

Advice under pressure: the OzCar controversy (B)

“It’s not every day that the Leader of the Opposition stands up and says about the Prime Minister of the day that the Prime Minister is corrupt...Mr Turnbull’s got no option having made this extraordinary claim (but to) do the honourable thing: apologise and resign.”¹

By Monday 22 June, Prime Minister Kevin Rudd and Treasurer Wayne Swan were claiming the moral high ground over allegations of misleading Parliament about attempts to secure preferential treatment for car dealer John Grant under the Special Purpose Vehicle (SPV) finance scheme known as OzCar. The allegations, referred to as “Ute-gate” because Grant had donated a utility vehicle to the Prime Minister for use in his electorate, was that day the subject of five hours of fiery debate in the House. Half way through the proceedings, with accusations being hurled across the house in both directions, members learned that the Australian Federal Police had seized a faked email from senior Treasury official Godwin Grech’s home. This email had formed the centrepiece of the opposition’s calls for Rudd to resign.

The opposition, though shaken by this revelation, barely missed a beat before switching the focus of its attack to the Treasurer, saying that Wayne Swan had “used the enormous influence of the commonwealth government to seek to secure an advantage for a mate and benefactor of the prime minister.”² Kevin Rudd, however, said it was Opposition Leader Malcolm Turnbull’s integrity that was on the line. Having failed to provide any evidence, he “has no alternative now but to stand up, be man enough to apologise and resign.”³

That evening the Treasurer’s office tabled 22 emails to show that John Grant had been treated no differently from a number of other dealers seeking OzCar financing.⁴ Meanwhile, Prime Minister Rudd “blitzed television”⁵ saying it was time for senior Liberals to tap Turnbull on the shoulder and tell him to go.

This case was written by Janet Tyson, Australia and New Zealand School of Government, for Dr Anne Tiernan, Griffith University, as a basis for class discussion rather than to illustrate either effective or ineffective handling of a managerial situation. It has been prepared from published materials.

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¹ Grattan, M, and Sharp, A, ‘Fake email trips Turnbull’, *The Age* 23-06-2009. p1.

² Hansard, House of Representatives, 22 June 2009, 6664

³ Hansard, HOR, 22 June 2009, 6671

⁴ Hannon, K, ‘Swan’s office releases car dealer emails’, AAP Australian National News Wire 22-06-2009.

⁵ Grattan and Sharp, 23-06-09.

Over the weekend of 20 and 21 June, Treasury officials with the Australian Federal Police (AFP) had searched Grech's home and his office. They found a number of emails that raised their concerns about "the propriety of Mr Grech's dealings with various persons."⁶

By the evening of 21 June AFP and Treasury IT experts knew there were two emails entitled "Car Dealer Financing" sent by Andrew Charlton to Godwin Grech. One was dated 17 April and the other 19 February, but the "February" one had been sent from Treasury to Mr Grech's home at 3.06pm on Friday 5 June 2009.⁷ On the evening of 22 June, Godwin Grech called Treasury Secretary Ken Henry to admit he had "reproduced" the email when he was unable to find one that he was certain had been sent. He had forwarded the email to his home address and also quoted from it to journalist Steven Lewis. Shortly after this, at the urging of his Treasury colleagues, Grech admitted himself to hospital.

The Federal Parliament was due to rise for its mid-winter break on 24 June. For the three days remaining in the session, Turnbull continued his attack on Swan, whose response to earlier questions was seen as less than adequate. However, the Leader of the Opposition was also forced to concede that he "may have made the mistake of relying on Mr Grech's testimony... We had no reason to believe that Mr Grech was not telling the truth."⁸

It was now being reported that both Turnbull and Abetz had met with Grech ahead of the 19 June hearings, and showed them the email which they believed was genuine.⁹ The media was devouring information from other "coalition sources" pointing out that Grech was a known Liberal supporter. He had been the source of a number of other leaks embarrassing to the government, including one in October 2008 about bank deposit guarantees. Shadow Treasurer Joe Hockey confirmed that Grech had briefly worked for him as Departmental Liaison Officer, in 2001. Liberal Senator Andrew Robb maintained that opposition consultation with public servants was "the way business is done"¹⁰ in Canberra. Senior Liberal Tony Abbott said the government was now using its coercive powers on the media. Malcolm Turnbull, who publicly accepted that he had been wrong to accuse Kevin Rudd of misleading the House,¹¹ called for a full judicial enquiry. The Auditor-General had already begun investigating whether claims of impropriety could be verified. The AFP were looking into possible criminal activity, while Treasury itself was investigating whether Godwin Grech had breached the public service code of conduct.

Meanwhile Prime Minister Kevin Rudd was having a field day, "painting Turnbull as a kneejerk incompetent who stalled vital parliamentary business in the midst of an economic crisis purely for his own political ends, to the detriment of the nation."¹²

Sympathy, understanding and appreciation

A large measure of public sympathy and understanding was directed to Godwin Grech. On 22 June, Opposition Senator Bill Heffernan had written to the chair of the Senate Privileges Committee asking for an investigation into whether Grech had been "threatened, and publicly and privately intimidated" over his evidence given to the Senate Economics Legislation

⁶ Committee of Privileges, Matters arising from the hearing of the Economics Legislation Committee on 19 June 2009, Vol 1, p 121 (hereafter COP)

⁷ COP, Vol 1, p121

⁸ Grattan, M., 'A story that just keeps on biting', *The Age* 24-06-09, p10.

⁹ *New Zealand Herald*, 'Acrimony set to continue during Parliamentary recess', 27-06-09.

¹⁰ *AAP News Wire*, 'Close dealings with senior officials not unusual, oppn says' 24-06-09.

