



HD No joy in O'Farrell's resignation

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Fairfax journalist Kate McClymont who has been covering the ICAC inquiries , and the Executive Director of the Sydney Institute, political commentator Gerard Henderson discuss the resignation of NSW Premier Barry O'Farrell and what led up to it.

STEVE CANNANE, PRESENTER: Joining us in the studio to discuss today's extraordinary events are Fairfax journalist Kate McClymont, who's been covering the ICAC inquiries, and the executive director of the Sydney Institute, Gerard Henderson, who's a political commentator and also author of *Menzies Child: A History of the Liberal Party*.

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Hello to you both.

GERARD HENDERSON, EXEC. DIR., THE SYDNEY INSTITUTE: Hi.

KATE MCCLYMONT, FAIRFAX JOURNALIST: Hi, Steve.

STEVE CANNANE: Kate, you've been covering these ICAC inquiries in depth. Nobody saw this coming, did they?

KATE MCCLYMONT: Absolutely not. And in fact, the first time that the Grange was - the \$3,000 bottle of Grange was even mentioned was only yesterday morning. So within 24 hours, it's brought down a premier. It seems completely extraordinary that this has happened, and especially someone like Barry O'Farrell, who has always been regarded as rather a cleanskin and an honest operator.

STEVE CANNANE: Gerard, you gave Barry O'Farrell a job back in the 1980s when you were chief-of-staff of John Howard.

GERARD HENDERSON: Yes, I gave Barry O'Farrell his first big job - on John Howard's office in September, 1985.

STEVE CANNANE: What's your personal reflection of today's events?

GERARD HENDERSON: Well - well my personal reflection is this: we're supposed to be dealing with the Independent Commission Against Corruption. They've had two big victims in 25 years. One was an honest reforming premier in Nick Greiner and the other was an honest reforming premier in Barry O'Farrell. This is not a great record of achievement. I mean, the idea that you would lose your job because you accepted and probably drank a bottle of **wine**, which you didn't try to sell and you didn't even try to pawn it, you probably drank it, the idea that ...

KATE MCCLYMONT: I think ...

GERARD HENDERSON: Can I just finish? The idea that this would bring you down is not the idea of campaigning against corruption when the ICAC was set up about a quarter of a century ago.

STEVE CANNANE: Kate, you wanted to respond?

KATE MCCLYMONT: I think that you're missing the point as to what actually brought him down and that was the fact that he gave unequivocal evidence under oath before ICAC that he did not receive this bottle of **wine**. So when there was a telephone record shown that he received a call or he - that the Premier

made a call to Nick Di Girolamo that night and then this morning when it was revealed that there was a handwritten note from the Premier, there really was nothing else he could do. It's not that anyone set out to trap Mr O'Farrell, it's just that he painted himself into a corner from which there was no escaping.

GERARD HENDERSON: Yes, but what's - I understand exactly what happened. I mean, I read the newspapers and listened to the news. But the point is this: that Barry O'Farrell's out, Australia's got a reputation of being corrupt, as has NSW, as has Sydney, over a bottle of **wine** which he probably drank - and I know Barry well over a long period; he's not particularly interested in **wine**, as I understand it. I wouldn't know the cost of a bottle of Grange. I would have no idea it was worth \$3,000. If someone gave it to me, I'd probably drink it and I may or may not forget about it. But what's ICAC doing with this? I mean, don't tell me ...

KATE MCCLYMONT: I can explain.

GERARD HENDERSON: Can I just finish? Don't tell me that the people down at ICAC are happy with all this, and if they're not happy with all this, what are they doing in this area? What's this got to do with corruption?

KATE MCCLYMONT: I can explain.

GERARD HENDERSON: Good.

KATE MCCLYMONT: Right. So the \$3,000 bottle of **wine** was given a month before there was a meeting in Barry O'Farrell's office where Nick Di Girolamo was given an audience. So the \$3,000 bottle was given at the very time this person was lobbying for what stood to be a **billion**-dollar public/private partnership. So, it is an avenue that needs to be explored. So ...

GERARD HENDERSON: You're a journalist who reports stories and that's your **business** and you do it well and that's what you're paid for and it's fun and games, but I'm interested in consequences. Australian Water Holdings got nothing out of the O'Farrell Government.

