

## ANSWERS TO QUESTIONS WITHOUT NOTICE

### Waterfront

**Senator BISHOP** (3.35 p.m.)—I also support the motion to take note of the answer given to the question asked by Senator Mackay. At the outset it seems that two matters need to be identified. Firstly, this whole waterfront dispute is now not about reform, productivity, growth, improvement, more jobs, better jobs, or sound and sensible ongoing permanent reform. The entire trade union movement, individual unions and whole sectors of industry have been engaged in that process since at least the early 1980s. For the last 15 years, all of the former union officials on this side of the chamber have been actively engaged in that reform process.

Repeatedly, the ALP through the Leader of the Opposition (Mr Beazley) has said that this party in government will recommit to reform and achieve that end. Our record on that issue is sound. It is proud and it has stood the test of time. So if this issue is not about waterfront reform, one asks the obvious question: what is it about? It is about one thing only—bashing and destroying the MUA—and that process is to be achieved by illegality, deceit, corporate manipulation, surprise, and the engagement, hiring and training of de facto mercenaries.

Today in Australia the lesson for children at school, the lesson for the business community and the lesson for the entire Australian community is that the end justifies the means. The litany of illegal and improper activity by this government, Minister Reith and a range of private interests is now emerging inch by inch, and other questions in today's question time outlined the scope of those lies and that deceit.

There were multiple instances of Mr Corrigan lying on 4 December when he denied any knowledge of involvement in the Dubai training scheme. Mr Corrigan lied to the *Sydney Morning Herald* on the same day, denying that he had provided money for the Dubai training scheme. Mr Corrigan lied under oath to the Australian Industrial Relations Commission when he denied any financial involvement in the Dubai training scheme. He lied to his friend and ally Minister Reith when the issue was first raised in the parliament by claiming that the Dubai scheme was news to him. Most interestingly, he claimed that those particular lies were justified because it was in his commercial interest to do so and there was an overwhelming public interest to know.

Mr Howard condoned asset stripping as a tactic to avoid a company's normal contractual obligations to redundant workers. The same Mr Howard was apparently happy to condemn asset stripping as a device for companies to avoid tax liabilities back in 1982-83. Apparently, those unacceptable practices 15 years ago are okay when they involve the illegal sacking of workers in 1998. We have a tissue of lies from Mr Corrigan and an about-face by Mr Howard.

We come now to the arch-protagonist, the leader in this whole dispute, Mr Reith. We know that Paul Houlihan told Mr Reith of the Webb Dock operation on 6 January, two days before the NFF registered the three companies. We know that 21 days later Minister Reith told the *7.30 Report*, on 27 January, that he knew nothing of the NFF registration of the same stevedoring and training company. Why do we continually have these lies from Mr Reith and Mr Corrigan and apparent about-faces by Mr Howard? The answer is clear: the end always justifies the means—we bash the MUA and we destroy the union. That is what this whole dispute is and will be about.

Similarly, with respect to Dr Stephen Webster and his mates well-known Liberal Party operators Jonathan Gaul and Mark Textor, there was no tender process for government consultancies involving the huge sum of \$95,000. Dr Webster was working directly to Minister Sharp and Minister Reith as a consultant, but the consultancy fees were paid directly by the department. (*Time expired*)

**The DEPUTY PRESIDENT**—Order! The time for the debate has expired. The question is that the motion moved by Senator Faulkner be agreed to.

Question resolved in the affirmative.

## **WATERFRONT**

### **Suspension of Standing Orders**

**Senator ROBERT RAY** (VIC) (4.12 p.m.)—Pursuant to contingent notice and at the request of the leader of the Opposition in the Senate, Senator Faulkner, I move:

That so much of the standing orders be suspended as would prevent Senator Faulkner moving a motion relating to the conduct of the business of the Senate, namely a motion to give precedence to general business notice of motion No. 1106.

Briefly, there are two motions today for the discovery of certain documents. Mine is a much more specific motion. It only refers to focus group research undertaken by this government. The government has basically given, over time, four reasons for the non-production of documents: firstly, commercial-in-confidence; secondly, advice to government; thirdly, that there may be some threats to the security of individuals; and I would anticipate a fourth one that there are currently certain court proceedings in the Federal Court. May I say, Madam President, that none of those four objections could possibly apply to this far more restricted return to order.

Firstly, it is certainly not commercial-in-confidence to get focus group research. Secondly, it is not advice to government, otherwise this government would not have produced and forwarded to an estimates committee and to myself two sets of research in the last six months—namely, the focus group research into regional forest agreements and, secondly, focus group research into the testing of the Wik ads. On both occasions, the government, by way of request—one by way of request of an estimates committee and one by way of request of freedom of information—has supplied that material.

The third ground, which generally and broadly covers the ACIL documents that Minister Alston has referred to on occasion, is that he is worried about the threat to security of people involved in these reports. No such prohibition applies simply to getting the results of focus group research. Finally, that focus group research has absolutely no relevance at the moment, and never will, to conspiracy proceedings in the Federal Court. I think there is an arguable case for the government to produce this focus group research, and to do it urgently.

It is made a little more poignant, however, when you look at to whom the focus group research was given. It was given to a company run by ~~Mr Mark Textor~~ Mr Mark Textor of course is the Liberal Party pollster. I would like to know and I would like to be assured by the production of this material that he was not doing research that was useful to the Liberal Party. I suspect not. I suspect that, once these documents are handed over, if this motion is eventually carried and if we go through all of the proceedings and they actually hand over the focus group research, there is not going to be any dynamite in it. It will show, however, that the government used taxpayers' money and employed the Liberal Party pollster to let them know what the community attitudes were on the waterfront issues before they in fact launched their general strategy.

I can remember in government on many occasions the present government members demanding the production of opinion polling research. On many occasions it was handed over, on some it was not. Similarly, once we reverse our roles, we demand the opinion poll research. Sometimes it is handed over, sometimes it is not. But on this occasion I believe it should be because all the objections to the production of the rest of the ACIL documents are not relevant to the production of the specific documents.

They will show a government quite happy to spend \$42,000 of taxpayers' money employing a Liberal Party pollster—and, on occasions, I might add, a push pollster—to do their research before they in fact developed a strategy on the waterfront. I would have liked to have included in my motion the report by Mr Jonathan Gaul, another member of the Liberal Party glitterati, who was also paid to provide a communications strategy, but I did not include it here because at least it possibly would have been barred to me under the question of advice to government.

So, in summary, I believe this motion is urgent. I believe it should be carried. I would hope that at some stage we might be able to cut to the chase and not go through another 25 minutes of debate and, if that is carried, another 25 or 30 minutes of precedence debate and then the substance of the motion, because I do not think any of that debate will change anyone's vote on this particular matter. I would hope that at some stage we might get an indication from people around the chamber so we can cut to the chase, have a vote and win or lose it.

## MATTERS OF PUBLIC IMPORTANCE

### Contracting Out of Taxpayer Funded Services

**Senator O'BRIEN** (TAS) (5.03 p.m.)—This is a government that came into office with a deep suspicion of the public service. It ignored the fact that within its bureaucracy there was a large number of highly skilled professional officers with significant experience in a range of key areas.

One of the areas I want to touch on in respect of the government's reaction to those facts that it commenced its office with is the maritime and waterfront area where just such expertise and experience existed. The former transport minister Mr Sharp, along with his ministerial staff, were key offenders in this regard. Following his appointment, Mr Sharp engaged consultants ACIL Economics to develop a waterfront strategy. But this was not a strategy designed to build on the gains made in this sector under the Labor government; it was a strategy designed first and foremost to achieve a political end—a plan to get the ACTU through the Maritime Union of Australia.

The Minister for Workplace Relations and Small Business (Mr Reith) became an active player in the development of that plan and in the end he took complete control. His control is now such that we have the illogical administrative arrangement with the Maritime Transport Division being shifted out of the Department of Transport and Regional Development along with the Australian Maritime Safety Authority and ANL into the Department of Workplace Relations and Small Business. This plan was built by former staffers of the Liberal Party and the National Farmers Federation. It was a plan that cost the taxpayers over \$1½ million, with no accountability at all for the expenditure of those funds.

The ACIL Economics contract was let on 15 May 1996. The value of that contract was \$60,000 but it blew out to \$80,000. The report was completed in August and was considered by a number of ministers, including the Minister for Workplace Relations and Small Business. It was on Mr Reith's recommendation that the report was shelved until the new industrial relations laws came into play.

Last night on *Four Corners*, Mr Reith said that he could vaguely remember reading the report, in which there was a reference to the use of Army personnel. He said he recalled:

There was some reference in an ACIL report to that effect, that's true.

He said that the government was opposed to the use of military personnel on the waterfront.

