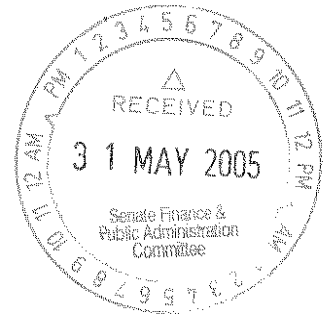


+61 2 6271 5109

**Australian Government****Department of the Prime Minister and Cabinet**3-5 NATIONAL CIRCUIT  
CANBERRA, A.C.T. 2600TELEPHONE: (02) 6271 5111  
FACSIMILE: (02) 6271 5414

Mr Alistair Sands  
Secretary  
Senate Finance and Public Administration Legislation Committee  
Parliament House  
CANBERRA ACT 2600

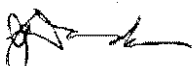
Dear Mr Sands,

On reviewing the evidence I gave at the Senate Finance and Public Administration Legislation Committee hearing of the Department of Prime Minister and Cabinet on 24 May 2005 and in the light of additional information I have received, I wish to add to my evidence.

In regard to questions from Senator Evans' on the Palmer inquiry (Hansard Page 40) I wish to advise that the legal area was involved in the preparation of the briefing to the Prime Minister on 20 May 2005.

In relation to Senator Evans' questions as to "when Prime Minister and Cabinet first became aware that the cost of the Medicare safety net was to be quite a deal in excess of what had been budgeted for." (Hansard page 55 and 56) I indicated in my evidence that this occurred when the Charter of Budget Honesty costing became public. I am advised that on 2 September 2004 the Department of Finance informed the Department of Prime Minister and Cabinet of the revised estimates ahead of the publication of the Pre-Election Economic and Fiscal Outlook being released on 8 September 2004. I wish to confirm my evidence that the Department did not brief the Prime Minister about the increase in the cost of the Medicare safety net until after the election.

I should be grateful if you would bring this information to the attention of the committee.



Joanna Davidson  
First Assistant Secretary  
Social Policy Division

31 May 2005