KATE MCCLYMONT: Agreed.

GERARD HENDERSON: It got nothing. So we're having these big inquiries into an organisation, however much they tried to lobby and however many bottles of **wine** they sent to people, they didn't get anything. So where's the corruption? They're a failed **company**.

STEVE CANNANE: Kate, on that issue, given the scale of corruption that has been exposed by the ICAC in the last 12 months, isn't this a relatively trivial issue?

KATE MCCLYMONT: Look, I think it is relatively trivial issue, but I think when you get on the stand, there is a five-year maximum jail penalty for giving false and misleading evidence. It's more ...

GERARD HENDERSON: Yeah, but that's a very unfair implication. You're suggesting the former premier may have given misleading evidence. There's no evidence to support that. That's your theory based on sitting in the room. He may ...

KATE MCCLYMONT: Gerard, he's resigned. He's resigned.

GERARD HENDERSON: Yes, because he said he forgot. So ...

KATE MCCLYMONT: No, no, he didn't resign because he said he forgot.

GERARD HENDERSON: No. No, no, he said he forgot. You're suggesting that he didn't tell the truth. That's what you're suggesting.

KATE MCCLYMONT: Yes, I am suggesting that.

GERARD HENDERSON: Well that's a very serious allegation to make with no evidence. You have no evidence that he didn't tell the truth. That's an outrageous allegation to make.

KATE MCCLYMONT: Gerard - Gerard, that's what the note is all about.

GERARD HENDERSON: No, it's not; he may have forgotten.

KATE MCCLYMONT: No. Gerard, ...

GERARD HENDERSON: You're confused.

KATE MCCLYMONT: OK. No, no, no, no, Gerard, I think I was listening to the evidence; you may not have been.

GERARD HENDERSON: But he never said he didn't tell the truth.

KATE MCCLYMONT: No, Gerard, listen to me. Gerard, listen, listen, listen.

GERARD HENDERSON: Well you're pretty confused about this.

KATE MCCLYMONT: No, no, no.

GERARD HENDERSON: Yes, you are.

KATE MCCLYMONT: No, no. Gerard.

GERARD HENDERSON: OK.

KATE MCCLYMONT: I'm sorry, but I sat in there; you did not. Now when he says, "If I had received this bottle of wine, not only would I remember because it was a vintage Penfolds Grange Hermitage, I would have also entered it into my pecuniary interest declaration." Now neither of those things were done. So because he was so adamant about these things, when a note came showing that in fact he had received the wine and he'd sent a thank you letter, he really had nowhere to go.

GERARD HENDERSON: Yes. But the fact he was so adamant is consistent with forgetting, because he's not a silly man, and if he remembered he'd done all this, he wouldn't get up and say the opposite because he would know he would lose his job. You've classified him as untruthful without the faintest bit of evidence. He may well have forgotten.

KATE MCCLYMONT: I think we'll have to agree to disagree on this.

GERARD HENDERSON: Well I think you should agree not to make allegations about matters of which you know nothing.

KATE MCCLYMONT: No. Gerard, ...

GERARD HENDERSON: You don't know his state of mind. You have no idea.

KATE MCCLYMONT: Gerard, I was sitting there, I heard the evidence and you did not.

STEVE CANNANE: OK.

GERARD HENDERSON: No, but you don't - well, I did hear the evidence as it was reported.

STEVE CANNANE: Gerard, did Barry O'Farrell need to resign?

GERARD HENDERSON: Well in view of the current situation, you probably have no alternative. I mean, Nick Greiner had to retire - had to resign. ICAC's ...

STEVE CANNANE: He said today he regrets resigning.

GERARD HENDERSON: Well I think a lot of NSW citizens regret that he had to, but this is the farce we've got to: that the Independent Commission Against Corruption is getting victories over people like Mr Greiner and Mr O'Farrell. Meanwhile, all this other corruption's going on without any marked successes, as I can see it. I mean, I think we've lost the plot. This idea was taken by Gary Sturgess, who worked for Nick Greiner. I opposed it at the time. He got the idea from Hong Kong and Hong Kong had special problems they had to deal with. He'd brought a Hong Kong concept to Sydney and since then I don't think it's had very good results. And if anyone's telling me that ICAC's really happy that they've got rid of the Premier, I think people ought to reassess where ICAC's coming from.