Mr Reith's vagueness about the detail of the ACIL report is extremely hard to believe. After all, he was a member of the cabinet subcommittee on maritime reform. The other members were the Treasurer (Mr Costello), the Minister for Finance (Mr Fahey) and Mr Sharp before he was forced to resign. Mr Reith was the minister who recommended to that subcommittee that the recommendations of the ACIL report be held over. He was the minister who had on his desk on 27 February last year a waterfront reform strategy developed by his department in consultation with the Department of Transport and Regional Development that was built around the disposal of the entire work force and its replacement with non-union labour. That was the ACIL plan.

The government does not have to use military personnel. Its lieutenants, the National Farmers Federation, are in the process of doing just that at the government's behest. Patrick, the stevedoring company, was commissioned to do the task but it failed and the job was given to the National Farmers Federation. A number of the Dubai mercenaries trained for Patrick are now on the job at Webb Dock.

I turn again to the consultancies let by this government in relation to its waterfront strategy. These consultancies have been used to refine the ACIL plan embraced by Mr Reith at the end of 1996. On 20 June last year another ACIL contract was signed, and that contract was valued at up to \$600,000. It was done without any tender process at the direction of the minister, Mr Sharp. Some 10 days later Mr Reith got into the act again. He organised for a consultancy to be let to a former Liberal staffer, Dr Stephen Webster, again on waterfront reform, but he did not pay. He organised for Mr Sharp's department to pay. It was his consultancy, but it was not on the books of his department.

A senior officer in the maritime transport division told the Senate estimates committee that Mr Sharp directed him to engage Dr Webster. Dr Feeney, the Assistant Secretary of the Maritime Division, told the committee:

The then minister, Mr Sharp, instructed us to engage Dr Webster on the basis of the discussion that he had had with some of his cabinet colleagues.

Dr Feeney said that there had been a subcommittee of cabinet established to look at maritime reform issues. He said that Mr Sharp consulted with those ministers and instructed him to engage Dr Webster. Dr Webster was given his head to hire anyone he liked. He employed a former colleague Dr John Davies. Dr Webster received \$95,000 and Dr Davies was paid approximately \$96,000. Dr Webster also engaged Corrs Chamber Westgarth, David Webb, BGC Media and the National Institute of Labour Studies.

Not to be outdone, Mr Sharp engaged Minter Ellison at a cost of nearly \$160,000, and ACIL then engaged Liberal pollster Mark Textor's company, Australasian Research Strategies, at a cost of \$42,000 to do the political research for the government's plan to destroy the MUA. Liberal strategist Jonathan Gaul was also employed to build a political communications strategy around the ~~Textor research~~. All these consultancies which the government has refused to provide to the Senate were not related to micro-economic reform; they were part of a political and industrial campaign designed to get the ACTU and the MUA and to advance the industrial agenda of the Howard government and the National Farmers Federation.

Why are we speaking about this in relation to this particular motion? Because the government denies the Senate—even though the Senate has ordered the minister to produce the results of those consultancies—the reports arising from those consultancies on the basis that they are allegedly commercial in confidence or cabinet in confidence. At the same time we now have evidence that those same consultancies that were commercial and cabinet in confidence have been revealed at meetings involving officers other than members of parliament and members of the Public Service. We believe—in fact, we are certain—that those other people were officers of the National Farmers Federation. So much for commercial in confidence and cabinet in confidence.

What has the government done in relation to the situation where Mr Hoolihan, one of the ACIL consultancy consultants, is now on the board of P&C Stevedoring, yet he was part of the development of the first ACIL consultancy reports? What has the government done in relation to ensuring that there is not a conflict of interest? I can tell you because we dealt with this in estimates: absolutely nothing. There is no strategy to do anything because no-one allegedly who is in a position to do anything or wants to do anything has seen these reports. They are not in a position to do anything. So much for government accountability and the government pursuing the interests of the public in terms of enforcing contracts that it let without a tendering process for its political ends and not in the interests of the Australian people.

**ADJOURNMENT: Travel Allowances**

Senator FAULKNER (New South Wales—Leader of the Opposition in the Senate)(7.10 p.m.)—I want to speak tonight about 'Travelgate'. We have a situation now where the federal opposition is on a hat trick—Mr Sharp gone, Mr Jull gone and Mr McGauran about to go. We have witnessed extraordinary events in the Australian parliament today. We have a government in total and complete disarray. Now, on top of all that has happened, we know that one of the Prime Minister's most senior advisers was informed of Mr Sharp's dodgy travel claims, and his underhand and covered-up repayment back in May.

Nothing less than a full, open, honest, transparent and legal inquiry will be satisfactory now for the issues that have been raised in parliament over the past four days to be addressed. The inquiry that Mr Howard has established—the investigation by the Auditor-General—obviously, is not satisfactory. Its terms of reference are too limited. It must be a full legal inquiry. The terms of reference that Mr Howard has devised need to be extended to Mr McGauran. Obviously, the terms of reference have to be expanded to include the period from 1 January 1992 to 24 September 1997 to be consistent with the period covered by the travel details tabled by Mr Jull on 29 May this year.

There must be full access to Mr McGauran's and Mr Sharp's Comcar records, charter aircraft records, DAS fuel card records, original travel claim forms and much other material. There also needs to be a correlation of all charter flights undertaken by Mr Sharp and Mr McGauran and their travel allowance claims. Only a full legal inquiry with adequate terms of reference can get to the bottom of the issues that have now been raised.

Tonight we have the extraordinary situation where the Prime Minister (Mr Howard) has indicated that two staff members in his own office were informed about this matter. What was the motive of Mr Jull's senior adviser, Mr John Sutherland, in revealing today that he had briefed the Prime Minister's senior adviser and the Prime Minister's closest confidant, Mr Grahame Morris, and the Prime Minister's office manager, Ms Fiona McKenna, on the Sharp affair in May this year? That needs to be established. When was the Prime Minister given Mr Sutherland's statement?

Senator Robert Ray—Before question time.

Senator FAULKNER—We know it was before question time because, just before the House of Representatives adjourned this evening, Mr Howard informed the House of Representatives that that was the case. At that time, as late as possible before the House of Representatives rose, Mr Howard, Honest John, owned up.

Senator Parer—On a point of order, Madam Deputy President: quite clearly, under standing order 193 Senator Faulkner is imputing improper motives to a member of the House of Representatives.

Senator FAULKNER—I withdraw. Why didn't the Prime Minister inform the parliament of this critical information before question time? Why did he wait until the last possible opportunity before the parliament adjourned for three days?

You have to ask: how can we believe that Grahame Morris and Fiona McKenna did not pass information of such enormous sensitivity on to the Prime Minister? Are they also claiming amnesia? The Prime Minister tells us that he was not informed and he tells us, I understand, that both Mr Morris and Ms McKenna confirm that this is the case. There really is a recurrence of the sort of amnesia we saw in the Prime Minister's office over the Bob Woods affair. We are dealing with a particularly contagious form of amnesia that appears to have completely spread through the Prime Minister's office.

How can we really believe, at the meetings which the Prime Minister has admitted to having with Mr Jull and Mr Sutherland over the Sharp affair, that neither Mr Sutherland nor Mr Jull referred to

the May briefing of Grahame Morris and Fiona McKenna? We know that Grahame Morris was present at these meetings. We have read that in the newspaper. Why did he not mention that he had been made aware of this affair back in May? I suppose it is typical of the track record of Mr Morris.

We know that Mr Morris is very close to the Prime Minister; we know he is his closest political adviser and closest confidante in this place. This is the same Mr Morris who ran the sleaziest, most vicious advertising campaign ever seen in Australian politics in the Northern Territory. This is the same Mr Morris who put the fix on the DDB Needham, Burson-Marsteller guns buy-back campaign, along with a couple of members of the parliamentary Liberal Party, to make sure that Liberal mates received \$2 million for their advertising contract.

This is the same Mr Grahame Morris who was responsible for trying to stitch up one of Australia's most senior political journalists, Kerry O'Brien, in the Senate estimates committee when even two Liberal senators, Senator Coonan and Senator Eggleston, would not swallow the line of questioning that had been passed to them by Mr Morris. We read reports in Wednesday's newspapers that Mr Morris participated in the deliberations where decisions were made to sack Ministers Sharp and Jull. 'Locked in a meeting with them,' it said. It is inconceivable that he had not told the Prime Minister that he knew already. This is what we are being asked to believe.

It is inconceivable that this so-called professional, political operator, the mastermind of so many political campaigns for the Liberal Party, did not front up and tell his boss. These were meetings about the sacking of Mr Jull and Mr Sharp—that is what they were for—with, amongst others, the Liberal Party's most senior political adviser, the Liberal Party's most senior machine figure in this country. When we found out, after the cover-up was exposed, Mr Howard sacked, eventually, his two ministers—after Laurie Oakes exposed what was happening. Mr Sharp was sacked; Mr Jull was sacked. Why has Mr Morris not been sacked? That is the question, Madam Deputy President.