¹¹ Coorey, P, 'Explain links to Grech, demands Swan', *Sydney Morning Herald*, 24-06-09

¹² *New Zealand Herald*, op cit

Committee on 19 June.¹³ If proven, this would be contempt of Senate, and set a dangerous precedent for future witnesses. The inquiry was restricted to “possible adverse action taken against Mr Grech in consequence of his evidence”, with the opposition, supported by an independent senator, blocking it from also investigating whether any false or misleading evidence had been given.¹⁴

Former colleagues described Grech as “a public servant who seemed obsessively diligent. He was a ‘workaholic worrier’, meticulous to a fault, eager to deliver for his bosses,” while others said it was not unusual to get work emails from him at 2 am, “such was the level of his absorption.”¹⁵ “Mr Grech has a great deal to lose here and he has probably sacrificed his career to ensure the truth is heard,”¹⁶ a correspondent told the *Sydney Morning Herald*. At least two websites, including the Official Godwin Grech Appreciation Society, were set up in support.

Almost unnoticed amid the “parliamentary sound and fury”, the *Car Dealership Financing Guarantee Appropriation Bill 2009*, enabling the OzCar scheme to be activated, was finally passed. Car dealers, including John Grant of Ipswich Motors, who was still supported by his original financier, GE Money, should now be able to apply to access finance through the OzCar scheme. But the SPV, like Grech himself, was suspended, pending the outcome of current investigations.

The Auditor-General reports

Auditor-General Ian McPhee’s report, *Representations to the Department of the Treasury in Relation to Motor Dealer Financing Assistance*,¹⁷ was made public on 4 August 2009. It exonerated both Prime Minister Kevin Rudd and Treasurer Wayne Swan from any allegations of improper intervention on behalf of dealer John Grant. However, it criticised both Godwin Grech and his employer, The Treasury. Grech had breached expected public service standards of conduct and ministerial confidence by sending inappropriate emails and also by releasing details of a forthcoming tender process to Credit Suisse. Treasury was criticised over the uncontested appointment of Credit Suisse to manage OzCar, and more generally for lax systems, poor recording procedures and too great a reliance on one individual without the appropriate skills, or resources to implement the SPV policy.

Contrary to his own claims it was Godwin Grech who had drawn attention to the enquiry from John Grant. At the same time Grech was devoting extra attention to “Dealer 7”, a Liberal party donor. Senior Treasury management were not made aware of the full extent of assistance provided to Dealer 7, or of Grech’s motivations, the report said.

Pressured to produce the crucial email that he believed had been lost without trace in a Treasury systems crash on 19 February, Godwin Grech had re-created the document, using a genuine email sent to him by Andrew Charlton in April. Before the 19 June hearing he had met with Malcolm Turnbull and Eric Abetz and showed them the email. In an interview with *The Australian*, published the same day, Grech admitted that he had “created an email that was not the ‘original’, that he cannot be 100 percent sure about the original, and says he secretly met Mr Turnbull only to try to get the bill passed in time to save jobs in the car

¹³ COP vol 1, p3

¹⁴ Reference needed

¹⁵ Davis M, ‘A diligent servant who never stopped working,’ *The Age* 24-06-09

¹⁶ *Sydney Morning Herald*, ‘A public servant with high principles: give him a medal’, 22-06-09

¹⁷ Audit Report No. 1 2009-10 Performance Audit, Australian National Audit office, ISSN 1036-7632 (Hereafter ANAO)

industry.”¹⁸ The newspaper had tracked Grech down to a psychiatric ward in Canberra to get the exclusive interview.

Immediately after the Audit report appeared, opposition leader Malcolm Turnbull and Liberal Senator Eric Abetz issued a joint press statement “concerning Mr Godwin Grech and OzCar”

“Reports today make it clear an email which Mr Grech spoke of in his testimony to the Senate was faked and forged by Mr Grech himself.

“It is very regrettable that in doing so Mr Grech misled the Opposition, the Parliament and the Australian people.”

The statement concluded: “At all times the Opposition acted in good faith,” and remained concerned for Grech’s welfare.¹⁹

The night before, the audience for the *ABC’s Australian Story* had seen at first hand Turnbull’s stunned reaction to the news that the email had been faked. *Australian Story* had been filming in the Opposition Leader’s office in preparation for the show, featuring Turnbull, on the afternoon of 22 June. The cameras also captured the flabbergasted reaction of Turnbull’s wife Lucy and his staff.

Overwork and errors of judgement

Godwin Grech had been in the psychiatric ward since his voluntary admission on 22 June. Although his superiors were not aware of it, he had recently been diagnosed with chronic depression. Through lawyers, Grech had made a 34-page submission to the Audit investigation. This like other written submissions was reproduced in full as an appendix, and was the only one which had been further annotated by the Audit Office challenging some of Grech’s claims, for instance that Treasury manager Jim Murphy had attempted to influence Grech’s evidence to the 19 June hearing.²⁰

Grech admitted “errors of judgement” due to overwork and pressure, and said that he had been driven to make these in a chaotic policy environment where normal rules seemed to have been abandoned. He maintained that Treasury was indifferent both to the concerns he raised, and the state of his health. He denied that he had given special treatment to Dealer 7, who was “suicidal” in her concern that Liberal party links might deny her access to the OzCar fund. Grech said he had contacted investment banker John O’Sullivan of Credit Suisse on the dealer’s behalf “having been told...he was also active in the party.”²¹

Media comment on the Auditor-General’s report largely ran in favour of Godwin Grech. As reported by the *Age*, in “a lengthy and feisty defence of his actions, Godwin Grech comes across as a stressed, overworked man in shockingly poor health with an axe to grind about a shift to frantic ‘policy on the run’ in the Rudd era.”²² *The Australian* quoted former Prime

¹⁸ Shanahan, D, ‘ “Good public servant” feels betrayed – OzCar affair’, *The Australian*, 4-08-2009.