STEVE CANNANE: Kate, is ICAC failing as an institution when you see two premiers regarded as decent men and with no evidence of corruption against them having to fall on their swords?

KATE MCCLYMONT: Look, I do think that there is absolutely no joy on anyone's behalf about what has happened today. But having said that, we are yet to hear the - a final report is yet to be handed down in this matter. This will be later this year. And, look, without ICAC we would not have uncovered what has been really the most serious allegation that this state has seen in corruption terms and that is that the family of former Labor powerbroker Eddie Obeid, his family actually received \$30 million from a corrupt coal deal.

STEVE CANNANE: Gerard, can I ask you about that?

GERARD HENDERSON: But I'll just make my point.

STEVE CANNANE: Sure.

GERARD HENDERSON: Eddie Obeid was sacked by the Labor premier before ICAC got involved.

STEVE CANNANE: Do you think ICAC has been failing when it comes to what it's exposed about the Obeid family and former Upper House member in NSW, Ian Macdonald?

GERARD HENDERSON: Well it hasn't failed in that area, but we haven't seen any results either. I mean, nobody's been put up on charges, nobody's gone to prison. I don't know where it's all going to end up. But all I know is they've got as victims Mr Greiner and Mr O'Farrell, who were two of the best premiers NSW ever had. I wouldn't be happy if I was ICAC.

STEVE CANNANE: Kate, the story of the bottle of Grange first surfaced in The Daily Telegraph in March. Now there've been further questions asked about this in ICAC this afternoon about who leaked the information in the first place. What can you tell us about that exchange?

KATE MCCLYMONT: Well it was an exchange right at the end of the last day of the inquiry and it was asking whether or not this information had come to the News Limited journalist via Chris Hartcher, who was another Liberal minister who'll be facing ICAC in a week or so. And Mr Di Girolamo said that he didn't believe so and in fact he was sure that he hadn't told anyone about this bottle of **wine**. So, it's going to be fascinating as to where this is followed and no doubt Chris Hartcher will be asked about this when he fronts ICAC.

STEVE CANNANE: Gerard, who would want to leak against Barry O'Farrell?

GERARD HENDERSON: I have no idea. But who would want to become a politician in this state, where you get dragged off to public hearings, where counsels assisting - not the commissioner, counsel assisting can make all kinds of allegations where you - and you're sort of caught in the spotlight. There's a very strong case for having these hearings in private. I mean, if all we're dealing with is a bottle of **wine**, which was never **sold** or traded, there's very good case for having these hearings in private. But that doesn't, that's doesn't - it's not really what ICAC wants because ICAC's special counsel and whatever like appearing in front of the media quoting Shakespeare, having smart lines and whatever else, but I don't think this is consistent with good government. If they're your main victims, I think ICAC ought to go away and have a look at itself.

STEVE CANNANE: OK ...

KATE MCCLYMONT: But Gerard, you didn't say these things when it was uncovering corruption with Eddie Obeid and Ian Macdonald. You're only saying it now.

GERARD HENDERSON: Well I'll tell you one thing, Kate. I haven't been asked on the program for six years. If someone had asked me, I may have said it. But nothing's happened there. But Eddie Obeid ...

KATE MCCLYMONT: Do you know why?

GERARD HENDERSON: Hang on. Let me finish. Eddie Obeid was sacked by the Labor premier. ICAC didn't get Obeid; Labor got Obeid.

KATE MCCLYMONT: That's not correct.

GERARD HENDERSON: Ian Macdonald was sacked by the Labor premier too.

KATE MCCLYMONT: That is not correct. I'm sorry, that's not ...

GERARD HENDERSON: But they were not in government at that stage.

KATE MCCLYMONT: That is not correct.

GERARD HENDERSON: That is correct.

STEVE CANNANE: OK, Gerard, the issue of the bottle of Grange, as I mentioned, was raised in The Daily Telegraph in a piece by Andrew Clennell back in March. Now, why did Barry O'Farrell and his office not go back and check that, the veracity of that claim, before it came up at ICAC around six weeks later?