We have here a situation where this government is in total disarray. This is a government out of control. This is a government now paying the price for its lack of understanding of and respect for due process and transparency which was most obvious and started right here when Senator Colston's vote was bought for the deputy presidency of the Senate.

The Prime Minister himself has to take responsibility for this state of affairs. He has now revealed that his most senior advisers are implicated at the very heart of this affair. At the very heart of the matter, the cover-up, the fix has gone in in the Prime Minister's office. I said previously in this parliament that Mr John Howard was the weakest Australian Prime Minister since Sir William McMahon, but I defamed Sir William McMahon. He was probably the worst, he was probably the weakest, but I am sure that in the minds of the Australian people there is no doubt that Mr John Howard is the most disappointing Prime Minister this country has ever had.

**ADJOURNMENT: RacismGun Control: Advertising Contract**

Senator BOB COLLINS (Northern Territory) (7.31 p.m.) —Spoken, Senator Minchin, like a true political spin doctor, which of course is what you are. Interestingly enough, I actually came into the Senate this evening to talk about my own experiences and the Australian Labor Party's experiences in the Northern Territory with the firm DDB Needham.

You talk about personal attacks, Senator. Well, I suggest you listen in the next five minutes to what I have to say. We all know your associations with that company. Having sat here for a couple of minutes listening to your pious platitudes about how horrible it is to make personal attacks, knowing your association with DDB Needham and knowing the job they did on a Labor colleague of mine in the Northern Territory, which was one of the lowest political campaigns that I have ever seen in 20 years, I give all of your comments the weight they deserve—that is, nothing at all.

For the last two months this country's leader has adopted a two bob each way approach on this vital national issue—and Senator Minchin knows that those charges are fully made out. He was having two bob each way right up until yesterday—indeed today, as I said in debate earlier this evening. There were the subtle changes of wording in 24 hours. Yesterday he said what a dreadful thing it was that teachers were telling our school children that we had a racist and bigoted past. Today, with a single word addition, he totally changed the meaning of the script: he now says he rejects that we have had a 'totally racist and bigoted past'.

That is the slippery slope that the Prime Minister has been tracking us down over the last two months. He has been doing it deliberately, Senator Minchin, and you know it—trying to appease both sides of the argument and to give comfort to both sides of the argument because his research is telling him that it is a popular view at the moment. It is a high price to pay, in my view, for a bit of populist domestic politics, because that is what it is.

With all the words that were uttered today and all the press analysis, this entire debate for me was summed up by Alan Moir's brilliant cartoon in today's *Sydney Morning Herald*. This is an award winner if there is any justice in cartoon awards. In a few square inches, in one picture, the *Sydney Morning Herald* cartoonist today summed up this debate better than all the words and all the speeches that have been uttered today.

The cartoon shows the Prime Minister with a speech in his hand, striking four different poses, and uttering the words: 'I may not agree with what you say .. but I'll fight to the death for my right to be opportunistic.' That is it precisely: nailed to the mast—game, set and match. That one simple picture sums up the entire debate better than all the speeches that were delivered today and in the last two months.

I rise in the adjournment tonight to say a few words about the government's increasingly shrill attempts to claim that it did not fix the awarding of the \$4 million in ~~advertising contracts~~ for the national gun buy-back scheme to ensure that they were not awarded on merit, but awarded to companies that were owned by their mates. That is another case that has been fundamentally made out in these last few weeks by Senator Ray in Senate estimates committees.

Let me digress just a little. During a recent drive between Canberra and Melbourne, an acquaintance of mine made a diversion to a small town in the Murray Valley. He stopped in to see the lessee of one of the local hotels, a bloke called Terry Smith. In a previous life, Terry Smith was a prominent member of the Australian Labor Party in the Northern Territory. He was a quintessential territorian. He followed me, in fact, as leader of the party in the Northern Territory. He quit politics in 1991, a few months after he became the sole target, as leader of the Labor Party in the Northern Territory, of one of the most personally vicious advertising campaigns in Australian political history, which certainly had an effect on him personally and also on his family—his wife and children.

I have never seen a campaign like it. There is no getting away from—as tough as we all like to

pretend we are—the extent to which he was personally attacked during at that campaign. Those responsible for that election campaign were the now Prime Minister's chief political adviser, Grahame Morris and the principals of DDB Needham, John King and Toby Ralph. An extraordinary interview with Toby Ralph in the Adelaide *Advertiser*, which I have quoted in this chamber before, said it all.

Ralph claimed, probably rightly, not only credit for the viciously personal campaign that denigrated Terry Smith—not the Labor Party, Senator Minchin, not policies, not issues of substance, but Terry Smith. It sent up his moustache, sent up his personal appearance and portrayed him as an effeminate person by calling him Terrence instead of Terry. It was a vicious campaign, and the only campaign they ran. Not only did Toby Ralph claim credit for it; he also claimed credit, probably rightly, for the advertising agency actually setting the date of the election itself rather than the Northern Territory government.

He told the newspaper, boasting about it, that the campaign, which was held in October 1991, was planned in mid-September when:

John King, Toby Ralph and federal secretariat staffer Grahame Morris went to Darwin to recommend an election date and strategy.

After two days of intense debate, this group, that is, Morris, King and Ralph, decided on an election date for the Northern Territory of 27 October. The article continued:

"The first part of our negative strategy was a vicious attack on the Labor leader Terry Smith," Ralph says.

This is a quote from Ralph himself—a vicious attack on the Labor leader, Terry Smith. Senator Minchin, these are your friends—the ones you were just talking about that should not mount personal attacks on people. I quote Mr Ralph again:

"We wanted to position him as a knocker. This would make it difficult for him to attack us and force him to run an ineffective positive campaign—

Later in the same article, Ralph says:

We called him Terrence—not Terry—because it sounded more contrived and effeminate and very unterritorian . . .

This strategy was reinforced with saturation TV ads which featured an incredibly distorted head and shoulder shot of Terry Smith, now Terrence Smith, caught in a graphic similar to those red warning signals of 'no smoking' signs.

In every single interview and in every single personal interaction that Terry Smith then had with government members—this is in the chamber of the parliament—members who had called him Terry for 20 years now called him Terrence. They called him Terrence for the whole time the campaign went on, even to his face in the chamber. It was absolutely personally sickening.

The campaign was totally alien to Australian political culture. It was the first time I had ever seen a classic American negative campaign in my life—I hope I never see another one. It was lifted straight from the United States of America.

When word of the article reached the territory—that is the boasting about them destroying Terry Smith as a person and choosing the date for the election—Ralph was immediately dubbed the 'mouth from the south' in the Northern Territory. When you look at some of the things that he has said since, you would have to agree—for example, his comments after the recent federal election.

Ralph, one of the four members of the Liberal advertising team, was one of a number of people who spoke at a post-election symposium held by the Melbourne-based Centre for Corporate Public Affairs on 15 April. One paragraph of his illusive contribution to this symposium is on page 321 of



Michael Gordon's recent update on his book *A True Believer*. It says:

Andrew sort of got rid of the gentlemen farmers who had been hanging around the halls for a long time and put in a pretty professional bunch of dispassionate, almost mercenaries if you like, people you wouldn't like to meet down a dark alley at night . . .

They are your friends, Senator Minchin. I take great heart from the fact that this trio of political hatchet men are now in the gun themselves.

This is not the first time they have been embroiled in controversy over guns and advertising. There are those of us who recall the reaction to the Liberal Party's sniper TV ads during the 1993 federal election campaign showing Australians on TV screens in the gun sights—the crosshairs of a gun—of unemployment. Do you remember those ads, Senator Minchin?

The ad used the image of a sniper focusing on individuals caught in the crosshairs of a telescopic rifle waiting to be shot while a deep male voice asked who would be next. The ads caused an absolute storm, with the Coalition for Gun Control issuing press statements calling for them to be withdrawn because they encouraged gun violence, which they did. They were appalling advertisements. Their spokesperson, Rebecca Peters, said the ads were:

. . . a cynical exploitation of the tragic gun violence problem in this country. More than once a week an Australian is murdered with a gun.

The then ALP national secretary, Bob Hogg, said that he would rather give the game away than run ads like that.

What did the Liberal Party say? The then Deputy Director of the Liberal Party, Mr Grahame Morris, told the *Sunday Age* on 14 February of that year that the few complaints the party had received about the ads were 'mild by political standards'. It is paradoxical that this same trio have been chosen by this government to put together an advertising campaign to encourage gun owners to comply with the buyback.

## Question without Notice (Speech): Gun Control Campaign

### Gun Control Campaign

Senator ROBERT RAY (Victoria) (3.06 p.m.) —I move:

That the Senate take note of the answer given by the Assistant Treasurer (Senator Kemp), to a question without notice asked by Senator Robert Ray today, relating to the tendering process for an ~~advertising contract~~ won by DDB Needham, Adelaide.