¹⁹ COP Vol 2, p23

²⁰ ANAO, p97. Mr Murphy testified that he said, as no-one could find the email Grech referred to, ‘are you sure you are not confused?...You say what you want to say. You’re the one who has to give the evidence. But are you sure you have not confused yourself? So just take that on board because if you are saying one thing and we can’t find a record of it, well, something’s awry.’

²¹ ANAO p91,93

²² Schubert, M., ‘Ailing Treasury servant returns fire’, *The Age* 5-08-09 p8.

Minister John Howard's view of Grech as "a good reliable and highly professional public servant with a commitment to public service."²³

Treasury, on the other hand, was taking quite a beating from sections of the media. This prompted the Secretary, Dr Ken Henry, to write to the Editor of the *Sydney Morning Herald* on 7 August, copying the letter to his staff, saying

"Many of you will have read commentary in the press that reflects adversely on the department and which impugns the professionalism and integrity of Jim Murphy....There may well be more commentary in the period ahead. Much of that commentary may be baseless and unbalanced. The department will respond to unfair criticism at an appropriate time and in an appropriate forum."²⁴

Asking his staff for their understanding, and inviting them to approach him with any concerns, he pointed out that legal constraints prevented him giving some further details.

Around the same time, Public Service Commissioner Lynelle Briggs wrote an article pointing out that there was no way some of the reported actions of Godwin Grech could be considered acceptable behaviour for a public servant. "Being apolitical does not mean that we give equal treatment to both sides of politics. It is not our role to serve the opposition."²⁵

On 11 August Senator Eric Abetz made a parliamentary apology to Prime Minister Kevin Rudd. He denied any collusion and said he had only tabled the email after being shown it by a second source (*Daily Telegraph* journalist Steve Lewis).²⁶

Following the publication of the Audit report there was a renewed call for the Senate Privileges Committee to examine possible misleading evidence given to the Estimates Committee. This time opposition objections were overruled and independent senator Steve Fielding supported the government:

"Nothing could be more serious than the use of false evidence in a Senate Committee hearing to try to bring down the prime minister of the country. This is not an everyday occurrence."²⁷

"To be of most value"

A very different Godwin Grech emerged from the three-volume Senate Committee of Privileges (COP) report tabled in parliament on 25 November 2009. By then Grech had left the public service, and was planning to move back to Melbourne.

Email exchanges going back to September 2008, recovered during the AFP investigation and included as exhibits, showed Grech keen to play an active part in future liberal policies and in particular to work for Malcolm Turnbull, who defeated Brendan Nelson by four votes to become Leader of the Opposition on 16 September. On 18 September Grech suggested a possible Chief of Staff for the new Turnbull team, and on 7 November (*Exhibit A*) told an unnamed correspondent that, though flattered to be offered, he would have to decline taking the position himself. His health was always a concern, but

²³ Shanahan, D, ' "Good public servant" feels betrayed – OzCar affair,' *The Australian*, 4-08-09

²⁴ COP Vol 1 page 57

²⁵ Briggs, L, 'Whistleblowers don't leak: righting wrongs the right way', *Public Sector Informant*, July 2009, p4-5

²⁶ Maley, P, 'Abetz moves to head off inquiry', *The Australian*, 12-08-09, p5

²⁷ Maley, P, 'Abetz called to account on Grech', *The Australian*, 13-08-09, p2

“My immediate motivation is to place myself where I think I could be of most value to MT and the party. At this stage I am probably more valuable here in Treasury, albeit the personal risks I am taking.”²⁸

In several emails he outlined the need for stronger strategies and “to develop a broad narrative that sets out what we stand for.” He had drafted a number of statements and proposals, including the seven-page “Turnbull Government Economic Action Plan” which proposed establishing a Bank of Australia (BOA).²⁹

On 10 November, using Treasury letterhead and citing his Treasury credentials, Grech wrote to the Chief Executive of the Western Bulldogs football club, confirming an \$8 million loan promised to the club by the previous Howard Government.³⁰

The bureaucrat and the banker

The AFP investigations of Treasury emails revealed a long-standing correspondence with Credit Suisse’s John O’Sullivan, the man “accidentally” copied into confidential advice that tenders were about to be called for the ongoing management of OzCar. O’Sullivan was chair of, and a significant donor to, the Wentworth Foundation, which raised funds for the Liberal Party.

A theme of the Grech-O’Sullivan email exchanges, which also at times involved a third person whose name was suppressed, was “the fraud that is Kevin Rudd”. By mid-March 2009 Grech was emailing in approval of an article by O’Sullivan’s wife, *The Australian* columnist Janet Albrechtsen: “Janet’s piece in the Aus today is excellent... please encourage her to keep at it – especially in the light of how much Rudd is allowed to get away with.”³¹ Later he would suggest topics she might tackle, such as getting “very aggro on the fraud relating to the budget growth projections.”³² In another “VG article” on US President Obama, Grech said “He is the Kevin Rudd of US politics – a pure fake. Let’s see “the Black Jesus” deal with the feral North Koreans and a hyped-up Israel and Iran.”³³

Elsewhere: “Treasury is as left-wing loony as the government it serves.” While Albrechtsen’s columns got the seal of approval, reportage by other media was “arse-licking” or, in the case of the ABC’s Budget coverage, vomit-inducing: “you will need a bucket”.³⁴

