on behalf of John Grant Motors to avail themselves of this taxpayer funded OzCar mechanism. Just for the record, it is interesting that there is a company called Miremani Alvi Pty Ltd that has a registered business name of John Grant Motors and also Ipswich Central Motors. I just put that on the record. I also note that in the Prime Minister's declaration of interests, he has a provision of an electorate vehicle supplied by, you guessed it, John Grant of John Grant Motors which includes registration, insurance and RACQ membership. Mr Grech, in those professional representations to which you have referred by the Prime Minister's office was there a declaration that there was at least the possibility of a perception of conflict of interest?

Mr Grech—I am not going to comment on that.

Senator Sherry—I will take it on notice, as you requested.

Senator ABETZ—We all know that the answer is no.

CHAIR—I do not think that is an inference you can make.

Senator Sherry—I do not know how you can draw any conclusion, but I will take that on notice.

Senator ABETZ—I am sure you will. It is your entitlement to take this on notice.

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CHAIR—Mr Grech, did opposition members make individual representations on behalf of their electorate businesses?

Senator ABETZ—Yes, they did and he has already said that.

CHAIR—Individual representation?

Mr Grech—There were representations made by government and opposition backbench MPs, particularly since early February, in relation to some car dealerships who had been clearly struggling in securing independent forms of wholesale floor plan finance. Those representations were made by MPs from Victoria, New South Wales and Queensland, and I am not going to disclose who they are.

Senator ABETZ—Minister, can you also take on notice for us whether the standards of ministerial ethics include in paragraph 2.17:

Ministers shall ensure that they do not come under any financial or other obligation to individuals or organisations to the extent that they may appear to be influenced improperly in the performance of their official duties as Minister.

I would have thought that might apply even more so to the Prime Minister. Given that Mr Joel Fitzgibbon has just done the right thing and resigned his ministerial commission—

CHAIR—Can I ask you to get to the question, please?

Senator ABETZ—can I ask whether the same standard is going to be applied by the Prime Minister to himself?

Senator Sherry—There is a distinct difference when a letter—correspondence or communication—is sent to a backbencher's office and a minister's office, including the Prime Minister's office, and then that request is passed on to the appropriate public servant. That is very different.

Senator ABETZ—Other than it has the status of the Prime Minister's office attached to it.

Senator Sherry—I am sure the Prime Minister receives thousands of letters on a whole range of things, including—

Senator ABETZ—He only responds to some, like people that give him a private car.

Senator Sherry—There are a whole range of references that are referred to me.

CHAIR—Senator Abetz, I think that kind of allegation should be withdrawn.

Senator Sherry—You should withdraw that. You have no basis to make any such claim.

Senator ABETZ—He has a private car.

Senator Sherry—You have no basis to make any such claim.

Senator ABETZ—He has a private car from John Grant Motors. That is undisputed because I have got it in the—

CHAIR—Senator Abetz, I have asked you to withdraw the previous statement.

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Senator ABETZ—Sorry. It is undisputed. I have a document for the committee if they want it.

CHAIR—I do not ask you to withdraw the facts. I am asking you to withdraw your allegations.

Senator ABETZ—I do not have to withdraw the facts. What is the allegation?

Senator Sherry—I believe your allegation is wrong and it does not stand the test.

Senator ABETZ—That he made representations on behalf—

CHAIR—Senator Abetz, I have asked you to withdraw.

Senator ABETZ—I asked a question whether the Prime Minister's office made representations for John Grant Motors.

Senator Sherry—And we are taking it on notice.

Senator ABETZ—The official at the table I am sure must know the answer. You are hiding behind taking it on notice, then asserting there is no evidence to support my allegations. Ring the Prime Minister's office now and deny it.

Senator Sherry—Can I respond? The reason was outlined why the identification of a small business that has made a request and information as to how to go about requesting access to the fund. That is confidential. You have named a particular business that may or may not be under some sort of commercial pressure. I do not know the facts, but you have named a particular business. I will take it on notice, but a good reason has been given as to why businesses are not being named.

Senator ABETZ—All I know is that the Prime Minister does not respond to literally thousands and thousands of his fellow Australians who write to him. If it transpires that the Prime Minister's office did not make representations on behalf of John Grant Motors or a company associated with that business empire, then I am willing to come in, correct the record and apologise, but until the Prime Minister, through the minister at the table, who refuses to answer—

Senator Sherry—You have come to the wrong and inaccurate conclusion. A good reason has been given as to why the officer has not responded. He has given the reason in terms of the name of any car dealer. There will be no car dealer that will be named. I also make the point that the requests go to an independent company for assessment.

Answer:

The Australian National Audit Office (ANAO) released its report, *Representations to the Department of the Treasury in relation to motor dealer financing assistance*, on 4 August 2009. The audit found that there was no evidence of a representation being made to Treasury by the Prime Minister's office on behalf of Mr John Grant, John Grant Motors or Ipswich Central Motors.