This particular matter has quite a history because what Senator Kemp was answering the question on today was misleading evidence at the estimates committee—and I commend him for correcting the record so rapidly; an example that some of his colleagues should follow. What Senator Kemp does not understand, I think, because he was not involved previously, is that this is the second major correction that has come through on this particular subject.

On 30 September, at the initial estimates committee hearing, I asked the following question:

Were there any suggestions made by ministers, their staff or parliamentary secretaries, or other member of parliament who should be on this list?

The witness said:

Not that I recall, Senator.

I went on to ask:

But you have no recollection that a particular firm or two may have been suggested by the Attorney-General's office or by Mr Jull or anyone else?

The answer was no. I asked:

There is no notation on the record anywhere that will assist with that?

The reply was:

Not that I am familiar with.

I then said:

You would certainly remember if they struck one off or wrote one in?

The answer was yes. So, on 30 September, there was a total denial that anyone had written or interfered in the tendering process. But what did we get when the estimates committee resumed? We got a statement read before the committee saying, 'I am sorry. All that evidence is wrong. Mr Morris, the chief political adviser to the Prime Minister, did in fact write and this message was received on 28 June 1996.'

So there has been a complete recantation of the evidence to that point. We went on to examine these matters and we asked:

Can you say to me whether Mr Morris's intervention had any effect on your thinking as to who goes on the list of five?

The OGIA witness said:

No, as I said earlier, DDB Needham were already on the list before I received the fax.

I went on and just double-checked that, and I said:

But you are saying that you had DDB Needham on a list before Mr Morris rang and discussed it with you.

The answer given was:

That is right.

Yet what do we have now? We have the Assistant Treasurer writing back to us to say, 'I am sorry, that evidence is wrong yet again. We can't find any written evidence that DDB Needham Adelaide was in fact on the list prior to Mr Morris's fax.' What we have asserted throughout is that it was Mr Morris who intervened to get DDB Needham Adelaide on the list. All the evidence given so far at both hearings is now absolutely null and void.

I raised in the supplementary estimates committee that the fact is the other four firms put on the list of five had an average billing rate of \$47.8 million a year, yet this tiny little outfit in Adelaide had a billing rate of \$5.8 million a year. The fact is—with its two principals, Toby Ralph and John King, working full time on the federal election campaign, employed by state directors Minchin and Morris—DDB Needham suddenly got the nod to get on to the list.

There are some more interesting facts about Senator Kemp. Once Senator Kemp learned the news that they were on the list before Mr Morris wrote his fax, there was a big breakout at the estimates committee. There was great fun to be had by Senator Kemp. The transcript of the hearing states:

The sequence given by Ms Moore was that DDB Needham was put on the list prior to any letter, we understand, from Mr Morris. So the claims that you—

meaning me—

are making that there was an intervention, even at the first stage, are yet to be demonstrated.

Well, aren't they demonstrated now? He goes on, though, and says:

But it is a fundamental issue, Senator Ray, is it not? You are trying to build a case against Mr Morris, but the evidence that has been tendered to this committee is that DDB Needham were put on the list prior to that letter which was received by Ms Moore. It is a fairly fundamental point, is it not?

Well, isn't it! All that evidence is wrong and the fact is that all the defence Senator Kemp put up is wrong. This has happened on not one occasion; it has happened on two occasions.

I remind the Senate that we are dealing with a new minister. I did pass on one piece of advice during the hearings to Senator Kemp. When he was answering questions I said, 'Now, look, minister. Let me give you a bit of advice. Preface every answer by saying, "I am advised".' In future, Senator Kemp, when you are sitting at the table not taking questions on notice, trying to obfuscate, trying to defend the government, follow my advice. This particular matter is two strikes against this government.

## GUN CONTROL: ADVERTISING CONTRACT

Senator ROBERT RAY (Victoria) (5.09 p.m.) —In response to a question from the Leader of the Opposition, Mr Beazley, to the Prime Minister (Mr Howard) today as to whether the Prime Minister stood by his statement on radio 6PR that 'there had been a completely proper tendering process and there was nothing unethical about what had occurred' the Prime Minister answered, 'Unless you know something I don't, yes.' Well, we do know something Mr Howard does not know.

The issue under discussion today raises grave doubts about the probity of the Howard government. It raises questions about conflict of interest and could well border on the edge of corruption. In the absence of an anti-corruption body like the ICAC at a federal level, it is the duty of this Senate to pursue these matters. The Prime Minister, Mr Howard, has made much of his new standards that will operate under this government. Yet, at the very first test, a sleazy operation has been run to reward political mates—all funded by taxpayers' money.

Let me outline how that has occurred. First of all, let us go through the Office of Government Information and Advertising's assessment of these proposals after the first pitch. I go to John Bevins Pty Ltd, which, quite clearly, was the one written up as the best. OGIA found that the strategy of John Bevins Pty Ltd—Amnesty: Once and For All—'demonstrated superior understanding of the communications task outlined in the brief'. The submission met the requirements of the brief very well and met the budget specified. It went on to say that the message represented 'a creative solution which successfully delivers the key messages in a manner that will assist to defuse the emotionally based arguments from pro-gun lobbyists'. Bevins included non-English language press in their media schedule and OGIA found that:

The nominated team from Bevins have experience working on state and Commonwealth government campaigns and have delivered high quality campaigns on time and within budget.

Compare and contrast what OGIA said about DDB Needham Adelaide. OGIA noted that its submission 'barely meets the requirements of the brief' and that it was full of contradictions in their thinking. OGIA found that:

DDB have not displayed strong application of critical logic or consistent application of communications theory in their submission.

Further they found that it was 'difficult to assess DDB Needham's media plan as they did not include a detailed concept plan'. The submission was found to answer few requirements of the brief. It was considered doubtful that the television-cinema commercial could be delivered on time or within the budget allocated.

Yet a firm that gets this caning makes the short list. They miraculously go from fifth to third and I will explain later how they made it. They are put out to market, to qualitative research, to test the concepts.

What does Elliott and Shanahan—the body this government got to do this assessment—say about John Bevins:

The most positive response across all groups.

Clear neutral announcement.

Relates to all people and does not stereotype.

Non-threatening and not contrived.

Strong branding.

It did not generate anger.

It said that attention was focused on the message about the amnesty and not what the laws are about. The research found that gun owners were less likely to knock this approach and it did not generate angry discussion amongst the participants about the pros and cons of the new laws. Let me quote what some of the participants in this poll said about Bevins:

This is down to earth whereas the other ones are trying to give you a threatening image and they turn you off.

Another quote:

For anyone who couldn't understand or speak English, the pictures make it pretty clear what it's all about.

Elliott and Shanahan recommended the John Bevins proposal, 'Amnesty: One and For All'. It found that this approach 'is likely to be the most effective in terms of the communication goals and in achieving the greatest compliance with the new laws'. Finally, the research found:

This is likely to be the most effective communication approach essentially because it is non-threatening, generates very little emotion, and is matter of fact and neutral in its tone. It does not challenge or confront the audience but it still generates interest and impact.

What did the same qualitative polling organisation have to say about the DDB Needham Adelaide proposal? The research showed that the DDB Needham proposal 'Gun Control: It's Time to Bite the Bullet' generated considerable anger because of the emotion of the approach. The research indicated that the approach would result in non-compliance with the laws and was seen as dictatorial and with government 'coming to get you'. It was seen as an anti-gun lobby approach and elicited the most negative response overall.

The research showed that gun owners rejected the approach proposed. It encouraged gun owners to fight the government and it was found to position the government in the most unfavourable light. The material was considered sexist and likely to create family squabbles. It was seen as threatening, challenging and extreme.

Why don't we go to some of the participants in these polls? One of them said, 'It's kids stuff, isn't it?' Another said, 'It's overboard.' Another said, 'Kick in the guts; it's too standoverish. You have to bear in mind that we have just been charged and convicted for something we didn't do.' And another said, 'To me, as a shooter, it turns me right off; it means anti-gun control; it means gun user control.' Another said, 'We have voted this government in; how much trust do we have in them? I haven't got any any more.' And the final one says—in deference to the Lyons foundation, I might moderate it: 'No—expletive deleted—way. You can take that and stick it up your posterior.' Honourable senators will note that I have only paraphrased that last remark.

The prime ministerial guide on the key elements of ministerial responsibility states, for the benefit of those opposite:

Ministers will obtain an advice from a range of sources, but primarily from their private office and their departments. There is clearly no obligation on ministers to accept advice put to them by public servants, but it is important that advice be considered carefully and fairly.

In the light of the above and considering the advice from OGIA and Elliott and Shanahan, can the Prime Minister really state that the agencies that pitched for the advertising contract were treated fairly? Was the advice from OGIA and Elliott and Shanahan carefully considered by the committee?

The key question in this is: how did DDB Needham Adelaide get on the list originally? There is great doubt whether they were ever on the original register of several hundred firms. However, the decision on this occasion to go for selective tendering was a sensible one—to pick out four or five to tender—because the assessment cost, if 20 or 100 firms had applied for this work, would have been prohibitive and a stupid expenditure.