On 19 March Grech emailed O’Sullivan not to be concerned at the reduction in potential size of OzCar funding, resulting from fewer dealers needing to use it. (*Exhibit B*)

“Re Credit Suisse’s fees what I have in mind is that once Rudd and his hacks sign off on Ford Credit – you and I can change the contract to reflect your preferred fee arrangement and push that through quickly next week.”³⁵

Once it was announced that Ford Credit had been accepted into the SPV, O’Sullivan emailed “thanks, Godwin, touch wood but I think this has indeed gone well and I hope you and your colleagues get the recognition you deserve for your leading role in that.”³⁶ Other email

²⁸ COP vol 3 p68

²⁹ COP Vol 3, p98

³⁰ COP Vol 3, p78

³¹ COP Vol 3 p 68

³² COP Vol 3 p40

³³ COP Vol 3 p17-18

³⁴ COP Vol 3 p6-7

³⁵ COP Vol 3 p55

³⁶ COP Vol 3 p47

exchanges made it clear that Grech had deliberately copied O’Sullivan into the details of the upcoming tender process, and his email had not, as he had told his Treasury colleagues, been blocked by security systems (*Exhibit C*).

It was O’Sullivan that Grech had most contact with over the situation of Dealer 7, who he maintained had been calling him daily threatening suicide, saying “I am very keen to get [Dealer 7] over the line; the principal and her family are significant donors to the party.”³⁷ He had also reminded Arthur Sinodinos, now at the National Australia Bank, that “There is a very good reason why I am making a special effort for [Donor 7]. The principal is a strong financial donor to the party and uses her home to hold fund-raisers...I have told Rudd in person that she supports Labor and he told me to ensure she is looked after!! Risky on my part – but I am enjoying the irony of it!!”³⁸ Sinodinos had been chief adviser to former Prime Minister John Howard for most of the time that Grech was working for the Department of Prime Minister and Cabinet.

Economic proposals and “evidence”

As June approached Grech’s efforts to influence the course of events gained pace. On 18 May, he copied both Sinodinos and O’Sullivan with a three-page proposal for a National Economic Forecasting Commission headed “Turnbull Government on Improving the integrity, reliability, and transparency of national economic forecasts.”³⁹ In a brief reply, Sinodinos indicated he did not think this would be a good idea.

On 25 May another email to Sinodinos said

“if possible it would be good if you can send Eric Abetz a very short email or SMS etc before Friday this week just to let him know that I am on his side. I will explain later, but I need him to know from a highly credible source that I am Lib.”⁴⁰

As the Treasury noted in its submission to the Privileges Committee:

“This email takes on a very distinctive complexion when it is understood that on 4 June 2009, Mr Grech was questioned extensively by Senator Abetz in Senate Estimates about OzCar. Further, the questions asked by Senator Abetz bear a striking similarity to a document found on Mr Grech’s Treasury computer, which was last modified on 29 May 2009, one week prior to the hearing taking place. This document has been released publicly by the Leader of the Opposition [LOO].

“Accordingly, it would appear both from this material and admissions by the LOO and Senator Abetz, that Mr Grech met with the LOO and Sen Abetz, and provided Sen Abetz with questions to ask him which were designed to damage the Government and/or advance the interests of the Liberal Party.”⁴¹

On Friday 5 June Grech emailed Malcolm Turnbull saying (*Exhibit D*):

“It’s important that any inquiry [into the OzCar Guarantee Bill] involve only me from Tsy.

“Once this gets more momentum, they may try to stop me from appearing and send up one of my bosses instead.

³⁷COP Vol 3 p42

³⁸ COP Vol 3 p 26

³⁹ COP Vol 3 p89

⁴⁰ COP Vol3 p19

⁴¹ COP Vol 1, p127

“I am the only person in Tsy to have worked on OzCar – quite remarkable really given that they normally allocate teams of about 10 people to such projects; but I have carried this on my own from the very start.”⁴²

The following day he suggested that he should meet with Turnbull and Abetz “somewhere private in Sydney this coming week.” The chosen location was Lucy Turnbull’s office in Potts Point, though Mrs Turnbull herself was not there. At this meeting Grech displayed the email he had fabricated, allowing Turnbull and Abetz to take notes, but not take the email.

On 14 June he was again in contact with Arthur Sinodinos, copying him for comment into an email originally sent to Turnbull which pointed out that the Coalition’s polling figures would only change once the “Punter Pain Profile” changed, and offering to “prepare a few questions for Abetz re Ford Credit” for the 19 June hearing. (*Exhibit F*). He told Turnbull:

“As for you – you have nothing to prove to anyone. Be true to yourself as much as you can. Although a Turnbull victory in 2010 is not impossible – you must know it is very tough.”⁴³

The media brief

By June 16 Grech was keeping his correspondents including Turnbull up to date with negotiations with journalist Steven Lewis. He had spoken to Lewis at length⁴⁴ “on the strict condition that it was off the record... just to give him background so that he could keep asking questions.” To give Lewis a breaking story, he would encourage him to “write something for publication on Friday morning that is more about asking questions, ie the piece would report the fact that the Opposition has referred the OzCar to an inquiry but the real focus is on a host of unanswered questions relating to the relationships between John Grant and Rudd and Swan.”⁴⁵ The same email included a suggested strategy to “neutralise” the government over the Emissions Trading Scheme.

On 17 June, Grech prepared an outline for Steven Lewis of the type of things he might want to cover for Friday morning’s paper “as an entree for the inquiry that afternoon.”(*Exhibit F*) He copied this information to Malcolm Turnbull and confirmed he would appear at the 19 June enquiry. Chris Barrett from the Treasurer’s office had told him to say little or nothing, and to be accompanied by senior managers Martine or Murphy.