GERARD HENDERSON: Well I don't know, but it is consistent with Barry O'Farrell thinking that his position was correct. Didn't need to be checked. It's perfectly consistent with that. It's consistent with a bad memory.

It's not consistent with good office practice, as Nick Greiner has hinted, but it's certainly consistent with a bad memory. I don't think it's a hanging offence.

STEVE CANNANE: Kate, the Premier was adamant yesterday that he would have remembered a bottle of Grange if it was delivered. Are you surprised that more wasn't done to check up that after the initial inquiry was made by the journalist, Andrew Clennell, back in March?

KATE MCCLYMONT: Well this is the fascinating thing. It seems that the actual document from Australian Water Holdings has only materialised in the last day or so. Now, I'm not sure whether it was already within the reams of paper that ICAC had, but they seemed to be genuinely taken aback and taken by surprise yesterday when this was raised. They didn't know it was a bottle of Grange until the witness was asked in the witness box. So it's something that has come out of the blue, really. But, can I just say: it is an important thing to investigate further. If you are receiving a \$3,000 bottle of wine when somebody has a billion-dollar project in front of you and you did not declare it, it is the purvey of a corruption inquiry to look at those things.

GERARD HENDERSON: I'm not sure that Kate's ever worked in politics or government. I mean, when you become Premier, you get hit with hundreds, if not thousands of emails, of letters, of cards, of other gestures of kindness and affection and whatever else. I mean, the idea that you go through every one of these with an idea of what someone might put in evidence against you in three years' time is a bit bizarre. I mean, there's a huge (inaudible).

STEVE CANNANE: But, Gerard, a bottle of Grange is different, isn't it?

GERARD HENDERSON: Well, to Barry O'Farrell, I wouldn't know. If someone gave me a bottle of Grange, I would have no idea. I would certainly drink it. I would have no idea what it was worth. And according to the Sydney Morning Herald, the authoritative Sydney Morning Herald, the wine's no good any rate. It was like drinking old rags, according to someone.

KATE MCCLYMONT: That's hardly the point.

GERARD HENDERSON: Well maybe he didn't drink it. Maybe he spat it out. I mean, that's a possibility, isn't it? Go - I mean, investigate that.

KATE MCCLYMONT: That's completely irrelevant.

GERARD HENDERSON: We're having this ridiculous conversation, in my view, where a premier's gone down who was a reformist, honest premier and a very efficient premier, over a bottle of wine. This is pretty farcical.

STEVE CANNANE: OK, but it comes back to the question I asked before, Gerard: then why did he have to resign? If it is a farce, why did he have to resign?

GERARD HENDERSON: Well he had to resign the same way Nick Greiner had to resign, because in the end, he's had a memory failure, is what I think he's had. Kate says he's untruthful. She's got no evidence for that. He's had a memory failure and everyone's on him. I mean, it's like walking into the library and all the books suddenly fall on you. All the media's on him and he can't survive in that circumstance. But what put him in that circumstance?

KATE MCCLYMONT: His own words.

GERARD HENDERSON: It was the ICAC hearing put him in that circumstance.

KATE MCCLYMONT: No, his words.

GERARD HENDERSON: And this obsession with a bottle of wine - and if you're telling me that ICAC's really happy with ...

KATE MCCLYMONT: They're not happy.

GERARD HENDERSON: ... the consequences, intended or unintended, of their outcome - if they're not happy, then perhaps something's gone wrong with ICAC.

KATE MCCLYMONT: No, I'm just saying that when you give evidence, you are giving under oath, and when you say categorically, "I did not get that bottle of wine, and if I did, I would have known that a 1959 bottle was valuable and I would have done this, this and this."

GERARD HENDERSON: Well that's consistent with having a bad memory, that's what it is. So the Premier's gone and he's got a bad memory. Well there you go. Over something that happened to him at a very, very busy time in his life three years ago.

KATE MCCLYMONT: But you can give that evidence. You can say exactly what you just said.

STEVE CANNANE: Alright. We've run out of time. Thanks very much to both of you.

GERARD HENDERSON: It's an absolute pleasure.

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