Let us have a look at the question of the 1995 billing rates for these firms: George Paterson Bates Brisbane, billing rate \$30.6 million; Foote Cone and Belding Sydney, \$55.4 million; John Bevins Advertising, \$27.3 million; Grey Melbourne, \$78.2 million; DDB Needham Adelaide, \$5.8 million. Needhams are not in the same class as the other four firms. They do not sit with them; they stick out like a sore thumb. You have to ask: how in heaven's name did they get chosen? It is a very murky process, let me tell you.

What happened on this occasion was that OGIA drew up suggestions. They had to put those suggestions to ministers and the final five firms emerged. I can tell the Senate that OGIA did not have Needhams on their list when they sent it to ministers. What happened on this occasion was that the Prime Minister's chief political adviser, Mr Grahame Morris, contacted the assistant manager of OGIA and requested that DDB Needham Adelaide be on the list. If anyone doubts this, just ask the Department of Administrative Services whether such a letter is on the file. Let those opposite deny that the chief political operator out of the Prime Minister's office put the fix in and got DDB Needham Adelaide put on this list when OGIA never considered them a worthy contender or in the same league as the other firms.

After that, you get a short list drawn up—after everyone has come in and had their pitch, and I will come back to this later. A short list of two firms is drawn up: John Bevins Advertising and George Paterson Bates. That was to be the short list to do the second pitch. What happens? Chief political adviser Grahame Morris comes back on the scene. He agrees that Bevins is a pretty good bid and, just to make sure Bevins wins, he suggests that DDB Needham go on the list because they are like chalk and cheese—that the contrast would be enormous: they lob in a no-hope firm in order to show how good the winning firm is going to be.

Following a process of qualitative testing carried out by Elliott and Shanahan, these firms happened to make their second pitch to the ministerial committee. The crucial point is that these firms are not supposed to change their pitch from the first pitch to the second pitch; otherwise all the qualitative research is useless. The only assumption we could ever have made was that this absolutely hopeless bid by Needhams must have improved massively on the second pitch. But you are not allowed to do that.

Of course, we have other evidence here now, and that is that Mr Wayne Kingston, the chairman of DDB Needham Australasia, refutes this. Mr Kingston is a real straightshooter, a dead honest bloke. In the *Australian* on 3 October, he said that his agency had made some amendments to its submission between the first and second pitches, but that these were minor. You cannot have it both ways. If the first pitch remains virtually the same as the second pitch, with only minor amendments, how could you possibly think of using this firm that is so bagged by OGIA and so destroyed by the Elliott and Shanahan research?

What has happened subsequently, Needhams having won this contract, is that all that first and second pitch has been thrown out. DDB Needham Adelaide are now working on a new creative pitch. They have thrown out the bite the bullet campaign, I am told, and they are now working on a new campaign. What that means in terms of billing is that everyone only gets \$5,000 a pitch and, if you do creative work post the pitch, you get paid full tote odds. Not only have the others been skun—and some of these bids have cost them up to \$80,000 to put together—but now Needhams are going to get paid not \$5,000 for their creative work but an enormous amount more.

Let me come to the decision making day, because this is crucial to our argument. The ministerial committee began meeting at 5.30 p.m. The members of the committee present were: Mr Grahame Morris, chief political adviser to the Prime Minister; Mr David Jull, Minister for Administrative Services; Senator Nick Minchin, parliamentary secretary; and Mr Petro Georgiou, member for Kooyong. I would just like to take a moment to congratulate Mr Georgiou on being the first backbench member of this committee in its history. Then finally, because Mr Williams was unavailable due to going to cabinet, an absolutely proper excuse, Ms Melanie Granger, an adviser to

him, represented his interests on this committee. Also present, as I think Senator Ian Macdonald said, were police ministers Whelan and Humphries and their staff. There were OGIA staff and staff from the Attorney-General's Department and related agencies.

All the firms came in and made their pitch. Then Elliott and Shanahan came in and gave their assessment in summary. The general view in the committee, as I understand it, was that Bevins were a mile in front. There was then a confab between Mr Grahame Morris and Ms Melanie Granger, who then left the room. From answers given in the House of Representatives today by Mr Williams, she put the case to the Attorney-General, Mr Williams, apparently gave him some papers, and he said, 'I can't make up my mind. You'll have to do it for me.' What does Ms Melanie Granger do when she goes back inside the room? She utters the immortal words, 'Daryl prefers DDB.' Who do we believe? The staffer or the minister? I believe the minister. I believe that the minister was telling the truth today that he gave his staffer no instructions and that she came back into the room and said, 'Daryl prefers DDB,' on the basis that she was suborned by Mr Grahame Morris, chief political adviser to the Prime Minister.

Of course, this throws great confusion into the meeting, and they determine, 'We can't resolve it now. Let's take a dinner break. Let's hear the PR firm's pitch and we will come back and decide this matter later.' Of course, later in the evening all the OGIA officials leave the room and the decision is made, and they are informed at 10 minutes past 12 that the contract has gone to Needhams.

But here is the interesting point. At 9.30 that night, OGIA rang John Bevins's people at their hotel and told them that the field had been reduced to two—Bevins and Needhams—but that the decision was being 'vociferously debated'. They were also told, 'It wasn't looking good,' and that their poor prospects 'didn't have much to do with the quality of their work'. So someone from OGIA has let the cat out of the bag. Someone has rung John Bevins and said, 'Look, it is still being debated. We can't give you a result. However, you are not actually going to win'—that was the hint—or 'you're not looking too good, but it is nothing to do with the quality of your bid'.

Senator Ian Macdonald —Who told you all this fantasy?

Senator ROBERT RAY —That one will be readily sourced to the managing director of John Bevins, Senator Macdonald. He happens to have the same name as you, but he is a little more trustworthy than you are. I also understand that Ms Farnsworth, from Mr Jull's office, was present for a while but then absented herself. I am not sure whether that was because she is a departmental liaison officer and the discussion became more political rather than administratively oriented.

We do not know—we will know one day because they are starting to blab already—which way people voted. My information is that Mr Petro Georgiou consistently voted against Needhams and that the majority in favour of Needhams was: Mr David Jull, minister; Mr Grahame Morris, chief political adviser to Mr Howard; and, in all probability, Ms Granger. I don't know where Senator Minchin voted on these matters. He decided to scratch himself from the speakers list today so we may not ever find out.

Why would there be a conflict of interest? We are entitled to ask: why would a firm rated fifth win? Why would a firm of the three properly market tested by Elliott and Shanahan not win? The answer comes just from going back through the newspapers and having a look at the role these principals of DDB Needham Adelaide have played in the last two years in politics in Australia.

On 6 March 1996 Ms Pamela Williams, writing for the *Australian Financial Review*, noted that both ~~Mr Mark Pearson~~ and Ted Horton were brought in, on the recommendation of George Pattersons, by Andrew Robb to manage the Liberals' negative advertising campaign for the 1996 federal election. She observes that they were sought because 'they knew just how to get down in the gutter'. This pair was 'complemented by John King and Toby Ralph from DDB Needham Adelaide to advise on strategy'. She further noted that they, King and Ralph, had vast experience from state

campaigns in Victoria, South Australia and the Northern Territory, where they had worked for the Liberal Party and the CLP.

The links these individuals have with key Liberals is absolutely no coincidence. They worked closely with Senator Minchin when he was director of the Liberal Party division in South Australia and when Mr Grahame Morris, chief political adviser to the Prime Minister, held the South Australian state directorship. This is a case of individuals not just working in one firm for a political party but being taken out of firms to work directly for the Liberal Party campaign. Upon their returning from that particular task to their firms, lo and behold they get the first major government advertising contract to come up in the life of this government. The Prime Minister's *Guide on key elements of ministerial responsibility* states:

Ministers should not exercise the influence obtained from their public office, or use official information to obtain any improper benefit for themselves or another.

I stress 'or another'. Where are the conflicts of interest here? Does Mr Jull have a conflict of interest? Probably not. He has not had an interactive relationship with these key elements of DDB Needham Adelaide and the national creative director. Mr Georgiou had contact with them over time and was also, I think, responsible for getting them to become the master agency of the newly elected Kennett government in 1992 before they could give the contract to Leeds Media, even closer mates than Needhams. There is no doubt that Senator Minchin and Mr Morris, as employers of DDB Needham and supervisors of their efforts during the federal election, were intimately involved with these two particular people. Who knows what Ms Granger's contacts are? I do not know that she would have suffered.

It is an interesting thing. Is it a proper procedure of this particular activity to delegate a voting right to a staff member? Is Ms Granger entitled to cast a vote on behalf of the Attorney-General, Mr Williams? Did she? Under what guidance? Mr Williams's answer in the House of Representatives today strongly implied that he left the decision in her hands and the vote in her hands.