“But I think this is easily dealt with. All Abetz has to do is ask Martine or Murphy whether they themselves had any contact with Grant and the Treasurer’s office – (they did not) – and then ask who did (GG). Abetz can then just ask me.”⁴⁶

Grech’s early morning emails on 19 June included one to an unnamed third party asking for comment on the Lewis article. This brought the reply: “Godwin, this is a good considered response. The journalist will be known to them as a beat-up merchant who can’t be trusted.”⁴⁷

His other emails that morning, as Treasury noted in its submission to the Committee on Privileges, should be seen as “a carefully crafted and deliberate attempt by Mr Grech to

⁴² COP Vol 2, p84

⁴³ COP Vol 2 p87-88

⁴⁴ Treasury submission to COP notes at least 8 phone calls to what was thought to be Lewis’ number between 16 and 18 June

⁴⁵ COP Vol 2, p89, 92-3

⁴⁶ COP Vol 2 p97.

⁴⁷ COP vol 3, p2

deceive his Treasury colleagues, at a point in time prior to his faking the email coming to light.”⁴⁸

A pattern of dishonesty

Treasury’s submission to the Committee revealed how the department had discovered a “pattern of dishonesty”⁴⁹ in the behaviour of a colleague they thought they could trust implicitly. The department also vehemently denied Grech’s allegations that the department showed scant concern for his health and welfare – pointing out, for example, that his managers had tried to discourage him from rushing back to work after his hospitalisation in February. “Treasury submits that in the light of the history of apparent dishonesty on the part of Mr Grech, no credence should be given”⁵⁰ to allegations including that there was an attempted conspiracy on the part of Treasury and in particular Jim Murphy to pressure Godwin Grech into giving false evidence. Further:

“Treasury is of the view that false or misleading evidence appears to have been given at the [19 June] hearing by Mr Grech. Whether the evidence Mr Grech gave in respect of the fake email was deliberately false or merely based on a genuine but mistaken belief arises for consideration. Treasury is of the view that the evidence points to Mr Grech knowingly and deliberately misleading the Senate.”⁵¹

For similar reasons, it was likely that there had been improper interference with Senate procedures, in the form of a “collusive arrangement of questions and answers” before the Senate Economics Legislation Committee on 4 June and on 19 June, although the evidence was less clear for the latter. Grech’s email contacts with Treasury management on 5 and 19 June, each trying to give a false impression of his connection with media comment about John Grant and OzCar, were “knowingly false and deceptive.”

Treasury’s submission cited four elements of false or misleading evidence: Whether such an email was sent at all; Grech’s history of dishonesty and deception towards his colleagues at Treasury and others; Grech’s apparent antipathy to the government and Treasury; and Grech’s apparent willingness to give false evidence to the committee on other issues.⁵²

The “pattern of dishonesty”, which started with Grech’s contacting Abetz before the 4 June Estimates hearings, suggests “willingness on the part of Mr Grech to engage in conduct contrary to his ethical and legal obligations under the Public Service Act 1999.”

Taken along with the fact that he had misled Treasury about the email supposedly caught by security systems, but in fact sent to Credit Suisse, “These examples suggest Mr Grech is capable of dishonesty about significant matters in a variety of contexts...Grech was highly politically motivated with a specific agenda of undermining and ultimately defeating the current government.”⁵³

Not in contempt

Despite Treasury’s lengthy submission, and other evidence such as that from Economics Legislation Committee chair Senator Annette Hurley, about “gross misuse of the committee

⁴⁸ COP Vol 2 87-88

⁴⁹ COP Vol 2 pp100-118

⁵⁰ COP Vol 2 p101

⁵¹ COP Vol 2, p100

⁵² COP Vol 2 p101

⁵³ COP Vol 2 p105

process” by both Godwin Grech and Senator Abetz, the Committee of Privilege did not find against either. The Committee cleared Senator Abetz of accusations that he had coached Godwin Grech before the 19 June inquiry. The committee chair, Liberal Senator George Brandis, said that Mr Grech had lied to the hearing but “has been too sick to make a finding of contempt against him.”⁵⁴

Opposition leader Malcolm Turnbull did not get such lenient treatment from his colleagues, some of whom were openly questioning his judgement and competence to lead the party. Documents tabled by the committee showed there had been 30 email contacts between Turnbull and Grech, and another 88 between Grech and other Liberal figures. Turnbull survived a leadership spill on 25 November but on 1 December, he was comprehensively defeated by Senator Tony Abbott. As the *Sydney Morning Herald* pointed out, this was a welcome diversion of attention from John O’Sullivan who might otherwise have found himself and Credit Suisse being more closely examined.⁵⁵ It was not until 26 March, 2010, that Senator Eric Abetz, now in the running to become leader of the opposition in the senate, admitted that he had been briefed in advance by Malcolm Turnbull’s office “about every major leak experienced by the Rudd government”, prior to his questioning of witnesses during senate hearings. This included the story of Treasury officer H K Holdaway “who became a reluctant celebrity after it emerged she had worked 37 hours straight.” The now abandoned FuelWatch scheme on which she was working was the subject of two earlier leaks, both now attributed to Godwin Grech, along with leaks about the bank guarantee policy, one of which suggested disagreement between the Reserve Bank governor and Treasury Secretary.

“Mr Grech’s leaks were allegedly channelled through Mr Turnbull’s office and leaked to the media prior to scheduled hearings of the Senate Estimates Committee, in a tactic designed to cause maximum embarrassment to the government.”⁵⁶

⁵⁴ AAP News Wire, ‘Grech not in contempt-committee hands down finding’, 25-11-09

⁵⁵ SMH date

⁵⁶ Maley, P., Abetz admits Turnbull fed him leaks from Grech’, *The Australian*, 26-03-10

Exhibits

The exhibits on the following pages are all extracts from:

Committee of Privileges

Matters arising from the hearing of the Economics Legislation Committee on 19 June 2009.

Documents published by the Committee

Volume 3

Possible adverse action taken against Mr Godwin Grech in consequence of his evidence (Part 2)

Note: Page numbers in the report are shown as hand-written in the top right hand corner of each page.

Gaps or symbols in the text represent redactions made before publication.

Grech, Godwin

From: Grech, Godwin
Sent: Friday, 7 November 2008 12:33 PM
To:
Subject: RE: Staffing [SEC=PERSONAL]
Importance: High
Security Classification: Personal

Thank you very much for your reply. I will try to give you a call on Sunday afternoon.

I have spoken with _____ and as you say, he is interested, but next year. I have also spoken to _____ (you met her with _____ last year and earlier this year). She is VG value and has worked for the Coalition - but alas she is not keen at this point.

I am also informally sounding out _____ - I think he would be good given his experience and I know he is on side.

As for _____ - I just hope he ends up doing something that he enjoys. The concern I have for him in WA is the depth of support that he will have, i.e. the lack of it.

As for me - thank you for the confidence.

I have long wanted to work as a staffer (although I would much prefer in Government!!). As I have told the plan was to move to the PMO after Howard won last year and to be there as he served out his last period in office (alas he lost the election!)

Health is an issue for me, I cannot hide that; but I am determined not to let that stop me.

My immediate motivation is to place myself where I think I could be of most value to MT and the Party. At this stage, I am probably more value here in Treasury (albeit the personal risks I am taking).

I am also doing some fundraising for MT - he tells me that the cupboard is bare!

As I say, I will try to call you on Sunday afternoon.

Regards

Godwin
7 November 2008

From:
Sent: Thursday, 6 November 2008 10:51 PM
To: Grech, Godwin
Subject: Staffing

26/06/2009

068

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Exhibit B

Grech, Godwin

From: O'Sullivan, John
Sent: Thursday, 19 March 2009 10:24 AM
To: Grech, Godwin
Cc:
Subject: RE: Auto dealer Floorplan Financing Programme [SEC=PERSONAL]

Thanks Godwin. Sounds sensible. I will be here Monday and Tuesday but then away in HK so I will give you a call Monday to see where we got to. many thanks. jos

John O'Sullivan
Chairman
Australian Investment Banking Department
Credit Suisse (Australia) Limited
Level 31
1 Macquarie Place
Sydney NSW 2000

From: Grech, Godwin [mailto:Godwin.Grech@TREASURY.GOV.AU]
Sent: Thursday, 19 March 2009 10:02 AM
To: O'Sullivan, John
Cc:
Subject: FW: Auto dealer Floorplan Financing Programme [SEC=PERSONAL]

John

FYI for now. Re fees - what I have in mind is that once Rudd and his hacks sign off on Ford Credit - you and I can change the contract to reflect your preferred fee arrangement and push that through quickly next week. I will not be running it past Henry and co.

Godwin
19 March 2009

From: Grech, Godwin
Sent: Thursday, 19 March 2009 9:58 AM
To:
Cc: Martine, David; Martine, David; Murphy, Jim
Subject: RE: Auto dealer Floorplan Financing Programme [SEC=IN-CONFIDENCE]

Thank you. I think the downsides in pushing for more accountability outweigh the upsides, so I agree that this should not be pushed any further.

Exhibit A

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As for the contractors - as long as we do not need separate contracts for the various third party service providers - which is what I thought we had all agreed back in December, i.e. that the one contract will cover all - I am happy not to place any additional responsibilities on CS to those which they already have.

The other issue is fees. I expect the PM/Treasurer to be making a decision on Friday on Ford Credit that will change the OzCar arrangements a little. I will be having discussions with CS after that decision about the fee arrangements for CS - they know about this. The point is that we may need to tweak the fee arrangements for CS and this would need to be reflected in the contract.

I will be in touch with you on that probably on Monday as the SPBC meeting does not start until about 2.30pm on Friday.

Godwin
19 March 2009

65

Grech, Godwin

From:**Sent:** Friday, 8 May 2009 4:29 PM**To:** Grech, Godwin; O'Sullivan, John**Subject:** RE: Draft Newspaper Advertisement - RFT Financial Advisory Services Panel [SEC=PERSONAL]

Godwin,

Much appreciated for the heads up.

From: Grech, Godwin [mailto:Godwin.Grech@TREASURY.GOV.AU]**Sent:** Friday, 8 May 2009 4:20 PM**To:** O'Sullivan, John;**Subject:** FW: Draft Newspaper Advertisement - RFT Financial Advisory Services Panel [SEC=PERSONAL]

John

FYI in confidence. An ad will soon appear in the AFR inviting investment banks and the like to tender for a Panel that Treasury wants to establish that will allow us to directly engage a Credit Suisse without the usual red tape.

CS should definitely put its hand up - something extraordinary would have to happen for you not to end up on the Panel and to cream most of the work.

Godwin
8 May 2009

Stay positive.

----- Original Message -----

From: Malcolm Turnbull

To: godwin.grech

Sent: Friday, June=2++++ 05, 2009 10:51 PM

Subject: Re: Cars

We shd ++++together w eric and we are on the same track in terms of a committee.

From: Godwin Grech .