We have long awaited the defence of Mr Jull, the Minister for Administrative Services, about this extraordinary contract. Rather than clearing the air with a full explanation or explaining the other criteria—which I will get to later—which was referred to by OGIA, all he has tried to do is blackmail the opposition. That was very similar to Senator Macdonald's approach today. The minister was quoted in the *Courier-Mail* on Wednesday, 2 October saying he had information on the Labor Party's awarding of contracts to 'sink them forever'. He certainly did not give that information to Senator Macdonald for today. He was referring to Labor's previous decision at arms-length to give John Singleton contracts. That is not the issue here. No-one is arguing that the government cannot award contracts to people who have had political dealings with them in the past. The question here is of merit and conflict of interest.

On any objective standard, Needhams were not the most meritorious, nor did they present the most appropriate strategy. Indeed, they were regarded as bordering on hopeless. Those who made the decision had clear conflicts of interest, which they failed to declare. That is the issue.

If the minister has information about former Labor contracts, as he contends, bring it on. We have nothing to hide in that regard. The minister's comments have admitted his complicity in this absolutely sordid affair. He has nothing to say to try to put the record straight.

It was mentioned today, very disingenuously and pompously I thought, by Senator Macdonald that the dealings inside this committee are confidential. At the finance and public administration estimates hearing on Monday, 30 September, the question was not quite so clear. Senator Short said:

I would have thought that is a matter for the committee itself. I am not sure that that is proper to disclose, but let me take it on notice.



When asked if there was a confidentiality requirement on those attending the meeting, Senator Short replied:

That is one of the points I have to find out.

When asked whether the confidentiality would cover Mr Whelan and Mr Humphries, he stated:

I would have thought that all persons attending such a meeting would observe the normal processes of confidentiality that relate to any meetings of this nature. But we have taken it on notice.

Presumably this advice must have come up at lightning speed because Mr Humphries commented the following day, 1 October, on the ABC news program:

In my view and the view of most of the committee the DDB Needham campaign was superior and it got the job on the basis of the presentation.

But on ABC *Drive Time* that night, he said:

I think frankly at the end of the day there was no dissent from the view that Needham had the best presentation and put forward the best argument.

Mr Howard, over in Perth at the same time, did not feel at all constrained to divulge what was happening in the committee. On 6PR that day he said:

Two of the three people he—

meaning me—

named as not being suitable to be on the committee, inside the committee's deliberations, voted in favour of another agency.

Senator Macdonald came in here today and said the decision was absolutely unanimous for Needhams. We have Mr Humphries, the ACT police minister, saying it was unanimous. Yet the Prime Minister says two voted against it. I bet they did when they knew there were three votes in favour of it. I have no doubt two voted against it. If you are putting the fix in, make it three-two and it will look a bit better.

One of the crucial points here, though, is that the various losing firms are entitled to a debriefing. That sort of debriefing indicates to the losing companies where they went bad. When the principals at John Bevins Pty Ltd learnt that the DDB Needham proposal had barely met the requirements of the brief, had tested poorly and was full of contradictions, they immediately contacted OGIA for more information. They wrote to the Assistant General Manager seeking an assurance that their proposal was judged on its merits and an undertaking that they received a fair go.

Upon hearing the *7.30 Report* program, which detailed further information about the fix on the advertising contract, John Bevins, through its manager, Ian Macdonald—not to be confused with the ambulance chaser over there—spoke with Ms Cathi Moore. He was informed that other criteria had entered into the appointment of the agency. What other criteria? There is still no explanation. They set up the terms on which to bid for this stuff. They set up the preconditions. Afterwards, having spent \$80,000, this firm that should have won, but for the political fix, was told other criteria came into it.

Quite reasonably, this particular company has asked what other criteria could possibly subsume the gulf that existed, according to both OGIA and Elliott & Shanahan, that meant Needhams knocked off Bevins. There was no answer, of course, and no description. Let me tell you what the other criteria was. Let me tell you what Bevins' mistake was: it did not hire Ted Horton, the creative manager, to run its election campaign; it did not hire Toby Ralph from Needhams in Adelaide; it did not hire John King; and it did not have Senator Minchin and Mr Grahame Morris to supervise them

all the way through the federal election.

This is the biggest rort I have ever seen in my 15 years in politics, and I have seen a few—a company bagged so unmercifully by government public servants, by their hired qualitative research which assassinated their bid to win, when in fact they should never have been on the original list of five. It was only by Mr Grahame Morris putting the political fix in that they got on the list of five at all. He got them on the short list.

OGIA recommended two for the short list, and it was Mr Grahame Morris who got them put on as the third company on the short list. It was he who argued and manipulated the whole committee to actually award this particular contract. You have to ask yourself what the Prime Minister is doing hiring someone who is just so crude at political manipulation as Mr Morris.

What we have here is the very first test of the Howard government in awarding of a tendering contract, not determined by public servants but by a ministerial committee. It went to a firm with a billing rate of only \$5.6 million a year, not in the league of the others, whose two directors—owning 60 per cent of it—had worked actively in the federal election campaign. They use a creative director from the overall organisation to help with the pitch, who also worked on the Liberal campaign, which was rated fifth by OGIA and third out of three by the qualitative research. It suddenly emerged through this particular process and won the contract.

What makes this even more galling is that they are dumping overboard all their original concepts of 'bite the bullet'. They are actually now creating as we speak a new creative campaign that will not be market tested, that will not go back to the ministerial committee and that OGIA will not have to supervise. They will be able to bill full creative rates when everyone else had to subsume that in their \$5,000 pitch fee.

This particular contract should be ripped up. At the very least those poor suckers—those other companies who put in their bid in a genuine way—should be refunded their full tendering costs and not have to do with a \$5,000 pitch fee. This is the biggest rort I have ever seen in politics.

## GUN CONTROL: ADVERTISING CONTRACT

Senator BOLKUS (South Australia) (4.12 p.m.) —I move:

That the Senate—

(a) notes:

(i) the awarding of an advertising contract to DDB Needham, Adelaide, in spite of its being rated fifth on the qualitative polling done for the Government by Elliott and Shanahan,

(ii) that Mr Ted Horton, Mr John King and Mr Toby Ralph, principals of DDB Needham, were key advertising advisers to the Liberal Party during the 1996 federal election campaign,

(iii) that the ministerial committee to determine these matters included the Parliamentary Secretary to the Prime Minister (Senator Minchin), Mr Grahame Morris and Mr Petro Georgiou, all of whom, in their previous capacities as State Directors of the Liberal Party in either South Australia or Victoria, had contracted with DDB Needham for that firm to perform work on behalf of the Liberal Party, and

(iv) that none of the above declared that there was a conflict of interest in awarding the contract; and

(b) calls on the Government to set up an independent judicial inquiry into the tendering process and related matters.

The events of the Port Arthur massacre were a horrid reminder of the brutality that can exist in our society. Port Arthur was an event that shook this nation to its very soul. In fact, it forced us to rethink the direction in which our nation was heading. In so doing, it actually put in place a particular process that led to the agreement establishing uniform national gun laws, an agreement which was concluded on 10 May this year. This was an outcome that Labor had worked hard to achieve in government and an outcome that we were very happy to give bipartisan support to in opposition.

An important part of the new national gun laws is the national amnesty, an amnesty that is already up and running in a number of states and territories. The aim of that amnesty was to encourage as many gun owners as possible to hand in their prohibited weapons—to choose voluntarily to comply with the new laws. Given the considerable anger and the distrust of the government amongst some gun owners, this was never going to be an easy task. It was a task that was going to have to be handled sensitively and by the best advertising campaign possible. It was something that politics should never have played a part in. Unfortunately, it is quite apparent that this has not been the case.

The evidence which I will set out in the next few minutes clearly shows that advisers close to the Prime Minister (Mr Howard) interfered with the tender process that led to the awarding of the national gun laws advertising contract to the firm DDB Needham Adelaide, a firm close to both the Liberal Party and the advisers concerned. In so doing, those advisers and this government have not only sought at the first available opportunity to corrupt the tender process to benefit their mates but, and more importantly, they put an advertising campaign, the success of which is fundamental to the national interest, in the hands of a firm which, according to the independent evaluation, is simply not up to the job. As a result, the success of the desperately needed uniform national gun laws has been put in jeopardy.

I will now explain how this sleazy episode eventuated. On 4 June this year, the federal cabinet agreed that the Minister for Administrative Services (Mr Jull) and the Attorney-General (Mr Williams), following consultation with the Prime Minister, would conduct an advertising campaign in support of the national gun amnesty. In July 1996 the Office of Government Information and Advertising, together with the Attorney-General's Department and the Commonwealth Law Enforcement Board, issued a creative agency brief for the national gun control public education campaign. The purpose of the campaign was clearly stated:

To design a creative advertising and media strategy to explain, promote and encourage voluntary compliance for the Australian wide gun amnesty.