To: Malcolm Turnbull

Sent: Fri Jun 05 22:41:08 2009

Subject: Cars

Malcolm

Perhaps one way of getting me before a Committee to give evidence is to refer the OzCar Guarantee Bill, which is scheduled for Senate consideration in just over a week, to a Committee Inquiry.

Although we=++++ will be silly not to allow the Bill through, a short Committee inquiry could be useful.

But it is important that any inquiry involve only me from Treasury.

Once this gets more momentum, they may try to stop me from appearing and send up one of my bosses instead.

I am the only person in Treasur++++ have worked on OzCar - quite remarkable really given that they normally allocate teams of about 10 people to such projects; but I have carried this on my own from the very start.

My point is that you will be on firm ground if you demand that o++++I appear.

I am happy for you to start using my name in Parliament or in media interviews when pressing for this.

-In your interview

with the ABC this morning, you referred to a Treasury official. I am OK for you to refer to me publicly to make it clear who you are after.

Also, with Swan=2++++ daring you to haul up the relevant Treasury staff for investigation in Parliament on Thursday - you can simply dare him to follow through with his 'offer'.

I really do believe there is meat in this one.

++++

Swan is probably more exposed than Rudd. Sure he disclosed the fact that he was making representations for Grant - but what is not appreciated is what I did - with the approval of the TO and++++n - in trying to get finance for Grant. Ford Credit and the subsequent decision by ERC to allow Ford Credit to participate in OzCar - with Swan as ERC chair - is relevant to all of this.

Perhaps we should talk to sort out next steps.++++AN>

Also, I am happy to meet with you and perhaps Abetz (no staffers) - to show you the various e mails I have.

Message1295	
Subject:	Fw:
Date:	Sun, 14 Jun 2009 12:53:00 +1000
To:	<Arthur.X.Sinodinos@
Attachment	
-----Attachment1----- File name = "Attachment1"	
Message Body	
<p>Arthur</p> <p>FYI in strict confidence please. I will try to call you on Mo++++. Let me know if you disagree with my basic views.</p> <p>Godwin 14 June 2009 ----- Original Message ----- From: <u>Godwin Grech</u> To: <u>Malcolm Turnbull</u> Sent: Sunday, June 14, 2009 12:45 PM</p> <p>Malcolm</p> <p>Thanks for giving me some time on Friday. You looked really good. As I was trying to say on Friday - and this is not a negative reflection on you - I really don't++++lieve our polling will improve until the punters start to feel a bit of pain.</p> <p>Over the last 18 months the punters have seen interest rates fall to record lows; petrol prices have come down to levels not seen for almost a decade; have had tax cuts; unemployment has not really gone up; house prices have generally held or even gone up (with the exception at th++++p end); Rudd has thrown cash handouts and other cash confetti to the living and the dead at an unprecedented rate - etc etc.</p> <p>And - Rudd has got rid of WorkChoices!</p> <p>Why would the ordinary punter who does not really focus on politics vote anything but Labor at the present time++++ONT></p> <p>However, this, I believe, will change once the Punter Pain Profile changes.</p> <p>By that I mean higher Interest rates (will happen faster than most 'experts' think); higher petrol prices - which only needs the dollar to come off unsustainable highs to immediately have an effect with oil=2++++ow exceeding \$75 US in Singapore; the end of tax cuts - with those in July very much the last; the end of Government handouts - we are coming to that now with the end of fiscal policy flexibility; the need to target and reduce access to family payments and government services - Rudd has no alternative if he wants to come close to the 2 per cent expenditure target - and some further weakness in the labour market.</p> <p>&nb++++/DIV></p> <p>Many of these things will come together roughly at once - and if we can put together a semi credible - yet simple enough - alternative with most of us singing from the same song sheet - we will gain traction.</p> <p>As for you - you have nothing to prove to anyone. Be true to yourself as much as you can.</p> <p>Although a Turnbull victory in 2010 is not impossible - you must know it is very tough.</p> <p>If we can contain a loss to roughly the margin we have now - you will be very well placed in 2012-13. You will still be a prime age for the highest office and can serve at least two terms.</p> <p>Re cars - if Abetz is going to call up Ford Credit to any inquiry - it is important that they appear before¹⁷</p>	

Treasury (me). Their responses will serve as a template for questions to me.

Abetz was talking about a Friday inquiry - I don't know about the timing options for these things - but if Treasury was to appear +++++ say Friday afternoon, that would likely diminish any press coverage - I always thought Friday afternoon was the time when you try to bury a story not give it prominence.

Anyway, I will prepare a few possible questions for Abetz re Ford Credit that can act as a bit of a guide and pass them through to you and Stansfield.