The brief stated that the government had allocated \$2 million to cover 'all communication activities until the conclusion of the national gun amnesty on 30 June 1997'. The brief also set out three key objectives of the campaign: one, to promote and encourage voluntary compliance with the gun amnesty; two, to explain clearly which firearms are banned and which ones are restricted under licensing categories; and, three, to promote and

encourage the surrender of unnecessary, illegal firearms. The brief was circulated to some 200 advertising agencies and marketing firms, all of which were contained on the register, maintained by OGIA.

I have been advised—I raised this in my question to the Leader of the Government in the Senate (Senator Hill) on Tuesday this week—that DDB Needham, Adelaide was not on this register as at 30 June this year. I have also been advised that the Prime Minister's chief political adviser, Mr Grahame Morris, contacted Ms Cathi Moore, the Assistant General Manager of OGIA, and asked that DDB Needham, Adelaide be added to the list of four firms initially asked to make a pitch for the contract—the first dose of interference. Senator Hill, on behalf of the government, had the opportunity on Tuesday to deny both of these matters. He chose not to. In fact, he did not even have the decency to take the matters on notice.

We then move to 8 August, when five firms, including the imposed DDB Needham, were asked to make a pitch. Representatives from the offices of the Prime Minister, the Minister for Administrative Services, OGIA, the Attorney-General, the Attorney-General's Department and the Commonwealth Law Enforcement Board were present. Mr Morris attended the meeting.

As is standard practice, all of the presentational materials were then taken from the five bidders and were submitted for market testing by independent assessors—Elliott and Shanahan research. The testing consisted of target group analysis of the messages contained in the advertising campaign. They had 13 group discussions across eight locations in New South Wales and Queensland. They were conducted in urban areas, in rural towns and amongst our farming community. The groups were made up of gun owners, both males and females, and partners of gun owners—all over the age of 18.

DDB Needham's campaign theme was 'Gun control: it's time to bite the bullet'. To say that this pitch was not warmly received by the target group would be a major understatement. Elliott and Shanahan, the independent assessors contracted by the government, concluded that DDB Needham's pitch 'generated considerable anger because of the emotion of the approach'. They said that it 'resulted in claims of non-compliance' with participants reacting by 'digging their heels in'. Elliott and Shanahan noted that the pitch produced 'a very emotionally charged response which always elicited a negative response'. They said that overall DDB 'received the most negative response' of the five.

But the response of some members of the discussion groups better expressed their reactions. One described the DDB proposal as kids stuff; another said, 'It's overboard.' Another described it as a 'kick in the guts'. More graphically, one member was quoted as saying, 'No f...ing way. You can take that and stick it up your...!' This is the evaluation. This is the response.

OGIA, in its advice to government from their assessment of DDB's submission, noted that it 'barely met the requirements of the brief'. They went on to say:

In its submission DDB have not displayed strong application of critical logic or consistent application of communications theory in their submission.

So, basically, they failed. They failed the test of the target groups. They failed the test of the evaluation. OGIA also noted:

DDB Needham have suggested an unlikely communications solution to the task at hand... delivering a highly emotional creative strategy.

They also said, 'DDB have not demonstrated a strong understanding of the creative task' and showed a 'lack of attention to detail.'

All these assessments are part of the documentation available to the government, documentation and evaluations sought for and paid for by the government. It is also understood that the Attorney-General's Department and the Commonwealth Law Enforcement Board also conducted separate evaluations of each of the bids, and they were equally as scathing of the quality of the campaign suggested by DDB Needham as OGIA.

It is important to look at the comparisons. It would be valuable for the Senate to understand the quality of some of DDB's competitors. For example, after the initial assessment, John Bevins was ranked first. Elliott and

Shanahan concluded that their campaign—the theme was 'Amnesty: once and for all'—received 'the most positive response across all groups'. It was 'non-threatening and non-contrived' and achieved a 'positive reaction' to its 'matter-of-fact approach'. That is a stark contrast to the DDB evaluation.

The comments made by the test groups once again supported the conclusion. One person said:

This is down to earth whereas the other ones are trying to give you a threatening image and they turn you off.

Another said, 'They're not playing on any emotions.' Another one of the target groups said:

All the information is pretty clear. You can see what you can't have and you can see who can own a gun.

So what is very clear is that John Bevins's submission was seen as not just better but highly superior by all those who independently assessed it—OGIA, Elliott and Shanahan and even the test groups. What can also be clearly seen is that DDB Needham were not up to scratch in any sense at all.

On 23 August OGIA wrote to John Bevins Advertising advising of the arrangements for the Ministerial Committee on Government Communications to be held on Tuesday, 10 September 1996. The role of the ministerial committee was to make the final determination as to which tender was to be preferred. It is curious that in that letter OGIA informed John Bevins that only two tenderers had been short-listed.

However, just a few days later in a subsequent letter dated 2 September, just over a week before the ministerial committee met, John Bevins got another letter from OGIA. This time they were told that three agencies had been short-listed. Why was it now three and not two? The answer is pretty simple: in the interim Mr Morris, chief political adviser in the Prime Minister's office, contacted OGIA again and insisted that DDB Needham be included on the short list again.

This brings us to the meeting of the ministerial committee that occurred on 10 September 1996. The committee currently has five sitting members: the Minister for Administrative Services, Senator Minchin, Mr Petro Georgiou, Mr Grahame Morris and, in relation to each advertising campaign, the relevant minister. In this case, of course, it would have been and was the Attorney-General.

On 10 September 1996 Mr Williams, as he stated in the House of Representatives today, was not able to attend as he was involved in a cabinet meeting. He sent in his place one of his advisers, Ms Melanie Granger, an adviser who had been with him in opposition. Mr Williams also invited the New South Wales Minister for Police, Mr Whelan, and the ACT Attorney-General, Mr Gary Humphries, to attend. They were invited to represent the interests of the other state and territory police ministers, obviously those with a very direct and clear interest in the matter due to the nature of the campaign. They had a very close working relationship with the national gun amnesty. However, it is important to note that neither Mr Whelan nor Mr Humphries were voting members of the committee; they were there in an advisory capacity only.

The meeting commenced at about 5.30 p.m. Departmental agency officials were present. The initial plan was to hear the final pitches for the advertising contract and to determine which tender would be successful before moving on to the public relations contract. Following the pitches for the advertising contract, it was clear that the initial discussions favoured John Bevins Advertising. However, after a side discussion between the Attorney-General's adviser, Ms Granger, and Grahame Morris, Ms Granger left the room for a short period and returned saying, 'Daryl wants DDB Needham.'

That is somewhat in conflict with what the Attorney-General told the House of Representatives today. It is not in conflict to the extent that Ms Granger left the room and saw him. But the Attorney-General wants to wipe his hands of any involvement. He claims that he gave no indication at all. But Ms Granger went back and said, 'Daryl wants DDB Needham.' It soon became apparent that the decision was unlikely to be reached quickly and, accordingly, the committee adjourned for dinner, then went on to hear the pitches for the PR contract and then to reach a decision on the advertising contract. So this was the process that was followed.

It is interesting to note that at about 9.30 that night, four hours later, an officer from OGIA then rang the representative of John Bevins. The representative was advised that the field had been reduced to two but that the final decision was 'vociferously being debated'. The OGIA officer went on to say that it was 'not looking good' and that John Bevins's prospects did not 'have much to do with the quality of their work'. Four hours

later, John Bevins was told, essentially, 'Your quality is pretty good but you're not looking too good and it's got nothing to do with the quality of your work.'

When the pitches for the public relations contracts were concluded at about 10 p.m., something quite extraordinary happened: the committee then proceeded to do their work basically in the dark. They kicked out the public servants; they kicked out the bureaucrats. They were not present. They were not allowed to be present. No minutes were kept at that stage; no records were kept. There was no public accountability because they were up to a dirty act and they wanted to make sure that there were no public servants around to witness it.

As to what happened next, we only know some of the details. At about 11 p.m., as a result of his disgust at the process that was being adopted and because he believed that the fix was well and truly on, Mr Whelan left the meeting to return to Sydney. The next public signal was at 12.10 a.m. when the staff of OGIA were informed that DDB Needham had won the contract.

In summary, the great dark horse in this race for the advertising campaign, a company that only gave a sales pitch because of the intervention of Mr Morris from the Prime Minister's office—a pitch that was ranked last, fifth out of five, but which was miraculously short-listed after further intervention by Mr Morris, a pitch that was ranked third on a short list of three and of which it was said 'barely meets the requirements of the brief' and which had received 'the most negative response overall'—jumped from being a non-starter to fifth, to third, to first. You would not have been expected to believe that DDB could have won it at the start. If you had put a bet on DDB at the start, it would have been a pretty exciting race to watch and it would have won at extremely long odds.

Senator Conroy —It's Fine Cotton.

Senator BOLKUS —But it is clear that it did not win on its merits and, as Senator Conroy has said, it was the Fine Cotton of the race—the real bodgie.