Godwin

14 June 2009

Message1300	
Subject:	Re: Re:
Date:	Wed, 17 Jun 2009 08:23:12 +1000
To:	"Malcolm Turnbull" .
Message Body	
<p>OK. I will speak with SL later today.</p> <p>— Original Message — From: <u>Malcolm Turnbull</u> To: <u>godwin.grech</u> Sent: Wednesday, June 17, 2009 7:00 AM Subject: Re:</p> <p>Good advice - I think that's the right approach with Lewis too. Apparently cohen has told the guy from mta that he was asked to help gr</p> <hr/> <p>From: Godwin Grech To: Malcolm Turnbull Sent: Tue Jun 16 22:37:20 2009 Subject:</p> <p>Malcolm</p> <p>I spoke at length with Lewis tonight. I told him the story on the strict condition that it was off the record, not for publicat++++and just to give him background so that he should keep asking questions.</p> <p>He is definitely keen - and I expect will try to contact me before Friday.</p> <p>He obviously wants to be able to publish something to break a story ahead of anything that may come out at the inquiry=2++++ on Friday.</p> <p>I am thinking about encouraging Lewis to write something for publication on Friday morning that is more about asking questions, ie the piece would report the fact that the Opposition has referred the OzCar to an inquiry but that the real focus is on a host of unanswered questions relating to the relationship between John Grant and Rudd and Swan.&nbs++++ewis can then set out some of those questions - playing it up a0 little. It could serve as a useful entree for the hearing on Friday.</p> <p>If nothing comes out of the Friday hearings - because the shutters go up - we could then explore other options using Lewis.</p> <p>Let ++++now what you think. If you see merit in this let me know and I will contact Lewis on Wednesday.</p> <p>I will check the e mail before 7.30am on Wednesday.</p> <p>Also spoke with Sinodinos tonight.</p> <p>He very much agrees with my view that we should neutralise the ETS issue ASAP by supporting Rudd's Bill - but by pointing to those areas that we would fix in Government. We can then hold Rudd accountable for job losses etc relating to the deficiencies of Rudd's ETS Bill - whilst reassuring our constituencies that we would fix things if they supported us.</p> <p>Sinodinos agrees with my view that as long as we flag in advance the different position of the Nats - it should not do us real damage if the Nats vote against, indeed the Nats playing to their core constituency could help reinforce that important Coalition rump.</p>	

(12)

OZCAR AND MR JOHN GRANT: TREASURY'S UNANSWERED QUESTIONS

Introduction / Background

The Senate has agreed to an Inquiry into the OzCar Guarantee Bill that is scheduled to take place on Friday afternoon in Canberra.

Although there appears to be little doubt that the Bill will be passed with the support of the Opposition, the Opposition believes that they are on to something with respect to the car dealer mate of the Prime Minister and the Treasurer, Mr John Grant.

Mr Grant made headlines recently as the car dealer who was kind enough to "loan" the Prime Minister a ute.

The problem is that Mr Grant, who was having difficulty securing floor plan finance for his Ipswich car dealership, was recently referred to Treasury by none other than the Treasurer himself – also a mate - to assist him in securing finance.

Although the relevant Treasury official, Mr Godwin Grech, the Principal Adviser from the Financial Systems Division, gave nothing away at a recent hearing of the Senate Economics Committee, he is expected to appear before the Committee again this Friday to respond to an expected barrage of Opposition questions that strike at the very heart of key statements made to the Parliament by both the Prime Minister and the Treasurer regarding the representations of Mr Grant.

There do appear to be some key questions that Mr Grech and his Treasury colleagues need to address to reassure us that there have been no special favours conferred on Mr Grant as a result of his relationship with both the Prime Minister and the Treasurer.

Key Questions

- The Treasurer claims that car dealer John Grant – who 'loaned' a vehicle to the Prime Minister – was referred to Treasury.
 - Was the relevant Treasury official, Mr Godwin Grech, alerted by the Treasurer's Office of the relationship that existed between Mr Grant and the Prime Minister? If he was – did that influence the way he handled the representation?
 - Was Mr Grech pressured – or did he feel pressured - to provide assistance to Mr Grant that he would not otherwise feel compelled to provide to other constituents?
- What did Treasury do exactly with the representation from the Treasurer and the Treasurer's Office?
 - Did Treasury just provide information to Mr Grant on OzCar – or was Treasury spruiking Grant to the finance companies to try to arrange finance for him? If so – who did Treasury approach and what was proposed? Was this 'service' provided to all car dealers – or just the 'mate' of the PM and Treasurer?
- Did Mr Grech, as the relevant Treasury official, keep the Treasurer and the Treasurer's Office informed on the case of John Grant?

- Given that the case of Mr Grant was raised by the Treasurer, it would be expected that Mr Grech would feel professionally obliged to keep the Treasurer and his Office informed on the outcome of any actions taken to assist Mr Grant.
- Yet the Treasurer has claimed that he simply passed on the representation and that was it. Well, Mr Grech, was it?
- Mr Grech has not explicitly denied that the Prime Minister or the PMO did not make representations to Treasury on behalf of Mr Grant. Why has Treasury failed to unequivocally support the claim by the Prime Minister that neither he nor his Office made any representations to OzCar on behalf of Mr Grant, which is administered by Godwin Grech in Treasury?
 - Perhaps a representation was made. If so -- this would mean that the Prime Minister has misled the Parliament -- not once -- but twice!
 - Mr Grech needs to provide a direct response to this critical question given the statements of the Prime Minister in Parliament on both 4 June 2009 and again as recently as this Monday, i.e. 15 June 2009.
- The Prime Minister has acknowledged that he and his Office made representations to Treasury on behalf of a car dealer in Ryde, Hunter Holden. The Prime Minister has also claimed that he has no idea as to what happened with that representation.
 - Mr Grech needs to explain what instructions -- if any- he was given with respect to Hunter Holden and what he did with these instructions.
 - Did Mr Grech report back to the Prime Minister or the PMO on Hunter Holden?
 - It would almost be a dereliction of duty on the part of Mr Grech, who is a senior and very experienced Treasury official, if he had not reported back to at least the PMO on the situation facing Hunter Holden given that the Prime Minister raised it himself.
 - Again, if Mr Grech did report back to the Prime Minister or his Office -- as logic would suggest -- this would mean that the Prime Minister has also misled the Parliament on the case of Hunter Holden. Serious stuff indeed!!
 - Unfortunately, it would appear that Mr Grech has been placed in an almost impossible position. His instinct will be to protect the Prime Minister and the Treasurer -- yet he has a fundamental obligation to the Senate and the Parliament -- as a professional public servant -- not to mislead the Senate or give responses that are simply untrue.