So what was the aftermath of this? When questioned by the *West Australian* newspaper on 31 September 1996 as to why DDB Needham had won the contract, the Attorney-General, Mr Williams, denied that he had favoured DDB. If that is correct, why then did his adviser, Ms Granger, indicate otherwise at that meeting on 10 September? At the meeting was she acting alone; was she acting with the Attorney-General's authorisation and express approval; or is she just going to take the rap?

Further, on 1 October 1996 the Prime Minister, curiously enough, admitted that three advisers on the committee—Senator Minchin, Mr Georgiou and Mr Morris, as the Prime Minister claims—had voted for another firm. If both Mr Williams and the Prime Minister are right, then at least three out of the five members of the committee did not vote for DDB Needham. This raises two direct questions: first, who did vote for them; and, secondly, how did they end up getting the contract if the majority of the committee did not vote for them?

Of course, it is not clear whether either Mr Williams or Mr Howard are telling the truth. On the same day that Mr Howard made his comments, the ACT Attorney-General, Mr Humphries, said on ABC radio that the decision to award the contract to DDB Needham had been unanimous. They might have organised the fix but they did not organise the cover-up afterwards. Who is telling the truth: Mr Howard, Mr Williams, Mr Humphries, or none of them? Why was DDB Needham—and you have to ask this—the beneficiary of this government's largess? Why did DDB Needham, with no merit, get the preferred treatment coming from nowhere in the race and finishing up in front? The answer is pretty simple: DDB Needham has close connections with the Liberal Party.

The principals of the firm, Mr Ted Horton, Mr Toby Ralph and Mr John King, worked on the 1996 federal election campaign. DDB Needham had also worked on state election campaigns for the Liberal Party. In fact, in their respective capacities as state directors of the Liberal Party in South Australia and Victoria, Senator Minchin, Mr Morris and Mr Georgiou had all worked with and had all given work to DDB Needham.

To tackle the argument that the Prime Minister tried to use this afternoon in the House of Representatives on the other side, the Labor Party has absolutely no problem with a firm with Liberal Party connections winning government contract work, providing that firm is the firm best suited to perform the job and wins the tender process fairly and squarely. But that is clearly what did not happen in this particular case.

Let us get an overview of the impropriety. Let us get an overview of the corruption of the process here. I have already discussed how DDB Needham's pitch was patently deficient for this crucial national advertising campaign. I have already discussed how Mr Morris interfered in the tendering process to ensure that Needham received consideration that it simply did not deserve. I have also discussed how Needham seems to have won the contract despite the fact that the majority of the committee claim not to have voted for them.

Just as importantly, Senator Minchin, Mr Morris and Mr Georgiou, the apparatchiks of the Liberal Party, should have absented themselves from the decision to award this contract on the basis that there was at least a clear perception that they had a conflict of interest, if not an actual conflict of interest, given that each of them had previously awarded contracts to DDB Needham and had worked with them in a very close, personal and political capacity.

This is clearly the case in relation to the person who actually voted for DDB Needham, but it is even the case for the other two. They should have exempted themselves, and that is very clear. When a judge or other decision maker exempts themselves from a decision on the basis of conflict of interest, they do so not just because of any perception or actual conflict that may arise from the ultimate decision; they do so because it is critical that the very process must not be tainted by that conflict or that perception of conflict. Clearly, regardless of who voted for DDB Needham, the conduct of Senator Minchin, Mr Morris and Mr Georgiou is deserving of censure.

It does not end there. There is more. Since the tender was awarded, cabinet decided on 24 September to increase the amount of money available for the advertising campaign from \$1 million to \$3 million. This decision was made ostensibly to allow a television component for the campaign. It is no surprise that, in its pitch, DDB Needham, the favoured son of the Liberal apparatchiks, recommended a \$2.88 million budget for the campaign.

Whilst I note and accept that the move to expand the campaign to provide a TV component was supported by Mr Whelan and Mr Humphries, in the circumstances I think we are entitled to ask whether this tacky exercise was just as much about getting 'more pork on your fork' as it was about the genuine interest of the advertising campaign. You have to ask whether the only reason this campaign received the extra \$2 million was that the contract had been awarded to Liberal Party mates.

Regrettably, this was not the only contract fix engaged in by this government. I turn to the public relations contract. The PR contract in the same matter was also the subject of political interference. When the bureaucrats and the political advisers met on 8 August 1996 to settle the short list for the PR contract, only two firms were initially short-listed—only two firms, Senator Minchin. They were Hill and Knowlton and Turnbull Fox Phillips. That was on 8 August.

However, less than a month later, on 7 September, those firms were advised that a third firm—Burson Marsteller—had also been short-listed, once again thanks to the intervention, the interference and the corruption of the process by Mr Morris. The ultimate decision taken on 10 September 1996 to award the contract to Burson Marsteller is still a curious one. In its evaluation, for instance, OGIA described the Burson pitch in the following terms: 'Whilst innovative, it is considered risky for the government.' The other short-listed firms' pitches were described by OGIA as being 'sound and achievable'.

Once again, what we have here is a public relations contract, the awarding of which raises questions of why Mr Morris interfered from outside directly into the process and corrupted it. The reason once again is clear: Burson had strong connections with the Liberal Party. The final sales pitch was given by Jonathan Gaul, who has worked—Senator Minchin knows this; you are as guilty as hell on this one, Senator Minchin—on the committee of many Liberal campaigns, including working in the party's national headquarters during the recent federal election campaign.

It is interesting to also note that the Burson bid relied upon research conducted by ~~Mr Mark Textor~~. Mr Textor has conducted polling for the Liberal Party in many state and territory election campaigns—the Northern Territory for instance. He has been employed by the Liberal Party as a staffer and, most recently, he was the director of polling and research at the Liberal Party's federal secretariat. Most notably, Mr Textor is the person who is known for that shameful exercise during the 1995 Canberra by-election when he designed the Liberal Party's ~~push polling campaign~~. So, once again, across the spectrum on a critical issue where bipartisan

support is critical, we have political interference in a process that should have been only merits based.

This is a shabby affair to say the least. The government has a hell of a lot of explaining to do if it is to provide a rational explanation as to how a bid as poor as that submitted by DDB Needham Adelaide ever won this contract. There is compelling evidence through the estimates committees and in documentation that the government interfered in this tendering process to ensure that the advertising contract was undeservingly awarded to its mates.

But the concern goes way beyond the sniff of corruption that we have here. The decision to award this contract to DDB Needham has already had practical consequences. The advertising campaign, which was due to start on 1 October, has been delayed. The gun amnesty has commenced in a number of jurisdictions and there is no advertising campaign to support it. It has just about finished in Adelaide and there is no advertising campaign to support it. And why? Because DDB Needham was not ready. It had to go off and redesign its campaign. How can the government expect us to trust a company that was shown through the independent evaluation process to be unfit to conduct this campaign—a company which designed a campaign that not only did not encourage gun owners to hand in their weapons, but incited them to resist the amnesty and to bury their weapons in the backyard?

In the interests of trying to fix up its mates with the old payback system, the government has placed in jeopardy one of the most important advertising campaigns ever conducted by an Australian government—just to reward its mates. The longer it goes on, the longer we get the dissembling, the more the government gets itself into trouble.

I have put on record exactly what the evaluation said of DDB Needham. But what does Mr Jull, the Minister for Administrative Services, say through his spokesman? He says that there is no reason to take action since he saw no flaw in the process. The whole process was corrupted. It is quite evident it was corrupted. You do not have to talk to the advertising industry to find that out. The documentation shows that. The minister sees no flaw in the process.

The minister also went on to say, laughingly I must submit, 'DDB was selected for their overall strategy which was considered to be the soundest strategy.' It was a strategy which his department knocked back and his department and its independent contractors determined was the weakest. He says, 'They had a strong creative team their strategy fitted well with the successful public relations firm Burson Marsteller.' What a lot of rubbish! The team was not even known at the start. The evidence is quite clear. This firm should never have been in the ring, but the minister laughingly tries to defend them.

The government has not just jeopardised the campaign but has sent the wrong message to a very important industry. The advertising industry has to be concerned because they are in great contractual relations with government and they have to have confidence in the process, but what confidence will they have now? I think the feeling in the advertising industry is best summed up by John Bevins in Sydney. They said that agencies would be 'mad to pitch for government accounts the way the process is now'.

You have corrupted the process for your mates. You have jeopardised a very critical campaign—a campaign jeopardised not only by the political interference in it but also by putting in a firm which was not ready to run when the amnesty took off. I think there is more than enough evidence here to indicate there was political interference by the apparatchiks of the Liberal Party deep in the heart of the Prime Minister's own office, with the Prime Minister's parliamentary secretary and Prime Minister's chief political adviser. They have corrupted the process. There is a need for a judicial inquiry and that is why the opposition has moved this motion this afternoon.